

FRANCHISE DISCLOSURE DOCUMENT



Senior Living and Care Solutions

Senior Care Authority, EEC, a California limited liability company
755 Baywood Drive, Suite 200, Petaluma, California 94954
Phone: (888) 809-1231 Website: www.seniorcareauthority.com

As a franchisee, you will operate a senior placement and consulting agency assisting families and seniors to find ideal locations for the seniors to live under the name "Senior Care Authority®/'

The total investment necessary to begin operation of a Senior Care Authority® business in a single marketing area is between ~~\$73,140 to 60,445~~ and ~~\$99,040~~105,595. This includes ~~\$63,395~~39,700 that must be paid to the franchisor or its affiliates. The total investment necessary to begin operation of a Senior Care Authority® Multi-Unit business is between ~~\$115,640 (for two territories)~~ and ~~\$262,040 (for seven territories)~~, with a ~~minimum of \$105,895 (for 2 territories)~~ and a ~~maximum of \$226,395 (for seven territories)~~ business in two marketing areas is between \$129,195 and \$148,095. This includes \$108,450 that must be paid to the franchisor or its affiliates. The total investment necessary to begin operation of a Senior Care Authority® business in three marketing areas is between \$166,195 and \$185,095. This includes \$145,450 that must be paid to the franchisor or its affiliates.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Frank Samson, Senior Care Authority, 755 Baywood Drive, Suite 200, Petaluma, California 94954, (888) 809-1231, or email: frank@seniorcareauthority.com.

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

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "A Consumer's Guide to Buying a Franchise," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, 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: April ~~27~~30, ~~2023~~, 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 J.
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 Senior Care Authority® 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 Senior Care Authority® franchisee?	Item 20 or Exhibit J 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 and the multi-unit franchise agreement require you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in California. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in California than in your own state.
2. **Mandatory Minimum Payments.** You must make minimum royalty or ~~marketing and technology~~ Marketing and Technology fee payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.
3. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.
4. **Financial Condition.** The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.
5. ~~**Unregistered Trademark.** The primary trademark (composite mark inclusive of word mark that is registered, but design mark that is not) that you will use in your business is not federally registered. If the franchisor's right to use this trademark in your area is challenged, you may have to identify your business and its products or services with a design mark that differs from that used by other franchisees or the franchisor. This change can be expensive and may reduce brand recognition of the products or services you offer.~~

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.

MICHIGAN SPECIFIC-NOTICE

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

- (a) A prohibition of the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than thirty (30) days, to cure each failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of your Placement Agency are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than five (5) years; and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least six (6) months' notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside of Michigan. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:
 - (i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualification or standards.
 - (ii) The fact that the proposed transferee is a competitor of the franchisor or sub-franchisor.
 - (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
 - (iv) The failure of the franchisee or proposed transferee to pay any sums owing to the

franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

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

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

At your option, in the event that our most recent financial statements are unaudited and show a net worth of less than \$100,000.00 then we will, at your request, arrange for the escrow of your initial investment and other funds paid by you until our obligations to provide real estate, improvements, equipment, inventory, training, or other items included in this franchise offering are fulfilled.

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

Any questions regarding this notice should be directed to the Attorney General's Department for the State of Michigan, Consumer Protection Division, Franchise Section, 670 Law Building, 525 W. Ottawa Street, Lansing, Michigan 48913, (517) 373-7117.

TABLE OF CONTENTS

Item	Page
Item 1 THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS, AND AFFILIATES.....	1
Item 2 BUSINESS EXPERIENCE	2
Item 3 LITIGATION	3
Item 4 BANKRUPTCY	4
Item 5 INITIAL FEES	4
Item 6 OTHER FEES	5
Item 7 ESTIMATED INITIAL INVESTMENT	9
Item 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES.....	13 <u>11</u>
Item 9 FRANCHISEE’S OBLIGATIONS.....	16 <u>14</u>
Item 10 FINANCING.....	18 <u>16</u>
Item 11 FRANCHISOR’S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING	18 <u>16</u>
Item 12 TERRITORY.....	25 <u>23</u>
Item 13 TRADEMARKS	28 <u>25</u>
Item 14 PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION	29 <u>27</u>
Item 15 OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS	30 <u>28</u>
Item 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL	31 <u>28</u>
Item 17 RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION	31 <u>29</u>
Item 18 PUBLIC FIGURES	38 <u>34</u>
Item 19 FINANCIAL PERFORMANCE REPRESENTATIONS.....	39 <u>34</u>
Item 20 OUTLETS AND FRANCHISEE INFORMATION.....	40 <u>36</u>
Item 21 FINANCIAL STATEMENTS	45 <u>40</u>
Item 22 CONTRACTS.....	45 <u>41</u>
Item 23 RECEIPTS.....	46 <u>41</u>

Exhibits

- A. State Administrators / Agents for Service of Process
- B. Franchise Agreements
~~B-1 Unit Franchise Agreement B-2 Multi-unit Franchise Agreement~~
- C. Financial Statements
- D. Operations Manual Table of Contents
- E. Form of General Release
- F. State-Specific Addendum
- G. Compliance Questionnaire
- H. Confidentiality Agreement
- I. Franchise Relationship Acknowledgement
- J. J-1 List of Current Franchisees
J-2 List of Franchisees With Signed Agreements but are Not Yet Open
J-3 List of Franchisees that Left the System
- K. Receipts

ITEM 1

THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

To simplify the language in this disclosure document, “we”, “us,” or “our” means Senior Care Authority, LLC, the franchisor. “You” or “your” means the person to whom we grant a franchise, whether you are an individual or a corporation, partnership, limited liability company or other legal entity, and includes all owners and partners of the person who buys the franchise.

The Franchisor, its Parent, Predecessors, and its Affiliates

We are a California limited liability company that was formed on March 25, 2014. Our principal business address is 755 Baywood Drive, Suite 200, Petaluma, California 94954. We do business under the name “Senior Care Authority®” and other trademarks we designate (the “Marks”).

We began offering franchises in 2014. We have not previously offered franchises in any other line of business. We operate a business of the type being franchised (which was previously operated by an affiliate). That business has operated since approximately May 2009.

We do not have any parent. We do not have any predecessors. We do not have any affiliates that offer franchises in any line of business or provide products or services to our franchisees.

Unit The Franchise We Offer

We offer franchises that provide senior placement and consulting services. As a franchisee, you will assist families and seniors to find ideal locations for seniors to live and help them receive the necessary care and supervision for their daily living needs and activities (“Placement Agencies”). In addition, we provide eldercare consulting services, helping families to make informed care decisions and provide resources in their community including the selection of in-home care providers and caregivers. We also offer EASE (Employee Assistance Solutions for Eldercare), which is a program servicing companies as a benefit to their employees. Placement Agencies are operated under a system that includes our valuable know-how, information, trade secrets, training methods, Operations Manual, standards, designs, trademark usages, copyrights, sources and specifications, confidential electronic and other communications, methods of Internet usage, marketing programs, and research and development connected with the operation and promotion of Placement Agencies, all of which may be changed, improved, and further developed from time to time (the “System”).

Each Placement Agency will typically be conducted from your home office, although you have the option of operating from a small commercial space. You must operate your Placement Agency following our standard business operating practices and sign our standard franchise agreement (“Franchise Agreement”). Your Placement Agency must offer the products and services we authorize and require you to offer. We reserve the right to add, modify, or delete any services or products that you must offer or sell at your Placement Agency at any time upon written notice to you in our sole discretion. You must also obtain all necessary permits, licenses and approvals to operate your Placement Agency.

Multi-unit Franchise

~~We also offer a Multi-unit Franchise Agreement. Under this program, we identify and assign a development territory (the “Multi-unit Territory”) where you, if you are a Multi-unit franchisee, must open and operate multiple Placement Agencies on a schedule that you and we agree upon. The Multi-unit Territory may be 1 city, 1 or more counties, or some other geographically defined area. You would sign a Multi-unit~~

We may offer you the option to purchase the right to operate your Placement Agency in a Territory consisting of multiple Marketing Areas. A “Marketing Area” is an area consisting of a minimum of 1,000 and maximum of 4,000 beds that are licensed by your state for the purpose of providing assisted living or memory care. If your Territory consists of multiple Marketing Areas, you will begin marketing in your initial Marketing Area first and expand into the additional Marketing Areas according to a development schedule that will be listed on Addendum 1 to the Franchise Agreement. Once you expand into a new

Marketing Area, you will be obligated to begin marketing in that Marketing Area and pay us additional fees for that Marketing Area.

Franchise Agreement (Exhibit B-2), which will describe your Multi-unit Territory and your Development Obligation.

~~For each Placement Agency you open under a Multi-unit Franchise Agreement, promptly after we accept the site for the Placement Agency, you will sign a separate Franchise Agreement on our then current form. Each then current franchise agreement may contain materially different terms from the franchise agreement included in this offering. In addition, you must sign a General Release (Exhibit E) as a condition to entering into the new Franchise Agreement.~~

Market and Competition

The market for our services and products generally is competitive. You will primarily market your services to professional, medical and senior service organizations for referrals to families and individuals seeking consulting services and placement for seniors in residential care facilities. The demand for these services is not seasonal. You will have to compete with franchised operations, national chains and independently- owned companies providing senior placement services and similar services.

Industry-Specific Regulations

In addition to laws and regulations that apply to businesses generally, most states and local jurisdictions have enacted laws, rules, regulations and ordinances which may apply to the operation of your business, including occupational health and safety; labor; licensing and bonding; insurance; and advertising. You may need to obtain licensing and certifications (as required by your state or local law) to provide services from your Placement Agency. Some jurisdictions have passed laws that require businesses to pay their employees a higher minimum wage than what is required under federal law, which laws may disproportionately affect franchised businesses.

The services you provide will not include hiring any medical professionals which would require licensing in the State of California.

Agents for Service of Process

Our agents for service of process are listed on Exhibit A to this Disclosure Document.

ITEM 2

BUSINESS EXPERIENCE

Founder and Chief Executive Officer: Frank M. Samson

Frank M. Samson has held this position since our inception in ~~March 2014~~. Frank is also the Founder and President of our affiliate, SCA, located in Petaluma, California and has held that position since its inception in May 2009.

Vice President of Franchise Development: ~~Laura Faura Alexander~~

~~Laura Faura Alexander~~ has held this position since May ~~of~~ 2016. ~~Laura Faura~~ is also the founder and CEO of Smart Franchise Consulting & Marketing, a franchise consulting firm based in Irvine, California, from November 2015 to present.

Vice President. Franchise Support and Training: Marcy Baskin

Marcy Baskin has held this position with ~~the company us~~ since ~~its inception in~~ March 2014. She also operated our corporate franchise location since 2012 and now owns that franchise, located in Petaluma, California.

Business Consultant and Digital Marketing Specialist: Rob Gandlev

Rob Gandley has held this position with the company since January 2023. From August 2020 to January 2023, Rob was our Vice President of Marketing and Business Development. From August 2015 to August 2020, Rob was the Vice President of Marketing and Business Development at SEO Samba, located in Colorado Springs, Colorado.

Franchise Business Consultant and Program Director - Beyond Driving with Dignity: Matt Gurwell

Matt Gurwell has held this position with the company since April 2021. From October 2008 to April 2021, Matt was the founder and CEO of Keeping Us Safe, EEC in Painesville, Ohio.

Franchise Development Manager: Sabine Nevermann

Sabine Nevermann has held this position with us company since August 2021. From February 2014 to December 2019, Sabine was Franchise Development Qualification Manager and Franchise Development Coordinator of Tutor Doctor in San Jose, California.

Chief Financial Officer and Board Advisor: Edward Goitia

Edward Goitia has served as our CFO and Board Advisor since January 2021. From 2018 to present Edward has served as a Partner for ~~FranLaunch~~ FranFaunch USA, located in Tucson, Arizona. Edward also serves as a Franchisor Consultant for Seven Brother Burgers in Kahuku, Hawaii, since March 2017. Additionally, since January 2015, Edward has been owner and manager of his real estate investment firm, Geneva Ventures, EEC, in Falmouth, Maine. ~~From January 2013 to December 2017, Edward served at the Chief Executive Officer and Chief Financial Officer for Tilted Kilt Franchise Operating, EEC, located in Tempe, Arizona.~~

Vice President of International Development and Board Advisor: Rav Hays

Ray Hays has served as our VP of International Development and Board Advisor since January 2021, Ray also serves as Managing Partner of ~~FranLaunch~~ FranFaunch USA, EEC in Tucson, Arizona, from April 2015 to present. Additionally, from August 2004 to present, Ray has served as owner of Envoy Investments EEC in Tucson, Arizona.

ITEM 3

LITIGATION

Stewart vs. Smith, et ah. Case No. ~~CL22000113-00~~CF22000113-00. filed on March 1, 2022. in the Circuit Court for the City of Staunton in the Commonwealth of Virginia. The Plaintiff is Freda ~~Lorraine~~ Forraine Stewart, and the Defendants are Amanda ~~LF~~ Smith aka Amanda ~~LF~~ Payton dba Horizon Residential Assisted ~~Living~~ Fiving Staunton, Kelly C. Myers, Joyful ~~Living~~ Fiving, EEC dba Senior Care Authority (Staunton), and Senior Care Authority, EEC. The Plaintiff alleges claims against all Defendants for violations of Virginia Consumer Protection Act, constructive fraud, and fraudulent misrepresentation. Plaintiff's claims are based on her allegations that she placed her husband in the defendant assisted living care facility through our franchisee Joyful ~~Living~~ Fiving, EEC, and alleges (among other things) that our franchisee and the assisted living care facility made false representations, and that she received substandard care and died shortly after leaving the assisted living care facility. We did not and do not have a relationship with the Plaintiff; she states that she was a client of our franchisee. In the complaint, the Plaintiff demanded \$17,306.45 in actual damages, plus \$350,000 in punitive damages and attorneys' fees. On or about April 8, 2023 we entered into a full and final settlement with Plaintiff, whereby Plaintiff agreed to release us from all claims in exchange for a payment from our franchisee of \$15,000.

ITEM 4

BANKRUPTCY

No litigation is required to be disclosed in this Item.

ITEMS

INITIAL FEES

Unit Initial Franchise Fee

You must pay us an initial franchise fee of ~~\$52,500~~ ("Initial Franchise Fee") in a lump sum when you sign the Franchise Agreement. The amount of your Initial Franchise Fee will depend on the number of Marketing Areas you purchase. A "Marketing Area" is an area consisting of a minimum of 1,000 and maximum of 4,000 beds that are licensed by your state for the purpose of providing assisted living or memory care.

If your Marketing Area has fewer than 2,500 beds, your Initial Franchise Fee will be \$26,250. If your Marketing Area has between 2,500 and 4,000 beds, your Initial Franchise Fee will be \$52,500. If you purchase more than one Marketing Area, we will charge you an Initial Franchise Fee according to the following schedule:

<u>Number of Marketing Areas</u>	<u>Initial Franchise Fee</u>
<u>1</u>	<u>\$52,500</u>
<u>2</u>	<u>\$95,000</u>
<u>3</u>	<u>\$132,000</u>
<u>More than 3</u>	<u>\$132,000 for first three; \$37,000 for each additional</u>

Your Marketing Areas will be identified on Addendum 1 to the Franchise Agreement.

If we terminate the Franchise Agreement due to your failure to perform your pre-opening obligations or to complete our Training Program to our satisfaction, we will refund to you 50% of the Initial Franchise Fee that you paid to us.

Onboarding Fee

You must pay us an onboarding fee of ~~\$10,000~~ 12,500 ("Onboarding Fee") in a lump sum when you sign the Franchise Agreement, which pays for training, website development, customer relationship management ("CRM") software programming and press release development relating to the opening of your business.

Marketing and Technology Support Fee

You must pay us a marketing and technology fee of ~~\$895~~ 950 per month ("Marketing and Technology Support Fee") ~~for the term of the Franchise Agreement, starting on the first day of the first full month after the Franchise Agreement is signed for a single Marketing Area. It~~ If you purchase the right to operate in multiple contiguous Marketing Areas, you will also pay us an additional \$200 per month for each additional contiguous Marketing Area when you begin marketing into each additional Marketing Area. The Marketing and Technology Support Fee pays for a dedicated website (URL), one license for the CRM, up to two email addresses, and other marketing and technology related services and products. The Marketing and Technology Support Fee is described in detail in Item 8.

Multi-unit Rights Fee

~~If you sign a Multi-unit Franchise Agreement, you are committing to open a minimum of two (2), and a maximum of seven (7), Placement Agencies. Your fee for these locations ("Multi-Unit Rights Fee") will be as follows:~~

- ~~• For two (2) Placement Agencies, your Multi-Unit Rights Fee will be ninety five thousand dollars (\$95,000).~~
- ~~• For three (3) Placement Agencies, your Multi-Unit Rights Fee will be one hundred and fifteen thousand five hundred dollars (\$115,500).~~
- ~~• For five (5) Placement Agencies, your Multi-Unit Rights Fee will be one hundred sixty five thousand five hundred dollars (\$165,500).~~

~~• For seven (7) Placement Agencies, your Multi Unit Rights Fee will be two hundred fifteen thousand five hundred dollars (\$215,500).~~

~~Once you pay us the Multi Unit Rights Fee, you will not owe us a separate initial franchise fee for the Placement Agencies you commit to opening under the Multi-unit Franchise Agreement, although you will be required to pay our Onboarding Fee.~~

~~If we terminate the Multi-unit Franchise Agreement due to your failure to complete our Training Program to our satisfaction, we will refund to you 50% of the Multi Unit Rights Fee that you paid to us.~~

The initial fees are not refundable under any circumstances other than those described above. These initial fees are uniform to all franchisees under this offering.

ITEM 6

OTHER FEES¹

Type of Fee	Amount	Due Date	Remarks
<u>Fees You Will Pay Us Regularly</u>			
Royalty	8% of your Gross Sales, subject to the following monthly minimum payments: <u>minimums:</u> \$0 a month during the first five months after we sign the Agreement; <u>\$500 in months 6-12;</u> <u>\$700 in months 13-24 \$900 in months 25-36 \$1,100 in months 37 and beyond (Note 2).</u> \$400 a month, during the last seven months of the first full year after we sign the Agreement; \$600 a month, during your second full year of operations; and \$800 a month each year, starting in your third full year of operations (Note 2).	Payable monthly on the first day of each month, or other day of the month we designate in the Operations Manual.	Based on your Gross Sales during the previous month. <u>We charge the minimum fees per Marketing Area you purchase. You will begin paying minimum royalties for a Marketing Area when you begin operating there.</u>
Marketing and Technology Support Fee	\$895-950 per month (starting in your first full month after we sign the Agreement). If you operate multiple Placement Agencies under a Multi unit Franchise Agreement with us <u>If you purchase more than one contiguous Marketing Area, you will pay a combined reduced rate of \$895 for the first Placement Agency, plus \$200 an additional \$200 per month for each additional Placement Agency.</u> <u>contiguous Marketing Area once you begin operating in that Marketing Area.</u> This fee is subject to increases no more frequently than annually.	Payable monthly on the first day of each month, or other day of the month we or our supplier designate in the Operations Manual.	Includes a dedicated website (URL) and our efforts to conduct keyword SearchEngine Optimization (SEO) for the System, one license for the CRM, up to two email addresses, unlimited file space on Google Drive, our website for the System, email marketing, customized newsletters to your contacts, podcast marketing, our social media platform, and support for these items. You may be required to pay this fee directly to our supplier instead of us.
Type of Fee	Amount	Due Date	Remarks

~~This fee is subject to increases no more frequently than annually.~~
~~support for these items. You may be required to pay this fee directly to our supplier instead of us.~~

Additional CRM Licenses	\$100.00 per month for each additional CRM license (in excess of one per territory).	Payable monthly on the first day of each month, or other day of the month we designate in the Operations Manual.	This fee is subject to increases no more frequently than annually.
Additional Email Addresses <u>Meetings, conferences, or conventions</u>	\$15.00 per month for each additional email address (in excess of two per territory) which includes Google Workspace Products. Amount we designate, currently up to \$1,950 per conference, meeting, or convention.	Payable monthly on the first day of each month, or other day of the month we designate in the Operations Manual. Prior to the conference, meeting, or convention	This fee is subject to increases no more frequently than annually. We may conduct periodic conferences, meetings, or conventions for all franchisees and managers. If we make attendance mandatory, you must pay this fee even if you don't attend.
Referral Fee	Our then-current referral fee as published in the Operations Manual, which is a percentage of the total commission payment that you receive from the applicable facility where you place the customer that was referred to you, subject to adjustment on a case by case basis.	Within five days of your receiving your commission payment.	If another Placement Agency refers a customer to you, you will pay that Placement Agency this fee for referring the customer to you. We have the right to adjust, revise, or add to this fee annually.

<u>Type of Fee</u>	<u>Amount</u>	<u>Due Date</u>	<u>Remarks</u>
	you place the customer that was referred to you, subject to adjustment on a case-by- case basis.		to adjust, revise, or add to this fee annually.

Fees Charged Based On Your Request Or Need

Additional mail Addresses Google Workspace	\$20.00 per month for each additional email address (in excess of two per territory), which includes Google Workspace Products.	Payable monthly on the first day of each month, or other day of the month we designate in the Operations Manual.	This fee is subject to increases no more frequently than annually.
---	---	--	--

Additional CRM Licenses	\$100.00 per month for each additional CRM license (in excess of one per territory).	Payable monthly on the first day of each month, or other day of the month we designate in the Operations Manual.	This fee is subject to increases no more frequently than annually.
-------------------------------	--	--	--

Additional Requested Training and One- on- One Coaching	Our then-current tuition fee as published in the Operations Manual; currently \$350 a session for one-on-one coaching, and \$500 per day for on-site assistance. Also, you must pay all travel, lodging, meals, and other expenses we incur if we conduct training away from our headquarters.	Prior to our providing any such training or advice	In the event you are not operating your Placement Agency according to the Operations Manual, we have the right to require you and your staff to attend additional training, which will occur (at our option) either at your Placement Agency or at another Placement Agency we select. You must pay all travel, meal, lodging, salary, and living expenses for your attendees if the training occurs at a Placement Agency other than yours.
--	--	--	--

Transfer Fee	\$30,000 per Marketing Area	Date we approve your transfer.	Applicable only if you choose to transfer your Franchise Agreement to an individual or company; includes compensation for our efforts in assisting you in your sale.
--------------	-----------------------------	--------------------------------	--

<u>Type of Fee</u>	<u>Amount</u>	<u>Due Date</u>	<u>Remarks</u>
--------------------	---------------	-----------------	----------------

Tr Onboarding Fee for-ansfer Fee (franchise)unit existing franchisee of ours)	\$10,000-\$15,000 per Marketing Area	Upon closing of Date we approve your transfer.	Applicable only if you choose to transfer your Franchise Agreement to an individual or company. Our consent is required for any transfer.
---	--------------------------------------	--	---

Audit Fees	Actual cost of audit fees, plus the underreported fees, late charges on those fees, and interest on the fees you did not pay at 1.5% per month.	As incurred.	Payable only if the audit shows an understatement greater than 3% of reported amounts.
------------	---	--------------	--

Management Fee	\$500 per day that we manage your Placement Agency, plus our direct expenses incurred on your behalf	As incurred	Due when we (or a third party) manage your Placement Agency after your death or disability, or by exercising our step-in rights.
----------------	--	-------------	--

Late or Dishonored Payment Fee	\$100 for each late and/or dishonored	Payable when any payment you owe us	Payable only if you do not pay your bills on time, if any check, electronic payment or other payment you tender to us is not honored
-----------------------------------	---------------------------------------	-------------------------------------	--

<u>Type of Fee</u>	<u>Amount</u>	<u>Due Date</u>	<u>Remarks</u>
<u>Fees We Have The Right To Charge Only Under Certain Circumstances</u>			
<u>Late or Dishonored Payment</u>	\$ 100 per week for each late and/or dishonored payment	<u>Upon demand</u>	<u>Payable only if you do not pay your bills on time, if any check, electronic payment or other payment you tender to us is not honored for any reason.</u>
<u>Meetings, conferences, or conventions</u> <u>Meetings, conferences, or conventions</u> <u>Late Fee for Overdue Annual Financial Reports or Tax Returns</u>	<u>Meetings, conferences, or conventions</u> Amount we designate, currently up to \$1,500 per conference, meeting, or convention. <u>\$100 per week</u>	<u>Prior to the conference, meeting, or convention</u> <u>Upon demand</u>	<u>We may conduct periodic conferences, meetings, or conventions for all franchisees and managers. If we make attendance mandatory, you must pay this fee even if you don't attend.</u> <u>Payable when you fail to send us your annual financial statements or tax returns on time.</u>
<u>Costs, administrative expenses, and attorneys' fees (Note 5)</u>	Will vary under circumstances	Upon settlement or conclusion of a claim or action; in resolution of our efforts to collect past-due fees from you; or when we take action against you in response to your default of your contract.	Due when you do not comply with your contract.
<u>Customer Service and Complaint Resolution</u>	Varies; reasonable costs we incur for responding to a customer.	On invoice	Payable if a customer of your Placement Agency contacts us with a complaint and we provide a credit or refund to the customer as part of our addressing its complaint, or if we determine that we <u>need to provide assistance directly to your customers.</u>
<u>Type of Fee</u>	<u>Amount</u>	<u>Due Date</u>	<u>Remarks</u>

~~need to provide assistance directly to your customers.~~

Interest	Daily equivalent of 1.5% per month simple interest of the delinquent amount or the highest rate permitted by law, whichever is less.	Payable when any payment is overdue.	Payable only if you do not pay your bills on time. Interest begins from the date of underpayment.
Non-Compliance Fee (Multi-Unit Franchise Agreement) Audit Fees	\$1,000 per month that you are beyond the deadline for opening a Placement Agency under your Development Obligation, up to a maximum of six (6) months. Actual cost of audit fees, plus the underreported fees, late charges on those fees, and interest on the fees you did not pay at 1.5% per month.	Upon demand. As incurred.	We have the right to charge this fee if you are a multi-unit franchisee and you have not opened the required number of Placement Agencies within the applicable Development Period. If your non-compliance continues for more than six (6) months, we have the right to terminate your multi-unit agreement. Payable only if the audit shows an understatement greater than 3% of reported amounts.
Management Fee	\$500 per day that we manage your Placement Agency, plus our direct expenses incurred on your behalf	As incurred	Due when we (or a third party) manage your Placement Agency after your death or disability, or by exercising our step- in rights.
Insurance	Our cost of premiums, plus an administrative fee equal to 20% of the cost of the premiums.	Upon demand	Payable only if you fail to maintain required insurance coverage and we elect to obtain coverage for you.
Indemnification	Will vary under circumstances	As incurred	Payable to indemnify us, our affiliates and owners.

<u>Type of Fee</u>	<u>Amount</u>	<u>Due Date</u>	<u>Remarks</u>
Indemnification	Will vary circumstances	As incurred	Payable to indemnify us, our affiliates and owners, officers, employees, agents, successors, and assigns against all claims related to your ownership and operation of your Placement Agency.
Liquidated Damages	See Note 5.	Within fifteen (15) days of the early termination of your franchise.	Due only if we terminate the Franchise Agreement before the end of the term because of your material breach, or you terminate the Franchise Agreement without legal cause.
Securities Offering Fee (Multi-Unit)	\$5,000	Due only when you ask us to review a proposed securities offering for your entity, like an initial public offering (IPO) or a private placement memorandum (PPM).	If you plan to offer securities by private offering, you must obtain our approval. You must submit all documents we reasonably request and pay this fee.

1. All fees paid to us are uniform and non-refundable under any circumstances once paid, other than the Initial

Franchise Fee. Fees paid to vendors or other suppliers may or may not be refundable depending on the vendors and suppliers. All fees listed in this Item 6 are uniformly imposed by us as to all franchisees.

All fees or money that you owe to us or our affiliates must be paid by electronic transfer no later than on the date they are due.

~~2.~~“Gross Sales” means all revenue accrued from the sale of all products and performance of services in, at, upon, about, through or from your Placement Agency, whether for cash or credit and regardless of collection in the case of credit, and income of every kind and nature related to your Placement Agency including insurance proceeds and/or condemnation awards for loss of sales, profits or business, as will the full retail value of any gift certificate or coupon sold for use at your Placement Agency (fees retained by or paid to third party sellers of such gift certificates or coupons are not excluded from Gross Sales); provided, however, that Gross Sales will not include revenues from any sales taxes or other add-on taxes collected from customers by Franchisee for transmittal to the appropriate taxing authority, and the amount of cash refunds to, and coupons used by customers, provided such amounts have been included in Gross Sales, but will not include income from any specific product when the State, City or County that your franchise is located in specifically forbids such practice, and only then. ~~Gross Sales are deemed received by you at the time the products or services from which they were derived are delivered or rendered or at the time the relevant sale takes place, whichever occurs first, regardless of whether final payment (e.g., collection on a customer's personal check) actually has been received by you.~~

~~2.~~ ~~3.~~If we prevail in any action against you to secure or protect our rights under the Franchise Agreement, or to enforce the terms of the Franchise Agreement, we will be entitled to recover from you reasonable attorneys' fees and court costs. In addition, if we become a party to any action or proceeding concerning the Franchise Agreement, or any agreement between us and you, or your Placement Agency, as a result of any claimed or actual act, error or omission of you or your Placement Agency, then you will be liable for our reasonable attorneys' fees incurred by us in the action or proceeding.

If we are required to engage a collection agency, use legal counsel, or hire any third party in connection with any failure by you to pay us amounts when they are due, or your failure to submit when due any reports, information, or supporting records, or in connection with any failure by you to otherwise comply with the Franchise Agreement, you must reimburse us for all costs and expenses of enforcement and collection, including our reasonable: (a) legal fees; (b) investigation fees; (c) travel expenses of our employees or agents; and (d) hourly charges of our employees or agents. ¹

~~4. Liquidated damages are determined by multiplying the combined monthly average of Royalty Fees (without regard to any fee waivers or other reductions) that are owed by you to us, beginning with the date on which you open your Placement Agency through the date of early termination, multiplied by the greater of: (i) 24 months, or (ii) the number of full months remaining in the Term.~~

1 Liquidated damages are determined by multiplying the combined monthly average of Royalty Fees (without regard to any fee waivers or other reductions) that are owed by you to us, beginning with the date on which you open your Placement Agency through the date of early termination, multiplied by the greater of: (i) 24 months, or (ii) the number of full months remaining in the Term.

ITEM?

ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED-ESTIMATED INITIAL INVESTMENT
(UNIT FRANCHISE) INV

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee (Single Marketing Area)	\$52,500 \$26,250 to \$206,000	Wire Transfer	At Signing of Franchise Agreement	Us
Marketing and Technology Support Fee	\$950	As Arranged	Before Beginning Operations	Us
Onboarding Fee	\$10,000 \$12,500	Wire Transfer	At Signing of Franchise Agreement	Us
Real Estate/Rent ¹ Estate/Rent ¹	\$0 to \$1,350	As Arranged	Before Beginning Operations	Landlord
Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Utilities and Deposits	\$0 to \$500	As Arranged	Before Beginning Operations	Suppliers
Certification: Certified Senior Advisor ²	\$1,000 to \$1,200	As Arranged	Within the first year of operation	Society of Certified Senior Advisors
Certification: Certified Dementia Practitioner ³ Practitioner ³	\$195	As Arranged	Within the first year of operation Prior to completing online training	National Council of Certified Dementia Practitioners
Market Launch Promotion ⁴ Event ³	\$3,000 to \$5,000	As Arranged	Within the first nine months of operation	Approved Suppliers, Suppliers
Initial Supply of Brochures, Folders, and Business Cards	\$300 to \$700	As Arranged	Before Beginning Operations	Approved Suppliers
Office Equipment and Supplies	\$1,000 to \$2,000	As Arranged	Before Beginning Operations	Approved Suppliers, Suppliers
Signage	\$0 to \$1,000	As Arranged	Before Beginning Operations	Suppliers
Insurance	\$1,500 to \$2,000	As Arranged	Before Beginning Operations	Required Insurance Company
Computer Systems	\$0 to \$3,000	As Arranged	First 3 Months of Operation	Suppliers
Marketing and Technology Fee	\$895	As Arranged	Before Beginning Operations	Us
Vehicle	\$0 to \$1,000	As Arranged	Before Beginning Operations	Suppliers
Furniture, Fixtures & Equipment	\$0 to \$1,000	As Arranged	Before Beginning Operations	Suppliers
Licenses & Permits ⁵ Permits ⁴	\$0 to \$1,000	As Arranged	Before Beginning Operations	Licensing Authorities
Leasehold Improvements	\$0 to \$1,000	As Arranged	Before Beginning Operations	Suppliers
Legal & Accounting	\$500 to \$3,000	As Arranged	Before Beginning Operations	Attorney, Accountant
Branded Apparel	\$100 to \$300	As Arranged	Before Beginning Operations	Approved Suppliers
National Placement and Referral Alliance (NPRA) Membership ⁶ Membership ²	\$400	As Arranged	Within the first six-months of operation	National Placement and Referral Alliance
FastTrack to Market ⁷ Market ³	\$0 to \$6,000 \$10,000	As Arranged	Within the first six-months year of operation	Approved Suppliers

1
Franchise
sup
pe

to business and operating licenses and permits, you may need to obtain specific licensing to offer placement

<u>Type of Expenditure</u>	<u>Amount</u>	<u>Method of Payment</u>	<u>When Due</u>	<u>To Whom Payment is to be Made</u>
Additional Funds ⁸ Funds ^{4**5} (3 months)	\$1,750 to \$5,000	As Arranged	As Necessary	Utilities, Internet Expense, & Other Suppliers
Total Estimated Investment ⁹ Investment (Single Marketing Area) ⁶	\$73,140-60,445 to \$99,040105,595			

YOUR ESTIMATED INITIAL INVESTMENT (MULTI-UNIT FRANCHISE)

<u>Type of Expenditure</u>	<u>Amount</u>	<u>Method of Payment</u>	<u>When Due</u>	<u>To Whom Payment is to be Made</u>
Multi-unit Rights Fee	\$95,000 to \$215,500	Wire Transfer	At Signing of Multi-unit Agreement	Us
Onboarding Fee	\$10,000	Wire Transfer	At Signing of Franchise Agreement	Us
Real Estate/Rent [†]	\$0 to \$1,350	As Arranged	Before Beginning Operations	Landlord
Utilities and Deposits	\$0 to \$500	As Arranged	Before Beginning Operations	Suppliers
Certification: Certified Senior Advisor ²	\$1,000 to \$1,200	As Arranged	Within the first year of operation	Society of Certified Senior Advisors
Certification: Certified Dementia Practitioner ³	\$195	As Arranged	Within the first year of operation	National Council of Certified Dementia Practitioners
Market Launch Promotion ⁴	\$3,000 to \$5,000	As Arranged	Within the first nine months of operation	Approved Suppliers, Suppliers
Initial Supply of Brochures, Folders, and Business Cards	\$300 to \$700	As Arranged	Before Beginning Operations	Approved Suppliers
Office Equipment and Supplies	\$1,000 to \$2,000	As Arranged	Before Beginning Operations	Approved Suppliers, Suppliers
Signage	\$0 to \$1,000	As Arranged	Before Beginning Operations	Suppliers
Insurance	\$1,500 to \$2,000	As Arranged	Before Beginning Operations	Required Insurance Company
Computer Systems	\$0 to \$3,000	As Arranged	First 3 Months of Operation	Suppliers
Marketing and Technology Fee	\$895	As Arranged	Before Beginning Operations	Us

4 Licenses & Permits. State and local government agencies typically charge fees for occupancy services, licensing depending on your state or region. Your actual costs may vary from the estimates based on the requirements of state and local government agencies.

Vehicle	\$0 to \$1,000	As Arranged	Before Beginning Operations	Suppliers
Furniture, Fixtures & Equipment	\$0 to \$1,000	As Arranged	Before Beginning Operations	Suppliers
Licenses & Permits ⁵	\$0 to \$1,000	As Arranged	Before Beginning Operations	Licensing Authorities
Leasehold Improvements	\$0 to \$1,000	As Arranged	Before Beginning Operations	Suppliers
Legal & Accounting	\$500 to \$3,000	As Arranged	Before Beginning Operations	Attorney, Accountant
Branded Apparel	\$100 to \$300	As Arranged	Before Beginning Operations	Approved Suppliers
National Placement and Referral Alliance (NPRA) Membership ⁶	\$400	As Arranged	Within the first six-months of operation	National Placement and Referral Alliance
FastTrack to Market ²	\$0 to \$6,000	As Arranged	Within the first six-months of operation	Approved Suppliers
Additional Funds ⁸ (3 months)	\$1,750 to \$5,000	As Arranged	As Necessary	Utilities, Internet Expense, & Other Suppliers
Total Estimated Investment ^{9,11}				
Investment (Two Marketing Areas) ⁸	\$115,640 129,195 to \$262,040 148,095			
Total Estimated Investment (Three Marketing Areas) ⁸	\$166,195 to \$185,095			

(Please see Notes below, which are an integral part of this Item)

These estimated initial expenses are our best estimate of the costs you may incur in establishing and operating your Placement Agency. We do not offer financing directly or indirectly for any part of the initial investment. The availability and terms of financing from third parties depend on many factors, including the availability of financing generally, your creditworthiness and collateral, and the lending policies of financial institutions from which you request a loan.

We will refund a portion of your Initial Franchise Fee under the circumstances described in Item 5. Other than the Initial Franchise Fee, we do not refund any money that you pay us. We do not know whether any of the money you pay to third parties will be refundable. In compiling this chart, we relied on the experience of our affiliate, SCA, as the owner and operator of a Placement Agency similar to the franchise being offered to you.

1. Real Estate/Rent. We expect that you will operate your Placement Agency from an office you set up in your or your Designated Manager's home. The low estimate of \$0 ~~is based on the assumption~~ assumes that you will operate your Placement Agency from your home. The high estimate ~~is based on the assumption~~ assumes that you will lease a shared office suite. It is difficult to estimate lease acquisition costs because of the wide variation in these costs between various locations. Lease costs will vary based upon square footage and cost per square foot. Some lessors may refund the security deposit if you cancel the lease before you occupy the premises. Estimated rental costs for 3 months are included with the category "Additional Funds."

2. Certifications. Before you begin our online training program, you must attend the Certified Senior Advisor® Certification. Within the first year of operation, you must attend the ~~certified senior advisor training program and Certified Dementia Practitioner® certification programs~~ and pay for the costs to go through this training program, and you must obtain the certification provided. ~~There~~ The program is available online and in person. If you attend in person, ~~there~~ may be costs for travel, certification or other expenses related to this process if

2 FastTrack to Market. At your option, we will provide you with our "FastTrack to Market" support. Working with our Digital Marketing Team, you will implement a pay per click marketing program to bring in potential clients for placement and consulting services. This program would start once our Vice President of Training and Franchise Support determines you are ready to begin consulting with families. The minimum investment for this program is \$3,000.

the program is not offered near your home. We have not included the costs of travel here.

~~3. **Certified Dementia Practitioner® Certification.** Within the first year of operation, you must attend the Certified Dementia Practitioner® certification program and pay for the costs to go through this training program, and you must obtain the certification provided. There may be costs for travel, certification or other expenses related to this process if the program is not offered near your home. We have not included the costs of travel here~~

~~3. **4. Market LaunchMarket Event.** We require you to spend a certain amount of money promoting your Placement Agency within your Territory as a market ~~launch event~~ to introduce your products and services to potential clients and referral sources. We will provide you with optional content and promotional assistance.~~

~~5. **Licenses & Permits.** State and local government agencies typically charge fees for occupancy permits, operating licenses and permits to make improvements to your office and storage area. In addition to business and operating licenses and permits, you may need to obtain specific licensing to offer placement services, licensing depending on your state or region. Your actual costs may vary from the estimates based on the requirements of state and local government agencies.~~

~~5. **6. National Placement and Referral Alliance (NPRA) Membership.** NPRA is an organization that represents our industry with various initiatives including lobbying efforts on a national basis. The fee included here is the amount of your annual membership fee.⁷~~

~~6. **6. FastTrack to Market.** You will work with our marketing team to implement a local marketing program to bring in potential clients for placement and consulting services.~~

~~7. **8. Additional Funds.** Additional funds is an estimate of the funds needed to cover pre- and postopening expenses including sales taxes, recruiting, on-site training expenses, as well as additional operating capital for other variable costs (e.g., electricity, telephone, Internet service, Internet setup, etc.), paper, office supplies, cellular telephones, and other supplies. Additional funds are also an estimate of the monies you will need on hand during the initial phase of Business operations. This estimate does not include the estimated cost of salaries for any employees, as we do not expect you to hire employees during your first three months of operation.~~

~~8. **9. Figures May Vary.** This Estimated Initial Investment Item 7 includes our estimates of your initial startup expenses and funds for additional inventory and additional funds for the operation of your Placement Agency. These expenses include payroll costs. These figures are estimates and we cannot guarantee that you will not have additional expenses starting your Placement Agency. You should conduct your own independent investigation of the costs of opening a Placement Agency in the geographic area in which you intend to open your Placement Agency. Additional funds for the operation of your Placement Agency will be required after the first three months of operation if sales produced by your Placement Agency are not sufficient to produce positive cash flow. You should also review the figures listed in this Item 7 carefully with a business advisor before making any decision to purchase a Placement Agency franchise.~~

~~10. **Multi Unit Fees.** The Multi unit Franchise Agreement total initial investment is computed by adding the Multi-unit Rights Fee to the costs of establishing your first Placement Agency only. The estimate does not include the build-out of any Placement Agency other than the first one.~~

ITEMS

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

To help ensure a uniform image and uniform quality of products and services throughout the Senior Care Authority System, you must maintain and comply with our quality standards. Any required standards exist to protect our interest in the System and the Marks and not for the purpose of establishing any control, or the duty to take control, over those matters that clearly are reserved to you. We publish our standards, specifications, policies, and procedures in our confidential operations manuals, our training videos, and other documents (collectively, the "Operations Manual") that we will loan to you.

Approved and Designated Suppliers

We will provide you with a list of approved manufacturers, suppliers and distributors (“Approved Suppliers ~~UistList~~”) and approved equipment and other items or services necessary to operate your Placement Agency (“Approved Supplies ~~UistList~~”). From time to time we, our affiliate or a third-party vendor or supplier, may be the only approved supplier for certain products. The Approved Supplies ~~Uist-List~~ also may include other specific products without reference to a particular manufacturer, or they may designate the specifications and/or standards for other approved products. We may revise the Approved Suppliers ~~Uist-List~~ and Approved Supplies ~~UistList~~. We give you the approved lists as we deem advisable.

Except for instances where we designate a single source supplier, if you wish to purchase any products or services for which we have established approved suppliers from an unapproved supplier, you may request our consent in writing and we will be required to consider your request. The procedure for submitting a request will be outlined in the Operations Manual. We will require you to reimburse us for our reasonable costs incurred by us with respect to evaluating a supplier or product for which you request our approval, which will typically be between \$500 and \$1,000. If the supplier is approved, we will refund the fee to you. We will not require you to pay us any fees, or reimburse us for any costs, in connection with the process of evaluating or approving new suppliers. We will have up to 30 days to conduct our evaluation before we render a decision. If we request, you must submit samples and other information as we require for testing or to otherwise determine whether the product, material or supply, or the proposed supplier meets our specifications and quality and safety standards. We may re-inspect the facilities and products of any supplier of an approved supplier or item and revoke our approval of any supplier or item that fails to continue to meet any of our criteria. We will send written notice of any revocation of an approved supplier or item.

We apply the following general criteria in approving a proposed supplier: (1) ability to make product in conformity with our specifications; (2) reputation and integrity of supplier; (3) financial condition and insurance coverage of the supplier; and (4) system uniformity. We do not make our specific criteria for selecting approved suppliers available to our franchisees, nor do we make our specifications known to suppliers.

Required Purchases or Leases

A list of the materials that you can, or will be required to, purchase from suppliers approved by us, and the names of those approved suppliers, will be listed in our Operations Manual. Other than the marketing and technology fee products, neither we nor our affiliates currently are approved suppliers for any products or services, but we reserve the right to become approved suppliers, or the only approved suppliers, in the future.

Marketing and Technology Support Fee

You will be required to pay us a monthly marketing and technology fee, which will be used to provide you (for each territory you purchase) one license and user identification name for our CRM Software, and two licenses to access to our Google ~~based-Workspace~~ products including Google Drive, Google Docs, and Google business email. We will also provide you with certain website, social media, email marketing, artificial intelligence, and other marketing services. We (or our affiliate) are the only approved suppliers for these items.

Certifications

You will be required to obtain two certifications in connection with your Placement Agency from the approved suppliers within the first year you operate your Placement Agency: The Certified Senior Advisor certification and the Certified Dementia Practitioner® certification. You will be required to maintain these certifications on an ongoing basis. We are not an approved supplier of the certifications.

Computer System and Software

You will be required to use a cloud-based software system with your Placement Agency. This software can be used on most common computer and smartphone operating systems, including Windows, Apple, iOS, and Android.

Upgrades to the Computer System may be required periodically. We are not currently a supplier of the Computer System.

We, or our third-party suppliers, will provide you with certain technology products or updates, and maintain technology services for the System, in exchange for the fees noted in Item 6. Otherwise, we are not an approved supplier of the computer system.

Bookkeeping

If fail for more than three (3) months to keep your books updated and accurate, we will require you to use the services of a third-party bookkeeper to maintain your books for your Placement Agency.

Marketing Materials

You will be required to purchase from approved suppliers the marketing materials for your Placement Agency, both for your market launch and on an ongoing basis. Your “Starter Kit” of required collaterals including your business cards, brochures, rack cards, presentation folders will be ordered for you. All subsequent orders will be placed by you directly through our supplier portal. We (or our affiliate) are not an approved supplier of these materials.

Real Estate

Although we permit you to operate your Business Office from your home, we do require you have a business address that is not your home address. To fulfill this requirement, you can rent a shared office suite or a mailbox from a service that will provide you a “Suite” number but not a post office box (P.O. box) number. We are not an approved supplier of real estate for your Placement Agency.

Insurance

You must obtain and carry, at your expense, insurance policies that we periodically require protecting you and us. All insurance policies must name us as an additional insured party. You must purchase your policy through our designated insurance broker. We are not an approved supplier of the required insurance policies.

Required Insurance.

You must purchase and maintain, through our designated insurance broker, throughout the term of the Agreement: (1) professional liability (errors & omissions) and general liability insurance written on Occurrence Form coverage for the franchised business with limits of at least \$1,000,000 per occurrence, \$3,000,000 aggregate limit, and \$100,000 damage to rented premises per occurrence; (2) personal and advertising injury coverage of \$1,000,000 per occurrence; (3) automobile liability, covering any automobile, including any hired or non-owned vehicles used in your Placement Agency’s operation, of \$1,000,000 coverage or higher amount if required by applicable law; (4) network security insurance (cyber insurance) with a minimum of \$250,000 aggregate, maximum \$5,000 retention /deductible (retro inception) which is comprised of: electronic information security event coverage up to \$250,000 and notification expense coverage up to \$250,000, ~~and (5);~~ (5) worker's compensation and employer's liability, which must meet statutory requirements of your state if applicable; and (6) other insurance to comply with applicable law.

We also recommend (but do not require) the following types of insurance: (1) if you have employees, employment practices liability insurance in an amount of \$1,000,000 for each loss and \$1,000,000 in costs (\$2,000,000 total); (2) crime bond insurance in an amount recommended by your insurer, without a conviction clause; (3) abuse and molestation coverage in the amount of \$100,000 per occurrence, \$300,000 aggregate; and, (4) excess or umbrella liability insurance with limits of not less than \$1,000,000 per occurrence, \$1,000,000 aggregate.

The professional liability (errors & omissions), general liability, and network security (cyber insurance) insurance policies must be endorsed to Senior Care Authority, LLC, as additional insured, and contain a waiver by the insurance carrier of all subrogation rights against us. You must submit proof of all insurance coverages each year.

We may unilaterally modify our insurance requirements, which modifications may include increasing

minimum policy limits, by delivering to you written notice of the change through the Operations Manual.

Proportion of Required Purchases and Leases to All Purchases and Leases

We estimate that the purchase of goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, real estate, or comparable items related to establishing or operating the Placement Agency, from us or our designated or approved suppliers and distributors, or those meeting our standards and specifications, will be between 20% and 80% of your total cost to establish a Placement Agency and between 20% and 70% of your total cost of operating a Placement Agency (not including amortization, depreciation, or replacement of worn or obsolete improvements, equipment, furniture, or fixtures).

Purchasing Cooperatives. Purchasing Arrangements. Rebates. Payments, and Derived Revenue

We do not have purchasing and distribution co-operatives as of the issuance date of this Franchise Disclosure Document; however, we may negotiate alternative purchase arrangements with suppliers and distributors of approved products for the benefit of our franchisees and we reserve the right to receive rebates on volume discounts from our purchase of products that we may re-sell to you. We currently negotiate agreements with several national and regional assisted living and memory care communities on behalf of our franchisees, and we reserve the right to negotiate prices in the future for various products for the benefit of the System, but not on behalf of or for the specific benefit of individual franchisees.

We reserve the right to derive a profit from our arrangements with certain approved suppliers, but as of the issuance date of this Franchise Disclosure Document, we have not yet derived any profit from our arrangement with any approved supplier. There are no caps or limitations on the maximum amount of payments we may receive from our suppliers as the result of franchisee purchases.

Our total revenue in ~~2022~~2023, as disclosed in our audited financial statements (Exhibit C to this Disclosure Document) was ~~\$2,136,778.36~~\$2,171,891. Our revenue from all required purchases and leases by franchisees was ~~\$387,613~~828,625, which was ~~29.6~~38.1% of our total revenue. We did not have any affiliates that derived revenue, rebates or other material consideration from required purchases or leases by franchisees.

Some of our officers own an equity interest in us (the franchisor) and our affiliates, and we may be an approved supplier. We do not provide material benefits, such as renewing or granting additional franchises to franchisees, based on their use of designated or approved suppliers.

ITEM 9

FRANCHISEE’S OBLIGATIONS

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

	Obligation	Section In Agreement		Item In FDD
a	Site Selection & Acquisition/Lease	Sections 3.1 - 3.4, and Addenda 1, 4, and 5 of the Franchise Agreement; Sections 3.2 and 7.1 of the Multi-unit Franchise AgreementAddendum 1	Items 7, 8,	Items 7, 8, 11, and 12
b	Pre-Opening Purchase/Leases	Sections 3.2 - 3.4, 9.2, and 9.4 of the Franchise Agreement	Items 5, 7,	Items 5, 7, 8, and 11

	<u>Obligation</u>	<u>Section In Agreement</u>	<u>Item In FDD</u>
c	Site Development & Other Pre-Opening Requirements	Sections 3.2 - 3.6 of the Franchise Agreement; Section 7.1 of the Multi-unit Franchise Agreement Obligation Section In Item In FDD Agreement	Items 7, 8, and 11
d	Initial & Ongoing Training	Sections 10.1 - 10.5 of the Franchise Agreement; Article 6 of the Multi-unit Franchise Agreement	Items 6, 7, and 11
e	Opening	Section 3.5 of the Franchise Agreement; Article 6 of the Multi-unit Franchise Agreement Section In Item In FDD Agreement	Item 11
f	Fees	Article 6 of the Franchise Agreement; Article 5 of the Multi-unit Franchise Agreement	Items 5, 6, and 7
g	Compliance With Standards And Policies/Operating Operations Manual	Articles 7, 8, and 9 of the Franchise Agreement	Items 8 and 11
h	Trademarks & Proprietary Information	Articles 7 & 9 of the Franchise Agreement	Items 11, 13, 14, and 16
i	Restrictions On Products/Services Offered	Sections 9.2, 9.3, 9.4, 9.5, 9.6, 9.8, 9.9, & 9.11 of the Franchise Agreement	Items 8, 11, 12, and 16
j	Warranty & Customer Service Requirements	Section 9.9 of the Franchise Agreement	Item 11
k	Territorial Development & Sales Quotas	Section 2.1 of the Franchise Agreement; Section 2.1 of the Multi-unit Franchise Agreement Section In Item In FDD Agreement	Item 12.
l	Ongoing Product/Service Purchases	Sections 9.2, 9.3, 9.4, 9.5, 9.6 & 9.8 of the Franchise Agreement	Items 6 and 8
m	Maintenance, Appearance And Remodeling Requirements	Sections 9.6 & 9.8 of the Franchise Agreement	Items 8, 11, 16, and 17
n	Insurance	Section 14.3 of the Franchise Agreement	Items 7 and 8
o	Advertising	Article 6 and 8 of the Franchise Agreement ; Section In Item In FDD Agreement	Items 6, 7, 8, and 11
p	Indemnification	Section 14.1 of the Franchise Agreement; Sections 8.3 and 11.2 of the Multi-unit Franchise Agreement	Item 6
q	Owner's Participation, Management, Staffing	Section 9.1 of the Franchise Agreement	Items 11 and 15
r	Records and Reports	Section 6.5, Article 11, and Article 12 of the Franchise Agreement	Item 11
s	Inspections And Audits	Article 12 of the Franchise Agreement	Items 6 and 11
t	Transfer	Article 15 of the Franchise Agreement; Article 8 of the Multi-unit Franchise Agreement	Item 17
u	Renewal	Section 5.2 of the Franchise Agreement	Item 17
v	Post-Termination Obligations	Articles 16 & 18 of the Franchise Agreement; Sections 4.2, 9.1, 9.2, and 9.3 of the Multi-unit Franchise Agreement	Item 17
w	Non-Competition Covenants	Article 16 of the Franchise Agreement; Section 9.1 of the Multi-unit Franchise Agreement Obligation Section In Item In FDD Agreement	Items 15 and 17; Exhibit H

x	Dispute Resolution	Article 19 of the Franchise Agreement; Article 15 of the Multi-unit Franchise Agreement	Item 17
y	Liquidated Damages	Section 18.7 of the Franchise Agreement	Item 6

ITEM 10

FINANCING

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

ITEM 11

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

Except as listed below, Senior Care Authority, LLC is not required to provide you with any assistance.

Pre-Opening Assistance. Prior to the opening of your Placement Agency, we will provide the following initial services:

1. Grant you a franchise to operate a Placement Agency, ~~or to develop multiple Placement Agencies under the Multi-Unit Agreement. (Franchise Agreement, Article 2; Multi-Unit Agreement, Article 2)~~
2. ~~If you have a Multi-Unit Agreement, we will approve the establishment of future Placement Agencies and any territories for those Placement Agencies. Our then-current standards for territories will apply. (Multi-Unit Agreement, Article 7)~~
3. ~~We do not provide you with necessary equipment, signs, fixtures, opening inventory, and supplies for your Placement Agency, but we will provide you with the names of approved suppliers as well as our written specifications for them. (Franchise Agreement, Article 3)~~
4. ~~Before the opening of your Placement Agency, you are required to take our training program, which will be online, or other designated location (the “Training Program”) on the operation of a Placement Agency. We describe the Training Program later in this Item. (Franchise Agreement, Article 10)~~
5. ~~Loan~~ Loan to you, or provide you with electronic access to, one copy of the Operations Manual. We describe the Operations Manual later in this Item. (Franchise Agreement, Article 9)

Site Selection

Because your Placement Agency does not require a physical location, we do not anticipate that you will operate your Franchised Business from any physical location (other than managing your Franchised Business from your home office). You may need office space (through a shared suite) or a mailbox with a “suite number” address for your Placement Agency that must be located in your Territory, but we do not need to review or approve your site or lease. We do not select any location of your Franchised Business. We do not own any premises or lease them to you. (Franchise Agreement, Article 3).

Time to Open.

We estimate that there will be an interval of time of ~~60 to 120~~ 30 to 90 days between the execution of the Franchise Agreement and the opening of your Placement Agency. The factors that may affect this length of time include time for obtaining local licenses, weather conditions, training, obtaining marketing materials, materials shortages, hiring as needed, obtaining financing arrangements, and delayed shipping of equipment. You must ~~open~~ begin operating your Placement Agency within ~~120-90~~ 90 days of signing the Franchise Agreement. ~~If; if you do not open your Placement Agency within that time period, we have the right to terminate the Franchise Agreement. If we terminate the Franchise Agreement for this reason, we will refund to you 50% of the Initial Fee you paid us. (Franchise Agreement, Article 3).~~

Post-Opening Obligations. During the operation of your Placement Agency, we will:

1. Make a representative reasonably available to provide you with individual assistance, by phone or through electronic means, during normal business hours. (Franchise Agreement, Article 10)
2. Provide you with specifications and standards, and provide general guidance through meetings, printed materials, and/or other media. (Franchise Agreement, Article 10)
3. At your request (or if we require it in the case that you are performing below our System standards), provide you with additional training or one-on-one consultation. We have the right to charge you our then- current tuition fee as published in the Operations Manual (currently, \$500 per person who attends training, per day). Also, you must pay all travel, lodging, meals, and other expenses we incur if we conduct the training away from our headquarters. (Franchise Agreement, Article 10)
4. ~~In the event that~~ If you refer a customer to another Placement Agency and that customer is placed by the Placement Agency in a facility, we will use reasonable efforts to ensure that the Placement Agency benefiting from your referral pays to you the referral fee required under that Placement Agency's contract with us. (Franchise Agreement, Article 10)
5. In exchange for your payment of the Marketing and Technology Support Fee, we will provide you with one license for our CRM Software, up to two email addresses, and unlimited file support on Google Drive. We will also provide you with access to certain other technology products, like our website and information technology support. We will also use the Marketing and Technology Support Fee to pay for our search engine optimization efforts for the System as a whole. (Franchise Agreement, Article 6)
6. We will guide you, in a progressive series of meetings with other new franchisees, in creating an initial marketing event to introduce you and your business to your senior provider community within the first year after you sign your Franchise Agreement ("Market Event"). We describe the Market Event later in this Item. (Franchise Agreement, Article 10).
7. Provide you with our "FastTrack to Market" support. We describe FastTrack to Market later in this Item. (Franchise Agreement, Article 6)

Post-Opening Optional Assistance. During the operation of your Placement Agency, we may:

8. ~~6-~~Conduct up to: (a) one training or guest lecture webinar; and (b) one conference call, per month, during which we will discuss with you and other Placement Agencies new developments and present to you guest lecturers on issues relating to the operation of your Placement Agency.
9. ~~7-~~Conduct annual or other periodic conferences and/or meetings for all franchisees and managers. We have the right to require you and your Designated Manager to attend these programs for up to three (3) days per year. We have the right to charge a fee we designate for any such meeting, which is currently up to ~~\$1,500~~ 1,950 per attendee. If we designate such a meeting as mandatory, you must pay us the meeting fee regardless of whether you actually attend. (Franchise Agreement, Article 10)
10. ~~8-~~Advise you of operating problems found at your Placement Agency by disclosing them through reports submitted to or inspections made by us. We may furnish to you such guidance and assistance in connection with the operation of your Placement Agency as we deem appropriate. (Franchise Agreement, Article 10)
11. ~~9-~~Coordinate the presence of the System on the Internet, including but not limited to e-commerce, web site use, social media and networking sites, and cyberspace applications. This includes all national, regional, state, and local websites regarding Placement Agencies and our franchisees. We will have sole discretion and control over the design and contents of any website. For so long as you are not in default of the Franchise Agreement, we will list your Placement Agency location on our Internet website. We reserve the right to de-list or remove your Placement Agency from the website if you are not in compliance with the terms of the Franchise Agreement. We also have the right to control all use

of social media by you that mentions or uses the Marks. (Franchise Agreement, Article 7)

~~10.~~ 12. We are responsible for all product research and development, on which you may provide input and recommendations. We will periodically make changes to the products that we authorize and require you to sell at your Placement Agency. (Franchise Agreement, Article 9)

~~11. At your option, provide you with our “FastTrack to Market” support. Working with our Digital Marketing Team, you will implement a pay per click marketing program to bring in potential clients for placement and consulting services. This program would start once our Vice President of Training and Franchise Support determines you are ready to begin consulting with families. (Franchise Agreement, Article 6)~~

There is no specified date or period of time for us to complete our obligations stated above. Other than those mentioned above, we do not provide other supervision, guidance, or services during the operation of your Placement Agency. We do not assist franchisees in establishing prices such as setting minimum and/or maximum prices at which the franchisee must sell products and services.

Advertising

Market Launch Promotion Event: FastTrack to Market

Our Franchise Support and Training Department will guide you, in a progressive series of meetings with other new franchisees, in creating your Market Event to introduce you and your business to your senior provider community (“~~Market Launch Promotion Event~~”). You are required to budget up to \$5,000 on this event. This must be executed within your first year of business. We will determine the exact dollar amount of your required ~~Market Launch Promotion Event~~ after assessing your Territory and the area surrounding your Placement Agency, and ~~taking into account considering~~ other potentially relevant factors, such as prevailing costs of advertising in the area, content of the promotion, sponsorships, the time of year of opening and other similar factors.

You are also required to spend a minimum of \$ 10,000 within your first year of operation in local marketing initiatives to bring in potential clients for placement and consulting services for our FastTrack to Market program. Working with our Marketing Team, you will implement advertising and marketing initiatives in your local marketing to bring in potential clients for placement and consulting services.

Local Advertising

We may conduct national or regional marketing initiatives or promotions with networks of hospitals or assisted living facilities, and if any such network has a presence in your Territory, we have the right to require you to: (a) spend money on advertising or public relations efforts to participate in such national or regional promotions; or (b) offer discounted rates or fees as part of such initiatives or promotions. We will not require you to spend, or provide rate or fee discounts amounting to, more than \$5,000 towards such an initiative or promotion on an annual basis.

All of your advertising, promotion, and marketing must be completely clear, factual, and not misleading, and must conform to both the highest standards of ethical advertising and marketing and the advertising and marketing policies that we periodically require. We require you to obtain our approval before you conduct any advertising on the Internet.

Before you use them, you must send us or our designated agency for review samples of all advertising, promotional, and marketing materials that we have not prepared or previously approved. If you do not receive written disapproval from us within five (5) days after we receive the materials from you, they are deemed to be disapproved. You may not use any advertising, promotional, or marketing materials that we have not approved or that we have disapproved (Franchise Agreement, Article 8.2).

Marketing & Technology ~~Fee~~

The Marketing and Technology Support Fee you pay us is partially allocated towards marketing initiatives, including

website development and email marketing. You may obtain information regarding the use of the Marketing and Technology Support Fee at any time by submitting a written request to us. We do not regularly audit the total use of each franchisee's Marketing and Technology Support Fee but do internally track and monitor the total use of such fee. We make no representations or guarantees as to whether that advertising will directly benefit your Placement Agency.

For ~~2022~~2023, we collected a total of ~~five six~~ hundred ~~seventy fifty three~~ thousand one hundred ~~thirty four~~ ~~thirty-five~~ dollars (\$~~570,134~~~~653,135~~) in Marketing and Technology Support Fees from all franchisees. Of that amount, ~~25.06%~~ was used for ~~Technology (Salesforce, G Suite, LMS software, and technology support), and 74.9443%~~ was used for marketing (websites, social media, public relations, podcasts, email marketing, online leads, and marketing support). ~~Of the dollars spent on marketing, 63.29%~~ was spent on our website and search engine optimization, ~~22~~and 28% was spent on SaaS products, ~~and 15%~~ was spent on other brand marketing and cloud subscriptions.

The Marketing and Technology Support Fees are not used by us to solicit new franchise sales. All franchisees under this franchise offering will be assessed the same fee, but franchisees that commenced operations in prior years under earlier franchise offerings may pay a lower Marketing and Technology Support Fee. All franchisees receive comparable services regardless of the total amount paid as Marketing and Technology Support Fees. Locations owned by us also pay Marketing and Technology Support Fees at the same rate as other franchisees that commenced operations during the same year.

Advertising Programs

Other than our advertising and marketing-related uses of the Marketing and Technology Support Fee, we do not have an advertising program for the franchise system. We do not have an advertising council comprised of franchisees, but we reserve the right to create one. We do not require you to participate in a local or regional advertising cooperative. We do not require you to participate in any advertising fund or program.

Computer System

You must purchase and use in your Placement Agency a Computer System meeting our requirements, if you do not already own the computer equipment we require. The Computer System will consist of the items below:

HARDWARE

Computer with Windows or Macintosh operating system (any version) 1 Smartphone
with App capability per admin employee (with data services enabled) _____
Approved Phone System and 1 phone per employee _____
Color Printer and Scanner _____

REQUIRED SOFTWARE

Quickbooks Pro/Quickbooks online (current edition compatible with our reporting software). _____
Operational Software (currently Salesforce) - proprietary to Senior Care Authority _____
Google Docs (included with Google Workspace) or current editions of Microsoft Office Suite with Word, Excel, PowerPoint (1 license per computer). This is most economical to purchase with your computer or online version. _____
Google Workspace _____
We will provide you with access to Salesforce and Google Workspace, which includes Google Drive and Corporate Gmail. _____

We estimate that the cost of purchasing or leasing the Computer System will range from \$0 to \$3,000 (depending on whether you already own equipment meeting our standards). If you lease your equipment, the monthly leasing fee will depend on factors such as lease term, lease rate, down payment, residual value, credit worthiness of lease. ~~You~~ You will also be required to pay us a monthly Marketing and Technology Support Fee (presently, ~~\$895 a month~~ 950 a month, plus an additional \$200 per month for each additional contiguous Marketing Area) for access to certain of the software

products, including the CRM Software. The Marketing and Technology Support Fee is also allocated towards marketing initiatives, including website development and email marketing. You may obtain information regarding the use of the Marketing and Technology Support Fee at any time by submitting a written request to us. We do not regularly audit the total use of each franchisee's Marketing and Technology Support Fee but do internally track and monitor the total use of such fee. For 2022, we collected a total of five hundred seventy thousand one hundred thirty-four dollars (\$570,134) in Marketing and Technology Support Fees from all franchisees. Of that amount, 25.06% was used for Technology (Salesforce, G-Suite, LMS software, and technology support).

You will be responsible to upgrade or update the Computer System during the term of the franchise, to ensure the system adheres to the most current software versions and software license terms.

We reserve the right to require you to upgrade or update the Computer System at any time. There are no contractual limitations on the frequency and cost of this obligation. We need not reimburse you for any of these costs. We have independent, unlimited access to the information generated by the Computer System. We or our affiliates may condition any license of proprietary software to you, or your use of technology that we or our affiliates develop and maintain, on your signing of a software license agreement or similar document that we or our affiliates prescribe to regulate your use of, and our and your respective rights concerning, the software or technology.

Neither we, nor any affiliate or third party, will be obligated to provide ongoing maintenance, repairs, upgrades or updates ~~for the~~ for the Computer System. We currently do not require that you purchase ~~amaintenance~~ a maintenance, repair, upgrade or update service contract for the Computer System, but we reserve the right to do so in the future. The annual cost of any optional or required maintenance, updating, upgrading, or support contracts will be dictated by the Computer System or Information Technology supplier, which we estimate to be \$2,000 annually.

You are required to use the Computer System to record all revenue received by your Placement Agency, and we will have the unlimited right to independently access all of the information that is generated or stored on your Computer System. There are no limitations on the type of information we can access, or the times or frequency of when we access such information. No compatible equivalent component or program has been approved by us. (Franchise Agreement, Article 11).

Operations Manual

We give you electronic access to the Operations Manual after you sign the Franchise Agreement. Any required standards in the Operations Manual exist to protect our interests in the System and the Marks and not for the purpose of establishing any control or duty to take control over those matters that are reserved to you. The required standards generally will be set forth in the Operations Manual or other written materials. The Operations Manual also will include guidelines or recommendations in addition to required standards. In some instances, the required standards will include recommendations or guidelines to meet the required standards. You may follow the recommendations or guidelines or some other suitable

alternative, provided you meet and comply with the required standards. In other instances, no suitable alternative may exist. In order to protect our interests in the System and Marks, we reserve the right to determine if you are meeting a required standard and whether an alternative is suitable to any recommendations or guidelines.

We may modify the Operations Manual at any time. The approximate total number of pages is 250. The number of pages devoted to each topic is reflected in the Table of Contents. We will notify you if there are any changes made to the policies or procedures so that you can comply. We disclose the Table of Contents to the Operations Manual as Exhibit D to this Franchise Disclosure Document. (Franchise Agreement, Article 9).

Training Program

Our initial Training Program on the System, System guidelines, and operational and brand standards (the "Training Program²²¹") is self-paced and typically lasts for approximately six to eight weeks, depending on your progress and performance. Contained within the online training are one-on-one coaching sessions delivered by corporate personnel and seasoned franchisees. We will not train or assist in training your employees or

independent contractors. You will be responsible for training your employees and independent contractors. You will be responsible for hiring, training, directing, scheduling, and supervising your employees and independent contractors in the day-to-day operations of the Business. We offer the program as often as necessary to accommodate our new franchisees. The Training Program that we provide will be provided online.

The Training Program is free of charge. You and your Designated Manager must complete the training program to our reasonable satisfaction, as determined by the specific program instructors listed in the training schedule below. You and your employees are welcome to attend and/or re-take the Training Program, or any other training program we create, at any time, but prior to permitting your employees to attend or take the Training Program you must have each employee sign a Confidentiality Agreement (Exhibit H) and Franchise Relationship Acknowledgment (Exhibit I).

Training is mandatory for you and your Designated Manager. We plan to provide the training listed in the table below. The hours presented for each subject are estimates, as our training program continues to evolve. This training schedule is fully detailed in the Operations Manual and will change from time to time.

If you ask us to permit your new hires to attend the Training Program, or if we believe that one of your employees has not been adequately trained by you, we reserve the right to require that such person attend the Training Program.

If you ask us to provide any part of the Training Program or one-on-one coaching to you in-person, we will ask you to reimburse us for our travel, lodging, and other costs related to our providing in-person training.

We plan to provide the training listed in the table below. This training schedule is fully detailed in the Operations Manual and will change from time to time (Franchise Agreement, Articles 9 and 10).

TRAINING PROGRAM

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON THE JOB TRAINING	LOCATION
Orientation	1	0	Online, phone or at your location
Business Finances	2	0	
Vendor Overview	3	0	

<u>SUBJECT</u>	<u>HOURS OF CLASSROOM TRAINING</u>	<u>HOURS OF ON THE JOB TRAINING</u>	<u>LOCATION</u>
Operations	16	4	<u>Online, phone or at your location</u>
Technology and Operating Systems	10	2	
Provider Evaluation and Contracting	8	20	
Marketing	30	18	
TOTAL	70	44	

The "classroom" training above refers to video lectures and web-based presentations, which will be available for your review post-training. Throughout your training you will participating in one-on-one coaching sessions on various key operational topics (sometimes in groups of two or three new franchisees). "On-The-Job Training refers" to in-person coaching and training that is conducted at your place of business, or within your Territory or via the phone and live webinar, upon completion of on-line training.

The instructional materials used for all topics of training will consist of the Operations Manual and other online materials.

Our Trainers

Frank Samson - Trainer for All Training Topics

Frank Samson is our founder of Senior Care Authority. He was the founder and president of InHouse Travel Group in Chicago that he franchised in 1995. Frank is a Certified Senior Advisor and member of the Society of Certified Senior Advisors.

Marcy Baskin - Trainer for All Training Topics

Marcy is a Certified Senior Advisor, Certified Dementia Practitioner, and a Certified Alzheimer's Disease and Dementia Care Trainer. Marcy's business experience is disclosed in Item 2.

Matt Gurwell - Trainer for Beyond Driving with Dignity

Matt is the developer of the "Beyond Driving with Dignity" program and previously served as the founder and CEO of Keeping Us Safe. In 2021, Matt retired from Keeping Us Safe and now serves as a member of the Senior Care Authority team. Matt's business experience is disclosed in Item 2.

Rob Gandley - Trainer for All Digital Marketing

As Digital Marketing Trainer, Rob leads the development of new digital marketing technology, franchise and brand campaign development as well as sales training for Senior Care Authority franchisees. Rob's also honored to be a contributing author for The Franchise Bible, 9th Edition, on how marketing AI technology is shaping the future of franchise marketing. Rob's business experience is disclosed in Item 2.

We may also feature other guest lecturers, who will have extensive experience in the senior care industry including nursing, geriatric care, assisted living, hospital administration, in-home care, dementia, elder law, hospice, senior move management, financial planning and long-term care insurance. Each instructor will have a minimum of five (5) years of experience in her or his field.

~~We may use certain other employees of our affiliate, SCA, in the Training Program, but we have not yet determined which of them will be involved with the Training Program.~~

Periodically, you, your Designated Manager or employees must attend refresher-training programs to be conducted at our headquarters or another location we designate. Attendance at these programs will be at your expense. You do not have to attend more than 1 of these programs in any calendar year and these programs will not exceed 3 days during any calendar year. (Franchise Agreement, Article 10)

ITEM 12

TERRITORY

Unit Franchise Agreement

~~You will receive an exclusive territory that contains. Your "Territory" will consist of one or more Marketing Areas. A "Marketing Area" is an area consisting of a minimum of 1,000 and maximum of 4,000 of 4,000 beds that are licensed by your state for the purpose of providing assisted living or memory care (the "Territory").~~ If your Territory consists of multiple Marketing Areas, each one will consist of an area covering between 2,500 and 4,000 beds.

The Franchise Agreement specifies that we will not establish, nor license another party to establish, another Placement Agency under the System within the Territory, which will be identified on Addendum 1 to your Franchise Agreement. This proximity protection will remain for the initial franchise term.

We will identify your Territory. The exact size of your Territory will depend on several factors, including but not limited to the geographic location of your Placement Agency, population density, demographics, competition, proximity of other Placement Agencies, and site availability. In determining the total population of beds within your Territory, ~~we generally~~ each Marketing Area, we consult the state department of social services or similar governmental entity in your state that approves assisted living facilities.

The franchise is not for a specific location or a location to be approved by us. You will operate your Placement Agency only within the Territory. You will not have the right to relocate your Placement Agency to anywhere outside of the Territory without our written approval, which we may withhold in our sole discretion.

We may grant you, in our sole discretion, the right to sell or service customers in an area adjacent to your Territory (an "Unassigned Area") that has not been sold to, or is not being serviced by, another Placement Agency. You must, within ten (10) days of your receiving written notice from us, stop all sales and service efforts within the Unassigned Area.

You may use, reference or promote the Senior Care Authority Marks or System in connection with social media networks or platforms, but you may do so only with our approval. You are not permitted to have an individual website for your Placement Agency, but we (so long as you are in compliance with the Franchise Agreement) will provide you with a website that we will control.

Your Territory will not be altered during the initial term of the Agreement if there is a population increase or decrease. We have the right to terminate our grant, or reduce the size, of your Territory if you default under the Franchise Agreement for, among other things, failing to maintain our standards or failing to pay the royalty and other fees when they become due. We will also have the right to reduce the size of your Territory if you have not complied with the Development Schedule for your Marketing Areas described below. Otherwise, your territorial exclusivity is not dependent upon achievement of a certain sales volume, market penetration or any other contingency.

On renewal, acquiring a successor franchise, or transferring your franchise, your Territory may be modified. Depending on the then-current demographics of the Territory, and on our then-current standards for territories, if the Territory is larger than our then-current standard territory, we may require you or the transferee to accept a successor franchise territory or a transfer territory smaller than the Territory.

Multi-unit Franchise Agreement

~~Under the Multi-unit Franchise Agreement, we grant you the right to open and operate a minimum of two (2), and maximum of seven (7), Placement Agencies at locations in a specified Multi-unit Territory, subject to our approval. The Multi-unit Territory may be 1 or more cities, counties, states, or some other defined area. During the term of the Multi-unit Franchise Agreement, we will not operate or grant a license or franchise to any other person to operate a Placement Agency at any location within your Multi-unit Territory.~~

Multiple Marketing Areas

We may offer the right for you to operate in multiple Marketing Areas. If you purchase those rights, your Territory will consist of all Marketing Areas that you purchase. Upon completing the Initial Training Program, you will commence marketing and operations in your first designated Marketing Area. Additionally, you will receive a Development Schedule outlining specific deadlines (referred to as the "Marketing Deadline") for initiating marketing and operations in any additional Marketing Areas you choose to purchase.

After completing training, you will focus on your first Marketing Area. We will provide you with a Development Schedule that outlines the Marketing Deadline for each additional Marketing Area you acquire. If you miss a Marketing Deadline, we will give you notice and 30 days to rectify the situation by beginning marketing and operating in the specified Marketing Area. If you do not cure the failure within the 30-day period, we reserve the right to terminate your exclusivity and operating rights in any Marketing Areas where you have not yet commenced marketing and operations. In such cases, your Territory will be adjusted to include only those Marketing Areas where you have already initiated operations.

~~Until the termination or expiration of the Multi-unit Franchise Agreement, you will retain your right of exclusivity if you comply with your Development Obligation and other obligations under the Multi-unit Franchise Agreement.~~

~~If you fail to meet any of your obligations under the Multi-unit Franchise Agreement, including your obligation to open and begin operating Placement Agencies within the applicable development period(s), or commit a material breach of any Franchise Agreement signed by you under the Multi-unit Franchise Agreement, or a material breach of any other agreement between you and us, we may terminate your right to further open and operate new Placement Agencies in the Multi-unit Territory, but the termination of the right to develop your Multi-unit Territory will not terminate any rights granted under the Franchise Agreements then in effect between you and us, absent a breach of the Franchise Agreement itself. After the expiration of the term of your Multi-unit Franchise Agreement, we may own, operate, franchise or license others to operate additional Placement Agencies anywhere, without restriction, including in your Multi-unit Territory, subject to the rights granted to you in the Territory established under any then existing Franchise Agreement.~~

~~Under the Multi-unit Franchise Agreement, the continuation of your territorial exclusivity is dependent upon your compliance with your Development Obligation and other obligations under the Multi-unit Franchise Agreement, as described above.~~

~~*Limitations on Territorial Rights Under Franchise and Multi-Unit Franchise Agreements*~~

Except as stated above, we and our affiliates retain all rights in the ~~Territory and Multi-Unit Territory~~ for engaging in any activities we deem appropriate whenever and wherever we desire, including, but not limited to the following rights:

- (1) The right to establish or operate or license any other person or entity to establish other facilities, businesses, kiosks, outlets, or Internet websites under trademarks or names other than the Marks that offer or sell products or services that are different from those offered at Senior Care Authority® Placement Agencies, inside or outside of your ~~Territory or Multi-Unit Territory~~.
- (2) The right to advertise or market (or to permit other Placement Agencies to advertise or market) the System or Marks within your ~~Territory or Multi-Unit Territory~~.
- (3) The right to provide, offer and sell and to grant others the right to provide, offer and sell goods that are identical or similar to and/or competitive with those provided at Placement Agencies, whether identified by the Marks or other trademarks or service marks, through dissimilar channels of distribution (including retail stores which may include Senior Care Authority®-branded retail stores, hardware stores, the Internet, and electronic media) both inside and outside your ~~Territory or Multi-Unit Territory~~ and on any terms and conditions we deem appropriate.
- (4) The right to operate, and to grant others the right to operate Placement Agencies located anywhere outside your ~~Territory or Multi-Unit Territory~~ under any terms and conditions we deem appropriate and regardless of proximity to your Placement Agency.
- (5) The right to acquire the assets or ownership interests of one or more businesses providing products and services similar to those provided at Placement Agencies, and franchising, licensing or creating similar arrangements with respect to these businesses once acquired, wherever these businesses (or the franchisees or licenses of these businesses) are located or operating (including in your ~~Territory or Multi-Unit Territory~~). We will not, however, permit any such service-based business located within your ~~Territory or Multi-Unit Territory~~ to operate under our Marks.
- (6) The right to be acquired (whether through acquisition of assets, ownership interests or otherwise, regardless of the form of transaction), by a business providing products and services similar to those provided at Placement Agencies, or by another business, even if such business operates, franchises, and/or licenses competitive businesses within your ~~Territory or Multi-Unit Territory~~. We will not, however, permit any such service-based businesses located within your ~~Territory or Multi-Unit Territory~~ to operate under our Marks.

You may not provide products or services outside of your Territory, but you may advertise services or products outside of your Territory. If you find customers for placement in an area that is outside of your Territory but inside the territory of another Placement Agency, you must refer the customer to the applicable Placement Agency. That Placement Agency will be required in its agreement with us to pay you a referral fee from the commission it receives from the facility. The exact amount of the referral fee will be subject to your and their agreement. The referral fee is discussed in Item 6.

Other than the referral fee discussed above, neither we nor any other Placement Agency is required to pay you if we or they exercise any of the rights specified above within your Territory ~~or Multi-Unit Territory~~.

Right of First Refusal

You will not have the right of first refusal to acquire additional franchises within your Territory. We do not customarily grant to franchise owners options, rights of first refusal or similar rights to acquire additional franchises outside of their respective territories, but we will consider doing so on a case-by-case basis.

Other Franchise Systems

Although we and our affiliates have the right to do so (as described above), neither we nor our affiliates have operated or franchised, and currently have no plans to operate or franchise, other businesses selling or leasing similar products or services under different trademarks. If we or our affiliates purchase, merge, acquire, are acquired by or affiliate with an existing competitive franchise network, chain or any other business, then we or our affiliates will have the right to operate, franchise or license those businesses and/or facilities under marks different than the Marks in your Territory.

ITEM 13

TRADEMARKS

Under the Franchise Agreement, we grant you the nonexclusive right to use our Marks in connection with the operation of your Placement Agency. You may also use our other current or future trademarks to operate the Placement Agency. We have registered, or applied to register, the following marks on the Principal Register of the U.S. Patent and Trademark Office ("USPTO"):

Trademark	Registration Number Registration Date	International Class of Goods
Senior Care Authority (Word Mark)	4141220	
	<u>May 21, 2012;</u> <u>renewed</u>	<u>43,45</u>
	<u>May 21, 2012;</u> <u>renewed</u> Febmary 2, 2022	43,45

<u>Trademark</u>	<u>Registration Number</u> <u>Registration Date</u>	<u>International Class of Goods</u>
(Design Mark)	N/A (Common Law Mark)	N/A (Common Law Mark)

We have filed all required affidavits relating to the registered Marks shown above. We intend to renew the registration for the Marks at the times required by law.

There are presently no effective determinations by the United States Patent and Trademark Office, the Trademark Trial And Appeal Board, the Trademark Administrator of any state or any court, nor any pending interference, opposition or cancellation proceeding or material litigation involving the Marks. We are unaware of any infringing uses that could materially affect your use of our Marks.

You will have the right to use all of our Marks in the operation of your Placement Agency. However, you must use the Marks only for the operation of your Placement Agency and in the manner authorized by us. You cannot use the names or Marks as part of a corporate name or with modifying words, designs or symbols except for those which we license to you. You may not use our Marks in connection with the sale of unauthorized goods or services, or in a manner not authorized in writing by us.

You must notify us immediately in writing of any apparent infringement or challenge to your use of our trademarks. We have the sole discretion to take such action as we deem appropriate. We are not obligated by the Franchise Agreement or other agreement to participate in your defense or to indemnify you if you are a party to any administrative or judicial proceeding involving our Marks.

You may not, without our written consent, in our sole discretion, commence or prosecute, or seek leave to intervene in any litigation or other proceeding, including any arbitration proceeding, in which you purport to enforce any right or recover any element of damage arising from the use or infringement of any of the Marks or unfair competition resulting from that use.

If it becomes advisable at any time, in our sole discretion, to modify or discontinue use of any Marks, and/or use one or more additional or substitute trademarks or service marks, you must comply with our directions for such modification, discontinuance, or substitution within a reasonable time after you receive notice from us. You, in connection with the use of a new or modified mark, may be required, at your own expense, to remove existing signs from your Placement Agency, and to purchase and install new signs. We do not have to reimburse you for the costs you incur for making these changes.

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Patents and Copyrights

No patents are material to the franchise.

We claim copyright protection of the Operations Manual and related materials and other brand identity/marketing/advertisement/promotional materials, although such materials may not have been registered

with the United States Copyright Office. These materials are considered proprietary and confidential and are considered our property and may be used by you only as provided in the Franchise Agreement. We reserve the right to register any of our copyrighted materials at any time we deem appropriate.

There currently are no effective determinations of the Copyright Office (Library of Congress), or any court regarding any of the copyrighted materials. There are no agreements in effect that significantly limit our right to use or license the copyrighted materials. There are no infringing uses actually known to us, which could materially affect your use of the copyrighted materials in any state. We are not required by any agreement to protect or defend any patent, trademark, or copyright.

Improvements

If you or your employees make or acquire any improvements, including any enhancements, adaptations, derivative works, modifications or new processes (“Improvements”) in the operation of your Placement Agency, you will grant-back exclusive rights in these Improvements to us in consideration of the grant of the franchise and without the payment of additional consideration. Improvements will be deemed to be our sole and exclusive property, part of the System, and works made-for-hire for us. To the extent that any item does not qualify as a “work-made-for-hire” for us, you assign ownership of that item, and all related rights to that item, to us and must take whatever action (including signing assignment or other documents) we request to show our ownership or to help us obtain intellectual property rights to the item.

We may include any Improvements we made or acquired in the System, including any and all intellectual property rights of ours and affiliate or services and products of the Placement Agency, Operations Manual and the System for use by all franchisees, us or any affiliate. If we seek patent protection or copyright registration for any Improvements, we will do so at our own expense. You will sign or have the creator sign all documents necessary to enable us to apply for intellectual property rights protection and to secure all rights to these Improvements. You will have each of your employees sign an agreement requiring employee cooperation with these requirements. You must obtain our express written consent before making any modification or derivative work.

Confidential Information

We possess certain confidential information including the methods, techniques, formats, specifications, procedures, information, systems and knowledge of and experience in the operation and franchising of the System (the “Confidential Information”). We will disclose certain of the Confidential Information to you during the training programs, seminars and conventions, in the Operations Manual and in guidance furnished to you during the term of the Franchise Agreement.

The Franchise Agreement provides that you will not acquire any interest in the Confidential Information other than the right to utilize it in the development and operation of a Placement Agency during the term of the Franchise Agreement, and that the use or duplication of the Confidential Information in any other business would constitute unfair competition. You also agree that the Confidential Information is proprietary to us and is disclosed to you solely on the condition that you (1) will not use the Confidential Information in any other business or capacity; (2) will maintain the absolute confidentiality of the Confidential Information during and after the term of the Franchise Agreement; (3) will not make unauthorized copies of any portion of the Confidential Information disclosed in written form; and (4) will adopt and implement all reasonable procedures required by us to prevent unauthorized use or disclosure of the Confidential Information, including without limitation, restrictions on disclosure of Confidential Information to employees of your Placement Agency.

The Operations Manual will at all times remain our property exclusively. We may revise the Operations Manual, and you must comply with each new or changed standard, although these new and changed standards will not materially affect your rights and responsibilities under the Franchise Agreement.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

Your Placement Agency must at all times be under your or your Designated Manager's direct, day-to-day, full-time supervision. If you are a legal entity, you must have a Designated Manager, approved by us. Your Designated Manager does not need to have any equity interest in you. You and your Designated Manager will be required to attend and successfully complete our Training Program. If your Designated Manager is unable to complete (or pass) our Training Program, we will require you to designate an alternative manager that must attend and pass the Training Program. You or your Designated Manager must use his or her best efforts in the operation of your Placement Agency. ~~If you have a Multi-unit Agreement, you must have a different Designated Manager for each Placement Agency.~~

~~If you have a Multi-unit Agreement and are a legal entity, you are required to designate one person as your "Operating Principal." Your Operating Principal will be principally responsible for communicating and coordinating with us regarding business, operational and other ongoing matters concerning the Multi-unit Agreement and all of the Placement Agencies that you develop as part of the Multi-unit Agreement. Your Operating Principal will have the full authority to act on your behalf in regard to performing, administering or amending the Multi-unit Agreement and all Franchise Agreements executed as a result of your exercising your rights under the Multi-unit Agreement. The Operating Principal may, in our discretion, be the same person as a Designated Manager of one of your Placement Agencies.~~

If you are a legal entity, then all your directors, members, partners, and/or officers and any individual that owns an interest in you or the Franchise Agreement must sign our Owner Agreement assuming and agreeing to be personally responsible for all of the obligations of the Franchise Agreement, and agree to be bound by the confidentiality provisions and non-competition provisions of the Franchise Agreement and agree to certain restrictions on their ownership interests. The required Owner Agreement is attached to the Franchise Agreement as Addendum 2. If you are married, we require your spouse to sign the Owner Agreement.

You must take all necessary precautions to ensure that the persons listed in the Franchise Agreement as owners of an equity interest, and any representatives and beneficial owners of the Franchise Agreement, sign the Owner Agreement, and you must forward a copy of these signed agreements to us. You also must ensure that your Designated Manager and any of your employees that have access to our trade secrets and confidential information each sign the Confidentiality/Non Competition Agreement (Exhibit H), and you must forward a copy of these signed agreements to us.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You are required to offer for sale only services and products that have been approved and specified by us in the Operations Manual and any updates that are incorporated in the Operations Manual from time to time. You may not offer for sale any services or products not specifically approved by us in writing and you may not use your Placement Agency premises for any other purpose than the operation of a Placement Agency and the sale of services or products approved by us. You must offer any products and/or services that we designate as required products and/or required services in the Operations Manual. There are no limits on our ability to make changes to the services or products we require you to sell.

You may not sell products or services within another franchisee's Territory. You may not sell products through other channels of distribution such as wholesale, Internet or mail order sales. You may not establish an account or participate in any social networking sites or mention or discuss the franchise, us or any of our affiliates, without our prior written consent and subject to our on-line policy.

ITEM 17

RENEWAL, TERMINATION, 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.

Franchise Agreement

Provision	Section in Franchise <u>Franchise</u> <u>Agreement</u>	Summary
a. Length of the franchise term	Section 5.1	Agreement starts on the date it is signed and ends 10 years after the date you <u>you open your</u> Placement Agency for business.
b. Renewal or extension of the term	Section 5.2	You are permitted to acquire an unlimited number of additional terms of 5 years each if you meet the requirements listed in Article 5 of the Franchise Agreement
c. Requirements for franchisee to renew or extend	Section 5.2	Advance written notice, not later than 270 days or earlier than 365 days, to renew; sign most current form of Franchise Agreement which may contain substantially different terms and conditions than your current Franchise Agreement, including a smaller geographic Territory; we <u>we</u> have fully performed your obligations under the Franchise Agreement, including obligation to be current in payment of all monetary obligations to us; and <u>and</u> not have committed two or more breaches of the Franchise Agreement during any 12-month period during the term; we <u>we</u> remodel your Placement Agency.
Provision	Section in Franchise <u>Franchise</u> <u>Agreement</u>	Summary
		If you seek to acquire a successor franchise at the expiration of the initial term or any renewal term, you may be asked to sign a new franchise agreement that contains terms and conditions materially different from those in your previous franchise agreement, such as different fee requirements and territorial rights.
d. Termination by franchisee	Section 17.6	You may terminate the Franchise Agreement by notice to us if we fail to perform material obligations. You must give us notice, and 60 days to cure or commence cure, subject to state law.
e. Termination by franchisor without cause	Not applicable.	Not applicable.
f. Termination by franchisor with cause	Section 17.1 - 17.3	We can terminate the Agreement, automatically or by notice to you, with or without a cure period, if you breach a material provision of the Franchise Agreement. <u>We can terminate your rights to operate in any Marketing Area that form a portion of your Territory if you fail to being operating and marketing in that Marketing Area on or before the applicable Marketing Deadline.</u>

<u>Provision</u>	<u>Section in Franchise Agreement</u>	<u>Summary</u>
g. "Cause" defined - curable defaults	<u>Section Sections 17.3 and 17.4</u>	<p>You have 30 days after notice to cure breaches relating to your:</p> <p>(a) owners engaging in a dispute with one another (deadlock) that materially affects the operation of your Placement Agency, which dispute or deadlock remains unresolved after the expiration of the 30- day cure period;</p> <p>(b) failure to resolve customer complaints and/or disputes in a timely manner; or</p> <p>(c) failure to make a timely payment of any amount due to a supplier unaffiliated with us (other than payments which are subject to a bona fide dispute), and do not correct such failure within thirty (30) days after we deliver to you notice of your failure to comply</p> <p>You have 10 days after notice to cure breaches relating to your failure to obtain or maintain required insurance coverage.</p> <p>You have 5 days after notice to cure breaches relating to your failure to pay us or our affiliates any amounts owed, or your failure to pay any amounts for which we have advanced funds for or on your behalf, or upon which we are acting as guarantor of your obligations.</p> <p>You will have 30 days after notice to cure any breaches of the Franchise Agreement not listed in Sections 17.1, 17.2, or 17.3, <u>or to begin marketing and operating in a Marketing Area where you have not started marketing or operating.</u></p>
h. "Cause" defined - non- curable defaults	Sections 17.1 and 17.2	<p>Your Franchise Agreement will terminate automatically, without your ability to cure any defaults, if you:</p> <p>(a) Become insolvent or make a general assignment for the benefit of creditors;</p> <p>(b) File a petition in bankruptcy, or such a petition is filed against you and you do not oppose it, or are adjudicated as bankrupt or insolvent.</p> <p>(c) Have a bill in equity or other proceeding for the appointment of a receiver of (1) you; (2) the Franchised Business; or (3) another custodian for your business or assets, is filed or consented to by you, or if a receiver or other custodian (permanent or temporary) of your assets or property, or any part of them, is appointed by any court of competent jurisdiction.</p> <p>(d) Have proceedings for a composition with creditors under any state or federal law instituted by or against you.</p> <p>(e) Have a final judgment against you in the amount of twenty five thousand (\$25,000) dollars or more that remains unsatisfied or of record for thirty (30) days or longer.</p> <p><u>(f) Dissolve or liquidate.</u></p> <p><u>(g) Have execution levied against your business or property.</u></p> <p><u>(h) Have the real or personal property of the Franchised Business sold after levy by any sheriff, marshal, or constable, or foreclosed upon.</u></p> <p><u>You will not have an opportunity to cure defaults, and we are entitled to terminate the Franchise Agreement upon notice, if you:</u></p> <p><u>(i) Fail to open your Placement Agency on or before the date required under the Franchise Agreement;</u></p>

Provision	Section in Franchise Agreement	Summary
		<p>(f) Dissolve or liquidate.</p> <p>(g) Have execution levied against your business or property.</p> <p>(h) Have the real or personal property of the Franchised Business sold after levy by any sheriff, marshal, or constable, or foreclosed upon.</p> <p>You will not have an opportunity to cure defaults, and we are entitled to terminate the Franchise Agreement upon notice, if you:</p> <p>(i) Fail to open your Placement Agency on or before the date required under the Franchise Agreement;</p> <p>(j)<u>(j)</u> Abandon your Placement Agency or fail to keep it open for a period of five (5) consecutive days, unless it is for a reason beyond your control;</p> <p>(k)<u>(k)</u> Or any of your managers, officers, members, directors, or owners are convicted of or plead no contest to a felony or other criminal misconduct relevant to the operation of your Placement Agency;</p> <p>(l) Make an unauthorized transfer of the business;</p> <p>(m)<u>(m)</u> Fail to comply with any material federal, state, or local law or regulation applicable to the operation of your Placement Agency;</p> <p>(n)<u>(n)</u> Make any material misrepresentations relating to your acquisition of the franchise or in connection with the operation of the franchise including any intentional understatement of revenue or failure to report revenue;</p> <p>(o)<u>(o)</u> Violate any covenant not to compete or relating to confidential information;</p> <p>(p)<u>(p)</u> Submit on two or more occasions during the term financial information which understates your Gross Revenue by more than 2%, unless you demonstrate that such understatement resulted from inadvertent error;</p> <p>(q)<u>(q)</u> Engage in any activity that has a material adverse effect on the System or the Marks;</p> <p>(r)<u>(r)</u> Receive from us 2 or more notices of default under the Franchise Agreement within a 12 month period regardless of whether you cured those defaults;</p> <p>(s)<u>(s)</u> Challenge the validity of, materially misuse, or make any unauthorized disclosure, use, or duplication of our Confidential Information or our Marks;</p> <p>(t)<u>(t)</u> Or any of your owners, officers, directors, managers, members, agents, or employees make any misrepresentation relating to, or violate, the United States' laws against terrorism;</p> <p>(u)<u>(u)</u> Or your affiliates breach the terms of any other agreement with us or our affiliates, which default remains uncured after the expiration of any applicable cure period; or</p> <p>(v) Are absent from two (2) consecutive mandatory training courses, conferences, or conventions, and do not cure this default by attending all of the mandatory training courses, meetings, conferences, and conventions within the 12-month period following our notice to you of your default under this provision.</p>
Provision	Section in Franchise Agreement	Summary
i. Franchisee's obligations on termination/non-renewal	Articles 16 and 18	Upon termination you must cease operating as a Placement Agency, not compete with us, not use our confidential information, pay all sums due us, cease to use the Marks, assign the lease to us at our request, cancel any fictitious name which contains the Marks, turn over all Operations Manual, records, files and any materials relating to the operation of your Placement Agency, cancel or transfer all telephone numbers and directory listings to us, comply with all covenants, and pay us liquidated damages.
j. Assignment of contract by franchisor	Section 15.1	We may transfer all or any part of the System, the Franchise Agreement, or the Marks without your consent.
k. "Transfer" by franchisee defined	Section 15.2	Includes transfer of contract, premises of your Placement Agency, <u>any portion of your Territory (including one or more Marketing Areas)</u> , assets, or change of any portion of your ownership (if you are a legal entity)

<u>Provision</u>	<u>Section in Franchise Agreement</u>	<u>Summary</u>
l. Franchisor approval of transfer by franchisee	Section 15.3	You cannot <u>engage in a transfer</u> the Franchise Agreement without our consent.
m. Conditions for franchisor approval of transfer	Section 15.3	<p>We have the right to condition our approval of any transfer proposed by you upon the following:</p> <p>(a) You must be in full compliance with the Franchise Agreement and pay all outstanding fees owed to us or our its affiliates;</p> <p>(b) We must have declined our right of first refusal;</p> <p>(c) Your transferee must have completed the Training Program to our satisfaction;</p> <p>(d) Your transferee must execute our then-current form of franchise agreement, or assume your existing franchise agreement (at our option);</p> <p>(e) You must pay us a: (i) a transfer fee of thirty thousand dollars (\$30,000); plus: (ii) \$15,000 per Marketing Area for a transfer to an existing franchisee of ours; or (ii) \$30,000 per Marketing Area for a transfer to a new franchisee, <u>plus an onboarding fee of ten twelve thousand five hundred dollars (\$10,000\$12,500).</u></p> <p>(f) You and your owners must execute a general release of all claims against us, our affiliates, and shareholders, officers, directors, employees, agents, successors, and assigns;</p> <p>(g) Your transferee must assume all of your liabilities and obligations relating to your Placement Agency;</p> <p>(h) You must execute a written agreement not to compete in favor of us and your transferee, with terms the same as those contained in your Franchise Agreement;</p> <p>(i) If any part of the sale price is financed, you must agree that all obligations of the transferee under any promissory note or financing statement will be subordinate to its obligations to pay amounts due to us and our Affiliates.</p> <p>(j) You and your transferee must work out a transition plan to address the needs of your current and prospective customers.</p> <p>(k) If your sale is to a person or company to whom we introduced you, you must pay us a resale assistance fee in an amount we specify.</p>
n. Franchisor's right of first refusal to acquire franchisee's business	Section 15.4	You must give us written notice of intent to sell or otherwise transfer the Franchise Agreement. We have 60 days from the date that you give us written notice to determine whether we will exercise our right of first refusal. We can match any bona fide written offer for your Placement Agency.
<u>Provision</u>	<u>Section in Franchise Agreement</u>	<u>Summary</u>
o. Franchisor's option to purchase franchisee's business	Section 18.6	At termination or expiration of the Franchise Agreement, we have the option to purchase your assets for fair market value. The fair market value will be determined by an independent Placement Agency equipment supplier we select.
p. Death or disability of franchisee	Sections 15.6 and 17.8	The estate of the deceased or incapacitated person must, within one hundred eighty (80) days from the date of death or disability, appoint a new Designated Manager. If that does not happen, we have the ability to <u>can</u> exercise our Step-In Rights and operate your Placement Agency until a new Designated Manager is appointed.

<u>Provision</u>	<u>Section in Franchise Agreement</u>	<u>Summary</u>
q. Non-competition covenants during the term of the franchise	Section 16.4	You must not be in a competing business anywhere and must not attempt to divert customers of your Placement Agency to any competitive business. Unless we agree otherwise in writing, you may have no involvement in any business that: (i) sells or offers to sell services the same as or similar to the type of services sold in Placement Agencies (including but not limited to the Authorized Services); or (ii) sells or offers to sell products the same as or similar to the type of products sold in Placement Agencies (including but not limited to the Authorized Products), other than a Placement Agency operated under a valid Franchise Agreement with us.
r. Non-competition covenants after the franchise is terminated or expires	Sections 16.5 and 16.6	You will not engage in a competing business within twenty-five (25) miles of your former Territory, or within twenty-five (25) miles of the Territory of any Placement Agency, for a period of 2 years after your Franchise Agreement is terminated. You may have no involvement in any business that: (i) provides or offers to provide services the same as or similar to the type of services sold in Placement Agencies; or (ii) sells or offers to dispense products the same as or similar to the type of products sold in Placement Agencies. You must not solicit customers or employees of your Placement Agency or any other Placement Agency for a period of two (2) years. Except in the operation of a Placement Agency under a valid franchise agreement, you may not use our Trade Secrets in any business or other endeavor after your Franchise Agreement is terminated or expires. You must completely disassociate yourself from the Marks and return the Operations Manual and other confidential materials provided to you by us. You may not divert any business from us or seek to employ any of our employees or franchisees. You must also cancel or transfer all telephone numbers and directory listings to us.
s. Modification of the agreement	Section 20.3	Changes to the Franchise Agreement must be made in writing and agreed to by both parties.
t. Integration/merger clause	Section 20.13	Only the terms of the Franchise Agreement are binding (subject to state law). Nothing in the Agreement or in any related agreement is intended to disclaim the representations we made in the Franchise Disclosure Document. Any representations or promises outside the Franchise Disclosure Document and Franchise Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Article 19	Subject to federal and your state's law, all disputes, except as explicitly listed in the Franchise Agreement, must first be submitted to non-binding mediation in accordance with the commercial mediation rules of the American Arbitration Association ("AAA"). If the mediation is not successful, then the dispute must be submitted to arbitration before the AAA.

Provision	Section in Franchise Agreement	Summary
------------------	---------------------------------------	----------------

v. Choice of forum	Section 19.10	Subject to state law, any litigation must be pursued in courts located in Sacramento County, California. See any state-specific addendum attached in Exhibit F.
--------------------	---------------	---

w. Choice of law	Section 19.1	Federal trademark law, and other federal laws govern where applicable. The laws of your state will apply to interpret your covenants not to compete with us and to not use our confidential information. Otherwise, California law applies, except where individual state laws supersede, as reflected in any state specific attachment to the Franchise Agreement, subject to state law.
------------------	--------------	--

Multi-unit Agreement

Provision	Section in Multi-Unit Agreement	Summary
------------------	--	----------------

a. Length of the franchise term	Section 4.1	5 years or when you sign a Franchise Agreement for your last Placement Agency necessary to fully satisfy your Development Obligation on Addendum 2, whichever is earlier.
b. Renewal or extension of the term	Not applicable	Not applicable.
c. Requirements for franchisee to renew or extend	Not applicable	Not applicable.

ITEM 18

PUBLIC FIGURES

We do not 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.

The financial information provided in the following tables represents the actual range of performance of our franchisee-owned Placement Agencies for the periods specified in the tables below. We obtained the data in this Item 19 from the Gross Sales numbers reported to us by franchisees through the Computer System. The numbers have not been audited, but we have no reason to doubt their accuracy. Written substantiation for the financial performance representation will be made available to prospective franchisees upon reasonable request.

~~All franchisee-owned Placement Agencies~~ Data from those placement agencies that have been ~~operated~~ marketing their franchise for more than ~~one year~~ six months, full-time, by the franchisee Placement Agencies or its manager are presented below (a total of ~~77~~ 68 Placement Agencies). We have not included information from franchise Placement Agencies where the franchisee or its manager does not spend her or his full time operating the Placement Agency in 2023 (a total of 6 Placement Agencies). We do not include Placement Agencies that are not ~~operated~~ operating full-time because we no longer will accept any franchisee who does not intend to spend his or her full time operating the Placement Agency, or who will not hire a manager to do so. As a result, we believe that including information from part-time franchisees in this Item 19 would present an inaccurate picture of System financial performance information for the purposes of this Item. There are no characteristics of the Placement Agencies included below that may differ materially from those of a new franchisee's outlet.

Annual Gross Sales of Franchised Placement Agencies - Calendar Year ~~2022~~ 2023 [^] Total of ~~77~~ 68 Placement Agencies

<u>Time Owning Business No. Months Since Beginning Marketing</u>	<u>%/# of Franchisees</u>	<u>Gross Sales Range</u>	<u>Average Gross Sales</u>	<u>% Exceeding Average</u>	<u>Median Gross Sales</u>	<u>% Exceeding Median</u>
54+ months	23.53% (16)	\$127,860- \$408,692	\$251,819	56.25%	\$257,936	56.25%
43-54 months	22.05% (15)	\$73,800 - \$1,088,389	\$315,567	44.44%	\$212,160	44.44%
31 -42 months	13.24% (9)	\$84,410- \$372,654	\$195,262	50.0%	\$143,037	50.00%

<u>No. Months Since Beginning Marketing</u>	<u>%/# of Franchisees</u>	<u>Gross Sales Range</u>	<u>Average Gross Sales</u>	<u>% Exceeding Average</u>	<u>Median Gross Sales</u>	<u>% Exceeding Median</u>
61+ 19-30 months	15.69% (13) 24% (89)	\$108,190-\$37,803- \$403,104-\$159,501	\$208,084-\$89,609	16.740.0%	\$174,334-\$71,761	5060.0%
6-18 months	49-60 15.69% (27) 94% (819)	\$95,490-\$360,678-\$0-\$89,400	\$248,191-\$47,024	50.00%	\$66.7-\$302,678-\$59,112	5050.0%
37-48 months	21.57% (11)	\$70,275-\$857,757	\$314,555	37.5%	\$240,331	62.5%
25-36 months	31.37% (16)	\$57,754-\$237,660	\$119,414	38.5%	\$117,294	38.5%
12-24 months	15.69% (8)	\$32,192-\$199,955	\$116,577	50%	\$117,080	50%
0-12 months	16.88% (11)	\$0-\$34,567	\$3,142	11%	\$0	28%

Some outlets have sold this amount. Your individual results may differ. There is no assurance that you will sell as much. See the notes below, which are a material part of this Item.

1. Gross Sales. "Gross sales" includes all consideration, whether by cash, credit, in kind or otherwise, that the Placement Agency reported receiving.

2. New Franchisees. The average time to complete training for a new franchisee is 3 months. Of the 11 franchisees represented in the 0-12 month line item, they were open an average of 4.25 months in 2022.

3. COVID-19. The table is a historic financial performance representation, relating to the results of our franchise-owned Placement Agencies during the specified time period, which was during the COVID-19 pandemic. Our franchise-owned Placement Agencies have not experienced any material changes to their business model because of the COVID-19 pandemic and their operating results and sales levels have not materially changed.

2. Months Since Beginning Marketing. We require franchisees to complete the Initial Training Program, coaching, an on-site visit, and secure sufficient contracts with assisted living locations in their respective territory(ies) before they can initiate local marketing efforts. This process typically takes six months or longer. As a result, we measure our franchisees' financial performance from the time they begin marketing.

3. Multiple Marketing Areas. Some of our Placement Agencies included in the above chart may operate in multiple territories. Certain of our longstanding franchisees were also granted larger territories than the standard territory size that we grant now. In each case, the franchisees with larger territories operate their business, manage their accounting, and report their Gross Sales to us in a combined manner and do not separate out their accounting for each territory in which they operate.

Other than the representation given above, we do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Frank Samson at 755 Baywood Drive, Suite 200, Petaluma, CA 94954 (888) 809-1231, or email: frank@senioreareauthority.com or ffrank@seniorcareauthority.com.

[This Area is Intentionally Left Blank]

ITEM 20

OUTLETS AND FRANCHISEE INFORMATION

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2020	60	67	+7
	2021	67	71	+4
	2022	71	78	+6
Company-Owned	2020	3	2	-1
	2021	2	4	+2
	2022	4	4	0
Total Outlets	2020	63	69	+6
	2021	69	75	+6
	2022	75	82	+7

OUTLETS AND FRANCHISEE INFORMATION

Systemwide Outlet* Summary for Years 2020-2021 through 2022-2023

<u>Outlet Type</u>	<u>Year</u>	<u>Outlets at the Start of the Year</u>	<u>Outlets at the End of the Year</u>	<u>Net Change</u>
<u>Franchised</u>	<u>2021</u>	<u>67</u>	<u>71</u>	<u>+4</u>
	<u>2022</u>	<u>71</u>	<u>77</u>	<u>+6</u>
	<u>2023</u>	<u>77</u>	<u>98</u>	<u>+21</u>
<u>Company-Owned</u>	<u>2021</u>			<u>+2</u>
	<u>2022</u>			
	<u>2023</u>			<u>+2</u>
<u>Total Outlets</u>	<u>2021</u>	<u>69</u>	<u>75</u>	<u>+6</u>
	<u>2022</u>	<u>75</u>	<u>81</u>	<u>+6</u>
	<u>2023</u>	<u>77</u>	<u>100</u>	<u>+23</u>

* For the purposes of this Item 20, an "Outlet" means a Placement Agency operated by a single franchisee and may include multiple territories.

TABLE NO. 2

Transfers of Outlets from Franchisees to New Owners (Other than Franchisor or an Affiliate) for Years

2020-2021
through
2022-2023

<u>State</u>	<u>Year</u>	<u>Number of Transfers</u>
Arizona	2020 2021	0
	2021	0
	2022	2
	2023	0
California	2020 2021	10
	2021	0
	2022	4
	2020 2023	20
<u>Florida</u>	2021	0
Florida	2022	1
	2020 2023	0
<u>Georgia</u>	2021	0
	2022	1
	2020 2023	0
<u>Louisiana</u>	2021	0
	2022	1
	2020 2023	0
<u>Michigan</u>	2021	2
	2022	10
	2020	0
Michigan	2021	2
	2022 2023	0
Minnesota	2020 2021	0
	2022	2
	2023	0
<u>Missouri</u>	2021	1
	2022	20
Missouri	2020	1
	2021	0
	2022 2023	0
New Jersey	2020 2021	1
	2021	1
	2022	0
Texas	2020	1
	2021	0
	2022	0
Total	2020	5
	2021	5
	2022	11

<u>State</u>	<u>Year</u>	<u>Number of Transfers</u>
	<u>2022</u>	<u>0</u>
	<u>2023</u>	<u>0</u>
Total	<u>2021</u>	<u>5</u>
	<u>2022</u>	<u>11</u>
	<u>2023</u>	<u>0</u>

TABLE NO. 3

Status of Franchised Outlets for Years 2020 through 2022

State	Year	Outlets at Start of the Year	Outlets Added	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
Alabama	2020 2021	1	0 1	0	0	0	0	1 2
	2021 2022	1 2	1 0	0	0	0	0	2
	2022 2023	2	0	0	0	0	0	2
2020	6	0	0	0	0	0	5	
Arizona	2021	5	0	0	0	0	0	5
State	Year	Outlets at Start of the Year	Outlets Added	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
	2022	5	0	3	0	0	0	2
	2020 2023	1 4	2 1	0	0	0	1 0	1 5
California	2021	15	1	0	0	0	0	16
	2022	16	2	0	0	0	1	17
	2020 2023	3 17	0 1	0	0	0	0 2	3 26
Colorado	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
Connecticut	2020 2021	1	0	0	0	0	0	1
	2021 2022	1	0 1	0	0	0	0	1 2
	2022 2023	1 2	0 1	0	0	0	0	2
2020	4	1	0	0	0	0	0	5
Florida	2021	5	2	0	0	0	0	7
	2022	7	2	0	0	0	1	8
	2020 2023	0 8	1 0	0	0	0	0	1 8
Georgia	2021	1	0	0	0	0	0	1
	2022	1	1	0	0	0	0	2
	2023	2	0	0	0	0	0	2
Idaho	2020 2021	0	0 1	0	0	0	0	0 1
	2021 2022	0 1	1 0	0	0	0	0	1
	2022 2023	1	0	0	0	0	0	1
Illinois	2020 2021	1	0	0	0	0	0	1
	2021 2022	1	0	0	0	0	0	1
	2022 2023	1	0	0	0	0	0	1
2020	0	0	0	0	0	0	0	0
Indiana	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2020 2023	1	0 2	0	0	0	0 1	1 2
Iowa	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	1	0
	2020 2023	3 0	0 2	0	0	0	0	3 2
Kansas	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
Louisiana	2020 2021	2	0	0	0	0	0	2
	2021 2022	2	0	0	0	0	0	2
	2022 2023	2	0	0	0	0	0	2
Maryland	2020 2021	0	0	0	0	0	0	0

State	Year	Outlets at Start of the Year	Outlets Added	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
	2022	0	1	0	0	0	0	1
	2023	1	1	0	0	0	0	2
Massachusetts	2021	0	0	0	0	0	0	0
	2021-2022	0	0	0	0	0	0	0
	2022-2023	0	1	0	0	0	0	1
	2020	0	0	0	0	0	0	0
Michigan	2021	3	0	0	0	2	0	1
	2022	1	1	0	0	0	0	2
	2020-2023	3	0	0	0	0	1	2
Minnesota	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2022-2023	2	0	0	0	0	0	2
	2020	1	0	0	0	0	1	0
Missouri	2021	1	1	0	0	0	0	2
Nebraska	2022	2	0	0	0	0	0	2
	2020-2023	0	0	0	0	0	0	0
Nebraska	2021	0	0	0	0	0	0	0
New Jersey	2022	0	1	0	0	0	0	1
Nevada	2020	1	0	0	0	0	1	0

20210000000

20220000000

State	Year	Outlets at Start of the Year	Outlets Added	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
	2020-2023	1	1	0	0	0	0	2
New Jersey	2021	2	0	0	0	0	0	2
	2022	2	1	0	0	0	0	3
	2023	3	0	0	0	0	0	3
New York	2020-2021	5	0	0	0	0	0	5
New York	2021-2022	5	0	0	0	0	0	5
	2022-2023	5	0	0	0	0	0	5
North Carolina	2020-2021	2	0	0	0	0	0	2
	2021-2022	2	0	0	0	0	0	2
	2022-2023	1	0	0	0	0	0	1
Ohio	2020-2021	4	0	0	0	0	0	4
	2021-2022	4	1	0	0	0	0	5
	2023	5	0	0	0	0	0	5
Oregon	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
Pennsylvania	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	2	0	0	0	0	2
South Carolina	2020-2021	1	1	0	0	0	0	2

20212000002

	2022	2	0	0	0	0	0	2
	2020 2023	0 2	1	0	0	0	0	1 3
Tennessee	2021	1	0	0	0	0	0	1
	2022	1	1	0	0	0	0	2
	2020 2023	1 2	0	0	0	0	0	1 2
Texas	2021	4	0	0	0	0	0	4
	2022	4	0	0	0	0	0	4
	2020 2023	4 4	1	0	0	0	0 0	4 5
Utah	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2020 2023	1 1	0	0	0	0	0	1 1
Virginia	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2020 2023	2 2	0 1	0	0	0	0 0	2 3

State	Year	Outlets at Start of the Year	Outlets Added	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
Total Outlets	2021	67	7	0	0	2	1	71
	2022	71	13	3	0	0	3	78 77
	2020 2023	67 77	7 24	0 0	0 0	2 0	1 2	71 100

* For the purposes of this Item 20, an "Outlet" means a Placement Agency operated by a single franchisee, and may include multiple territories.

TABLE NO. 4

Status of Company-Owned Outlets for ~~2020-2021~~ through ~~2022~~2023

State	Year	Outlets at Start of Year	Outlets of Opened	Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
California	2020 2021	2 2	0	0	0	1	1
	2021 2022	1 1	0	0	0	0	1
	2022 2023	1 1	0	0	0	0	1
2020	1	0	0	0	0	1	1
Michigan	2021	1	0	2	0	0	3
	2022	3	0	0	0	0	3
	2023	3	0	0	2	0	1
Total Outlets	2020 2021	3 3	0	0	0	1	2
	2021 202004	3	0	0	0	1	2
	2022	4	0	0	0	0	4
	2023	4	0	0	0	0	4

TABLE NO. 5

Projected Openings for 2024 as of December 31, 2023			
State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Arizona	0	1	0
California	0	2	0
Colorado	0	1	0
Connecticut	0	1	0
Delaware	0	1	0
Florida	0	1	0
Georgia	0	1	0
Illinois	0	2	0
Indiana	0	1	0
Iowa	0	1	0
Kentucky	0	1	0
Maryland	0	1	0
Massachusetts	0	1	0
Michigan	0	2	0
Minnesota	0	1	0
Mississippi	0	1	0
Missouri	0	1	0
Nebraska	0	1	0
New Hampshire	0	1	0
New Mexico	0	1	0
New York	0	1	0
North Carolina	0	1	0
New Mexico	0	0	0
State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Ohio	0	1	0
Oklahoma	0	1	0
Oregon	0	1	0
Pennsylvania	0	1	0
Rhode Island	0	1	0
South Carolina	0	1	0
Tennessee	0	1	0
Texas	0	1	0
Utah	0	1	0
Vermont	0	1	0
Virginia	0	1	0
Washington	0	1	0
West Virginia	0	1	0
Wisconsin	0	1	0
Wyoming	0	1	0
Totals	0	39	0

Other than as noted in this Item 20 and Exhibit J, no franchisee had an agreement terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under our Franchise Agreement during our most recently completed fiscal year, 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 Franchisees have signed a confidentiality clause in a Franchise Agreement, settlement agreement or other contract within the last three years that would restrict their ability to speak openly with you about their experience with us.

Our list of current franchisees is attached as Exhibit J-1. Our list of franchisees with agreements signed, but who are not yet open, is attached as Exhibit J-2. Our list of franchisees that left the system in ~~2022-2023~~ is attached as Exhibit J-3.

We have not created, sponsored, or endorsed any trademark-specific organization of franchisees associated with our franchise system. No independent franchisee organizations have asked to be included in this disclosure document.

ITEM 21

FINANCIAL STATEMENTS

Attached to this FDD as Exhibit C is our audited financial statements as of December 31, ~~2020, December 31, 2021, December 31, 2022,~~ and December 31, ~~2022~~2023. Our fiscal year ends on December 31st.

We are also attaching non-audited financial statements dated March 31, 2023. ~~THESE FINANCIAL STATEMENTS HAVE BEEN PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED AN OPINION WITH REGARD TO THEIR CONTENT OR FORM.~~

ITEM 22

CONTRACTS

The contracts following this Item 22 are listed in the order in which they appear as exhibits to this Franchise Disclosure Document. At this time, these are the only contracts that we expect that we will enter into with a franchisee in any state, although we reserve the right to enter into different types of contracts with its franchisees as our business develops. As a prospective franchisee, you should obtain independent legal and financial advice concerning this franchise offering as you deem appropriate before making any commitment.

Exhibit B-1: the Franchise Agreement

Addenda to Franchise Agreement:

1. Information Regarding You and the Franchised Business; Territory
2. Owner Agreement
3. Electronic Funds Transfer Authorization

~~*Exhibit B-2: the Multi-unit Franchise Agreement*~~

~~Addenda to Multi-unit Agreement:~~

- ~~1. Multi Unit Territory~~
- ~~2. Development Obligation~~
- ~~3. Business Entity Information~~

Exhibit E: Form of General Release Exhibit F:

State-Specific Addendum Exhibit G:

Compliance Questionnaire

We will not ask you to complete the Disclosure Questionnaire, and we will disregard any answers from you, if you live or plan to operate your franchise in the states of California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, Wisconsin.

Exhibit H: Confidentiality and Non-Compete Agreement Exhibit I:

Franchise Relationship Acknowledgement

ITEM 23

RECEIPTS

Two copies of an acknowledgment of your receipt of this Franchise Disclosure Document are attached to this Franchise Disclosure Document as Exhibit K. Please complete both copies, detach and return the copy marked “Our Copy” to us and keep the other copy in the Franchise Disclosure Document for your own records.

Senior Care Authority, LLC

EXHIBIT A

List of State Administrators and Agents for Service of Process

EXHIBIT A LIST OF STATE AGENTS FOR THE SERVICE OF PROCESS AND STATE ADMINISTRATORS

Listed here are the names, addresses and telephone numbers of the state agencies having responsibility for franchising disclosure/registration laws and for service of process. We may not yet be registered to sell franchises in any or all of these states.

If a state is not listed, we have not appointed an agent for service of process in that state in connection with the requirements of franchise laws. There may be states in addition to those listed below in which we have appointed an agent for service of process. There may also be additional agents appointed in some of the states listed.

State	Agents for Service of Process	Administrators
California	<p>California Department of Financial Protection and Innovation:</p> <p>Sacramento 2101 Arena Boulevard Sacramento, CA 95834</p> <p>Los Angeles: 320 West 4th Street, Suite 750 Los Angeles, CA 90013</p> <p>San Diego: 1455Frazee Rd., Suite 315 San Diego, CA 92108</p> <p>San Francisco: One Sansome Street, Suite 600 San Francisco, CA 94104</p>	<p>Commissioner Department of Financial Protection and Innovation</p> <p>2101 Arena Boulevard Sacramento, CA 95834 (866)275-2677</p> <p>Website: www.dfpi.ca.gov email: ask.dfpi@dfpi.ca.gov</p>
Connecticut	<p>Connecticut Department of Banking 260 Constitution Plaza Hartford, CT 06103-1800 (860) 240-8230</p>	<p>Banking Commissioner 260 Constitution Plaza Hartford, CT 06103-1800 (860) 240-8230</p>
Florida	<p>Division of Consumer Services Attn: Business Opportunities Florida Department of Agriculture and Consumer Affairs Mayo Building Tallahassee, FL 32399-0800</p>	<p>Senior Consumer Complaint Analyst Florida Department of Agriculture and Consumer Affairs Mayo Building, Second Floor Tallahassee, FL 32399-0800 (850) 922-2966 or (850) 488-2221</p>
Georgia	<p>Office of the Governor Office of Consumer Affairs 2 Martin Luther King Jr. Drive SE Plaza Level - East Tower Atlanta, GA 30334</p>	<p>Office of Consumer Affairs 2 Martin Luther King Jr. Drive SE Plaza Level - East Tower Atlanta, GA 30334</p>

State	Agents for Service of Process	Administrators
Hawaii	Department of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722	Department of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722
Illinois	Illinois Attorney General Attorney General's Office 500 South Second Street Springfield, IL 62706	Chief, Franchise Bureau Illinois Attorney General 500 South Second Street Springfield, IL 62706 (217)782-4465
Indiana	Secretary of State Administrative Offices of the Secretary of State 200 W. Washington St., Room 201 Indianapolis, IN 46204	Chief Deputy Commissioner Securities Divisions 302 West Washington Street Room E-1 11 Indianapolis, Indiana 46204 (317)232-6681
Iowa	Securities Division Lucas State Office Building Des Moines IA 50319	Director of Regulated Industries Unit Iowa Securities Bureau 340 East Maple Des Moines, IA 50319-0066 (515)281-4441
Kentucky	Attorney General's Office Consumer Protection Division Capital Building Frankfort, KY 40601-01875	Attorney General's Office Consumer Protection Division Capital Building Frankfort, KY 40601-01875
Louisiana	[Not applicable]	Department of Justice Consumer Protection Office P.O. Box 94095 Baton Rouge, LA 70804-9095
Maine	[Not applicable]	Securities Division State House - Station 121 Augusta, ME 04333
Maryland	Maryland Securities Commissioner Securities Division 200 Saint Paul Place Baltimore, MD 21202-2020 (410)576-6360	Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202 (410) 576-6360
Michigan	Michigan Department of Commerce Corporations and Securities Bureau 6546 Mercantile Way Lansing, MI 48909	Consumer Protection Division Antitrust and Franchising Unit Michigan Department of Attorney General 670 Law Building Lansing, MI 48913
Minnesota	Minnesota Department of Commerce 85 7th Place East, Suite 280 Saint Paul, MN 55101 (651)539-1500	Minnesota Department of Commerce 85 7th Place East, Suite 280 Saint Paul, MN 55101 (651) 539-1500

State	Agents for Service of Process	Administrators
Nebraska	[Not applicable]	Staff Attorney Department of Banking and Finance 1200 N. Street., Suite 311 PO Box 95006 Lincoln, NE 68509-5006 (402) 471-3445
New Hampshire	[Not applicable]	Office of the Attorney General Consumer Protection and Antitrust Bureau 25 Capitol Street State House Annex Concord, NH 03301
New York	New York Department of State One Commerce Plaza 99 Washington Ave. Albany, NY 12231	NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21st Floor New York, NY 10005 (212)416-2222
North Carolina	Securities Division Room 302 300 North Salisbury Street Raleigh, NC 276 H	
North Dakota	North Dakota Securities Commissioner 5 th Floor 600 East Boulevard Bismarck, ND 58505 (701)328-4712	Franchise Examiner Office of Securities Commissioner 600 East Boulevard 5 th Floor Bismarck, ND 58505 (701) 328-4712
Oklahoma	[Not applicable]	Oklahoma Department of Securities The Journal Record Building 621 N. Robinson Street Suite 400 Oklahoma City, OK 73102
Oregon	Director of Oregon Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, OR 97310 (503) 378-4387	Department of Consumer and Business Services Division of Finance and Corporate Securities Labor and Industries Building Salem, OR 97310 (503) 378-4387
Rhode Island	State of Rhode Island and Providence Plantations Department of Business Regulation 1511 Pontiac Avenue, Bldg. 69-1 Cranston, Rhode Island 02920	State of Rhode Island and Providence Plantations Department of Business Regulation 1511 Pontiac Avenue, Bldg. 69-1 Cranston, Rhode Island 02920
South Carolina	Secretary of State Capitol Complex Brown Building 1205 Pendleton Street Room 510 Columbia, SC 29210	[Not applicable]

State	Agents for Service of Process	Administrators
South Dakota	Department of Labor and Regulation Division of Securities 124 South Euclid, Suite 104 Pierre, SD 57501 (605)773-4823	Department of Labor and Regulation Division of Securities 124 South Euclid, Suite 104 Pierre, SD 57501 (605) 773-4823
Texas	[Not applicable]	Secretary of State Statutory Document Section P.O. Box 12887 Austin, TX 78711 (512) 475-1769
Utah	[Not applicable]	Consumer Protection Division Utah Department of Commerce 160 East 300 South P.O. Box 48504 Salt Lake City, UT 84145-0804 (801) 530-6601
Virginia	Clerk of the State Corporation Commission 1300 E. Main Street, 1st Floor Richmond, VA 23219 (804)371-9733	State Corporation Commission Division of Securities and Retail Franchising 1300 Main Street, 9 th Floor Richmond, VA 23219
Washington	Washington Department of Financial Institutions Securities Division 150 Israel Road SW Tumwater, WA 98501	Administrator Department <u>Washington Dept.</u> of Financial Institutions Securities Division P.O. PO <u>Box 903341200</u> Olympia, WA 98507-9033-98504-1200 (360) 902-8760
Wisconsin	Commissioner of Securities 345 W. Washington Street, 4 th Floor Madison, WI 53703	Division of Securities Department of Financial Institutions P.O. Box 1768 Madison, WI 53701
Federal Trade Commission		Franchise Rule Coordinator Division of Marketing Practices Bureau of Consumer Protection Pennsylvania Avenue at 6 th Street NW Washington, DC 20580 (202)326-3128



Senior Living and Care Solutions



Senior Living and Care Solutions

FRANCHISE AGREEMENT BETWEEN

SENIOR CARE AUTHORITY, LLC

755 Baywood Drive, Suite 200

Petaluma, CA 94954

and

SUMMARY

Effective Date

Franchisee's Name

Franchisee's Address

Initial Franchise Fee

TABLE OF CONTENTS

1. YOUR COVENANTS, UNDERSTANDINGS, AND REPRESENTATIONS	3
2. GRANT OF FRANCHISE.....	5
3. EQUIPPING YOUR PLACEMENT AGENCY	5
4. PROTECTED AREA	6
5. TERM; RIGHT TO ACQUIRE SUCCESSOR FRANCHISE.....	8
6. PAYMENTS.....	9
7. TRADEMARK STANDARD AND USE REQUIREMENTS	11
8. ADVERTISING.....	12
9. OPERATING YOUR PLACEMENT AGENCY.....	14
10. OPERATIONAL ASSISTANCE BY US.....	18
11. USE OF TECHNOLOGY.....	20
12. AUDITS; INSPECTIONS.....	21
13. YOUR OWNERS AND GUARANTORS; RELATIONSHIP BETWEEN THE PARTIES	22
14. INDEMNIFICATION; INSURANCE	24
15. ASSIGNMENT	26
16. COMPETITION; PROTECTION OF OUR CONFIDENTIAL INFORMATION.....	29
17. DEFAULT; TERMINATION	31
18. POST TERMINATION OBLIGATIONS.....	34
19. GOVERNING LAW; DISPUTE RESOLUTION	36
20. GENERAL PROVISIONS	40

APPENDIX Glossary of Terms

ADDENDA

1. Information Regarding You and your Placement Agency; Territory
2. Owner Agreement
3. Electronic Funds Transfer Authorization

FRANCHISE AGREEMENT

This Franchise Agreement (“**Agreement**”) is entered into on the Effective Date between Senior Care Authority, EEC, a limited liability company organized under the laws of California (“**we**,” “**us**,” or “**our**”), and the person identified in **Addendum 1** to this Agreement (“**you**” or “**your**”).

Introduction: This Franchise Agreement

This franchise agreement (“**Agreement**”) is written in a conversational tone to make it easier to read. In the context of the Agreement, Senior Care Authority, EEC is referred to as “we,” or “us.” When we refer to things we own or obligations we have, we use the word “our.” The person, persons, or legal entity that sign this Agreement are collectively referred to as “you,” and the obligations you have or the things you own are referred to as “your.” When we refer to “you” or “your,” we are also referring to each and every one of your Owners and the obligations that each and every one of your Owners has to us. To further bind you and your Owners, we require each and every one of your Owners to sign the Owner Agreement, which is attached as **Addendum 2** to this Agreement.

In the Agreement, we sometimes capitalize the words we use. These are called “defined terms,” and whenever we use one of them, we are referring to the definition we have assigned to the word. When a word appears in parentheses, quotes, and bold, we are informing the reader that the word has been defined by the text surrounding the word where it appears. At the end of the Agreement, in the **Appendix**, we have included for ease of reference a Glossary of Terms to help you easily locate the definition of a defined term.

The Agreement is organized into segments, articles, and sections. In the segment entitled “Recitals,” we state the purpose for this Agreement. In the first article, entitled “Your Covenants, Understandings, and Representations,” you are making certain representations and statements to us regarding you, your Owners, your understanding of this Agreement and the business relationship we are entering into with you, and your decision to enter into this Agreement with us.

RECITALS

- A. We own a System for the establishment and operation of senior placement agencies assisting families and seniors to find ideal locations for the seniors to live, and helping them receive the necessary care and supervision for their daily living activities, operated under the Marks and the System (each, a “**Placement Agency**”).
- B. We have the right to license the Marks and the System.
- C. You want to obtain the rights to use the Marks and want to be assisted, trained, and licensed by us, as our franchisee, to use the System and the Marks in the operation of your Placement Agency, and we are willing to grant you such rights under the terms and conditions of this Agreement.

You and we therefore agree as follows:

~~1.1.~~ YOUR COVENANTS, UNDERSTANDINGS, AND REPRESENTATIONS

You understand, represent to us, certify, and agree to the following:

- 1.1. System Modifications. We reserve the right to modify any aspect or element of the System. This includes, but is not limited to, our right to: (1) modify, change or abandon the strategy on which Placement Agencies are currently based; (2) add or change the standards for client service and products; and (3) require the use of new or different equipment. Such changes will generally be communicated to you through the Operations Manual. You will promptly accept and comply with any such addition, subtraction, revision,

modification or change and make such reasonable expenditures as may be necessary to comply.

1.2. System Variations. Because complete uniformity under various market circumstances may not always be possible or desirable, we, in our discretion, reserve the absolute and exclusive right to vary the standards for any Placement Agency based upon the customs or circumstances of a particular market area, density of population, existing business practices or any condition that we deem to be of importance to the operation of such franchisee's Placement Agency. We, in our discretion, may enter into contracts with others for the operation of other Placement Agencies, which contracts may contain provisions that vary materially from this Agreement.

1.3. Accuracy of Information. You have ensured that all information you have submitted to us in connection with your application for this franchise was complete and accurate when you gave it to us. You represent to us that there have been no material changes in that information or other changes in material circumstances between the time you submitted the information to us and the Effective Date.

1.4. Permits, Licenses, and Legal Requirements. You understand that you will be required, under applicable Legal Requirements, to secure licenses and permission from the appropriate government authorities to operate your Placement Agency. It is your responsibility to familiarize yourself with all applicable Legal Requirements, and we have made no representations as to the nature of such Legal Requirements or your ability to qualify or comply with them.

1.5. Your Ownership. If you are a Business Entity, you represent that:

1.5.1. Every one of your Owners of a legal or beneficial interest in you of more than five percent (5%) or greater has signed the Owner Agreement, attached as Addendum 2.

1.5.2. You are duly organized and validly existing under the laws of the state of your organization, and you are duly qualified to transact business in the state in which your Placement Agency is located.

1.5.3. You have the authority to execute and deliver this Agreement and all related agreements and to perform your obligations under all such agreements.

1.5.4. Your organizing documents state that your activities are restricted to those necessary solely for the development, ownership and operation of a Placement Agency in accordance with this Agreement and in accordance with any other agreements entered into with us or any of our Affiliates.

1.5.5. The articles or certificate of incorporation, partnership agreement or other organizational documents recite that the issuance, transfer or pledge of any direct or indirect legal or beneficial ownership interests are restricted by the terms of this Agreement.

1.5.6. All certificates representing direct or indirect legal or beneficial ownership interests in you, now or later issued, do or will bear a legend that conforms with the Legal Requirements reciting or referring to such restrictions.

If you are an individual or sole proprietorship but later become a Business Entity, you must ensure that you comply with, and that your organizing documents are consistent with, each one of the above requirements and representations.

1.6. Disclosure of Ownership Interests. You and, if you are a Business Entity, each of your Owners represents, warrants and agrees that the provisions in **Addendum 1** that pertain to your Business Entity and its ownership is current, complete and accurate. You agree that updates or changes to **Addendum 1** will be furnished promptly to us, so that it (as revised and signed by you) is at all times current, complete and accurate.

1.7. Anti-Terrorism Laws. Neither you, nor your Owners, principals, employees or anyone associated with you are listed in the Annex to Executive Order 13224. (The Annex is available at <http://www.treasury.gov/resource-center/sanctions/Programs/Documents/terror.pdf>.) You agree not to hire or have any dealings with any person listed in the Annex. You certify that you have no knowledge or information that, if generally known, would result in you, your Owners, principals, employees, or anyone associated with you being listed in the Annex to Executive Order 13224. You agree to comply with, and assist us in our efforts to comply with, the Anti-Terrorism Laws. In connection with such compliance, you certify, represent, and warrant that none of your property or interests are subject to being “blocked” under any of the Anti-Terrorism Laws and that you and your Owners or principals are not otherwise in violation of any of the Anti-Terrorism Laws. You are solely responsible for ascertaining what actions must be taken by you to comply with all such Anti-Terrorism Laws.

22 GRANT OF FRANCHISE

2.1. Grant of franchise. Subject to the terms and conditions of this Agreement, we grant you the right to operate one Placement Agency only within the Territory, identified in **Addendum 1**. You agree to equip and operate, under the terms of this Agreement and the Operations Manual, a single Placement Agency operating under the System and specializing in offering specific Authorized Services and Authorized Products as specified by us in the Operations Manual, only under the Marks and only within the Territory. If your Territory consists of multiple Marketing Areas, you agree to develop your Territory by beginning to market and operate your Placement Agency in each Marketing Area according to the Development Schedule on Addendum 1.

2.2. Restrictions on License. You do not have the right to grant franchises or sub-licenses of any kind to any other party, nor do you have the right to operate more than one Placement Agency within the Territory, unless otherwise provided by separate agreement with us. You will not conduct any type of business, other than your Placement Agency operated under this Agreement, within the Territory without our prior written approval.

33 EQUIPPING YOUR PLACEMENT AGENCY

3.1. Business Office. You must maintain an office to serve as the business office for your Placement Agency (the “**Business Office**”), which is listed on **Addendum 1**. You may use your home office for your Business Office, but you must have a business address separate from your home address for use on business cards, collateral materials and the Internet. Your business address must be located within your Territory, have a suite number or office number, and cannot be a post office box (PO. Box). If you do not use your home office for your Business Office, the location of your Business Office must be within your Territory. You must maintain a separate telephone line, voicemail, and cable or Internet connection for the Business Office that comply with our standards and specifications. You agree not to use the telephone number of the Business Office for any other business purpose other than operating your Placement Agency. You agree to notify us at least fifteen (15) days before you relocate your Business Office by providing to us the new address for your Business Office, but so long as your Business Office is located within the Territory, you do not need to obtain our consent for relocating your Business Office.

3.2. Vehicles. You must have one or more vehicles meeting our specifications (each a “**Vehicle**” and more than one “**Vehicles**”) to sell and perform Authorized Services and Products within the Territory.

3.3. Required Equipment. Prior to the Commencement Deadline, you agree to purchase (at your sole cost and expense) from us, our ~~Affiliate(s)~~, ~~Affiliate(s)~~, or Suppliers the equipment (including the Computer System), furniture, fixtures, inventory, supplies, and materials necessary for the operation of your Placement Agency and in accordance with the Operations Manual. We will provide you with specifications for the equipment, Vehicle(s), supplies, and inventory necessary to operate your Placement Agency.

3.4. Developing Your Placement Agency. You are solely responsible for developing your Placement Agency. This means that you must, at your own expense: (a) secure all financing to develop and operate your Placement Agency and acquire and maintain adequate capital reserves; (b) obtain all required equipment, including Vehicles, needed to operate your Placement Agency; (c) pay all applicable state, county, and municipality taxes, permit costs, and/or fees associated with construction; (d) obtain all required building, utility, sign, business, and other permits and licenses in accordance with Legal Requirements; (e) purchase insurance for your Placement Agency, and provide us with a copy of all insurance certificates and endorsements for the policies you purchase; and (f) hire and train your employees or contractors as necessary to operate your Placement Agency.

3.5. Commencement Deadline~~Deadlines.~~ You agree that your Placement Agency will be developed and equipped in accordance with this Article 3, and that you will begin operating your Placement Agency, no later than ~~one hundred twenty ninety~~ (+2090) days after the Effective Date (the “**Commencement Deadline**”), unless we otherwise agree in writing. If you are purchasing multiple Marketing Areas, you must begin marketing in each new Marketing Area no later than the applicable Marketing Deadline. If you fail to open your Placement Agency on or before the Commencement Deadline, we will have the right to deem your failure to constitute a material default of this Agreement, and we will have the right to terminate the Agreement. If we exercise our right to terminate this Agreement under this Section 3.5-~~1~~, we will refund to you fifty percent (50%) of the Initial Fee that you paid to us after we receive from you a signed general release of claims in our then-current required form, releasing all claims you may have against us, our officers, directors, shareholders, Affiliates, managers, members, partners, owners, employees and agents. Our current required form is attached to our Franchise Disclosure Document as **Exhibit E₇**.

~~3.5.2. You must obtain our written approval before you begin to operate your Placement Agency, and nothing in this Section will be construed as permitting you to begin operation without our written approval.~~

4 **TERRITORY**

4.1. Nature of the Territory. The license granted to you under this Agreement is personal in nature. Unless you have our express written permission as described in Section 4.4:

4.1.1. You may not offer, advertise, sell, or provide any services or products outside of your Territory using the Marks or the System.

4.1.2. You must refer any potential placement Customers who are seeking placement outside of your Territory to the applicable Placement Agency that owns the territory. Our contracts with other Placement Agencies will provide that the Placement Agency receiving the referral must pay you a referral fee on the commission they receive from a facility based on your referral, based on your agreement with that Placement Agency.

4.2. Territory. Your “**Territory**” consists of the geographic area comprising all Marketing Areas that you purchase. So long as you are in compliance with this Agreement and every other agreement between you and us (or any of our Affiliates), except as stated in Section 4.3 we will not during the Term: (a) operate a Placement Agency under the Marks or System within your Territory; or (b) knowingly permit any third party

to operate a Placement Agency with your Territory, without your written consent. Your Territory is identified in Addendum 1.

4.3. No Other Protection. You acknowledge that, other than the limited exclusivity we grant you in Section 4.2, we and our ~~Affiliates~~ Affiliates retain all other rights within your Territory, including but not limited to the right to:

4.3.1. Use, and to license other persons to use, the Marks and System for the operation of Placement Agencies or any other business that is similar or dissimilar to Placement Agencies at any location outside of the Territory.

4.3.2. Maintain any websites utilizing a domain name incorporating the Marks or derivatives of them, as well as advertise or market the System or Marks within your Territory through any means we choose.

4.3.3. Use, license and franchise the use of trademarks or service marks other than the Marks, whether in alternative channels of distribution or otherwise, at any location including a location or locations inside of the Territory, in association with operations that are different from Placement Agencies.

4.3.4. Offer or sell Authorized Services and Products, or grant others the right to offer and sell Authorized Services and Products, whether using the Marks, or other trademarks or service marks, through alternative channels of distribution, including, without limitation, wholesalers, retail outlets, or by Internet commerce (e-commerce), mail order or otherwise, regardless of whether it is inside or outside of the Territory.

4.3.5. Acquire, merge, combine with, or be acquired by businesses that are the same as or similar to your Placement Agency and operate such businesses regardless of where such businesses are located, including inside the Territory, and to be acquired by any third party which operates businesses that are the same as, or similar to, your Placement Agency, regardless of where such businesses are located, including inside the Territory. We will not, however, re-brand any such service businesses located inside the Territory by allowing them to use the Marks.

4.4. Your Operation Outside of the Territory. Unless we give you express written permission to do so, you may not advertise, sell or provide any services or products (including the Authorized Services and Products) outside of your Territory. We may grant you, in our sole discretion, the right to place clients in facilities located in areas adjacent to your Territory (an “**Unassigned Area**”) that have not been sold to, or are not being serviced by, another Placement Agency. You must, within ten (10) days of your receiving written notice from us, stop all sales and service efforts within the Unassigned Area. You must, within twenty (20) days of your receiving written notice from us: (a) return to us all Operational Data and lists of prospective Customers within the Unassigned Area; (b) assign all Customer contracts within the Unassigned Area to us or to our designee; and (c) pay us any amounts (or a pro rata portion of any amounts) paid by Customers within the Unassigned Area for Authorized Services you have not yet performed.

4.5. National Accounts. You acknowledge that to competitively attract and effectively service National Accounts, we may need to establish policies governing the manner in which National Accounts are solicited and serviced, including reserving to us or our Affiliates, or even other franchisees, the exclusive or non-exclusive right to solicit particular National Accounts or types and/or categories of National Accounts, and requiring you to obtain our prior consent before soliciting National Accounts. You must comply with all of our policies regarding National Accounts, as stated in the Operations Manual. You acknowledge that there may be no National Account business within the Territory. You expressly acknowledge that we may offer to subcontract with you to furnish Authorized Services and Products on our behalf to National Accounts in our

sole discretion and subject to the applicable Customer's approval and other terms and conditions, and your execution of a subcontract in the form we prescribe. If we offer you such a subcontract, you will not be obligated to accept it. However, if you decline, or if you accept but we are advised by the National Account that the National Account is dissatisfied with your work, or it is otherwise necessary in our judgment in order to preserve the National Account or our reputation, we will have the right to perform such services or may subcontract such services to a third party.

5 TERM; RIGHT TO ACQUIRE SUCCESSOR FRANCHISE

5.1. Term. The Term of this Agreement commences on the Effective Date, and, unless sooner terminated in accordance with Article 17, will expire on the tenth (10th) anniversary of the Commencement Deadline (the "**Term**").

5.2. Right to Acquire Successor Franchise. After the expiration of the initial Term, you may, at your option, acquire a successor franchise for an unlimited number of additional terms of five (5) years each (for so long as we continue to offer franchises in your state). To qualify for a successor franchise, we have the right to insist on your fulfillment of any or all of the following conditions:

5.2.1. You must give us written notice of your election to acquire a successor franchise not less than two hundred and seventy (270) days nor more than three hundred and sixty-five (365) days prior to the end of the Term.

5.2.2. You must execute our then-current standard form of franchise agreement (the "**Successor Franchise Agreement**"), which may, in our sole discretion, include substantially different terms than those contained in this Agreement, including but not limited to, higher, additional, or different fees (including a higher Royalty Fee) and a smaller Territory, but you will not have to pay a new Initial Fee.

5.2.3. You and each of your Owners must have executed a general release, in our then-current form (our current form is attached to the Franchise Disclosure Document as **Exhibit E**), of any and all claims against us and our Affiliates and their respective officers, directors, shareholders, managers, members, agents and employees in their corporate and individual capacities, including, without limitation, claims arising under federal, state and local laws, rules and ordinances; provided, however, that any release you give us will not be inconsistent with any state law regulating franchising.

5.2.4. You are not then in default of any provision of this Agreement, or any amendment of or successor to this Agreement, or any other agreement between you and us or our Affiliates, and you have not committed and received notice of two (2) or more breaches of this Agreement during any twelve (12) month period during the Term, even if such breaches were timely remedied.

5.2.5. You have satisfied all of your monetary obligations to us (or to any of our Affiliates), and have timely met those obligations during the Term.

5.2.6. You must make or provide for, in a manner satisfactory to us, such changes as may be necessary to bring your Placement Agency up to our current standards, including, without limitation: installation of new equipment (including your Computer System) and software; updating and/or replacing your Vehicle(s); and, if you have a stand-alone Business Office, remodeling and/or renovation of your Business Office and decor to reflect the then-current standards and image of the System.

5.2.7. You must provide proof that you have all current licenses, insurance, and permits in compliance with Legal Requirements for you to continue operating your Placement Agency.

~~5.3.~~ ~~5.3-Interim Period.~~ If you do not sign the Successor Franchise Agreement prior to the expiration of this Agreement and you continue to accept the benefits of this Agreement after it expires, then at our option, this Agreement may be treated either as: (i) expired as of the date of expiration with you then operating without a franchise to do so; or (ii) continued on a month-to-month basis ("**Interim Period**"²²) until one party provides the other with written notice of such party's intent to terminate the Interim Period, in which case the Interim Period will terminate thirty (30) days after the date of the notice to terminate the Interim Period. In the latter case, all of your obligations will remain in full force and effect during the Interim Period as if this Agreement had not expired, and all obligations and restrictions imposed on you upon expiration of this Agreement will be deemed to take effect upon termination of the Interim Period. In this Agreement, all references to the Term will include any Interim Period.

6 PAYMENTS

6.1. Initial Fee. In consideration of the parties' promises and covenants to one another, you will pay us an initial franchise fee ("**Initial Fee**") in a lump-sum upon execution of this Agreement. ~~The specific amount of the Initial Fee will be according to the following schedule:~~ depend on the number of Marketing Areas you are purchasing, and is indicated on Addendum 1. The Initial Fee is fully earned by us and nonrefundable once you have paid it to us, except under the circumstances stated in Sections 3.5 and 10.1.

~~6.1.1. Your Initial Fee will be fifty two thousand five hundred dollars (\$52,500) for one Placement Agency.~~

~~6.1.2. If you are a multi unit franchisee and are signing this Agreement as part of your overall development obligation under a Multi-unit Agreement with us, your Initial Fee will be the one stated in your Multi-unit Agreement.~~

~~The Initial Fee is fully earned by us and nonrefundable once you have paid it to us, except under the circumstances stated in Sections 3.5.1 and 10.1.~~

6.2. Royalty Fee. You will pay us, on or before the Payment Date, a continuing royalty fee ("**Royalty Fee**") equal to eight percent (8%) of your Gross Sales that you earned during the prior month just-ended. You agree that, in any event, you will ensure that the Royalty Fee you pay us during the Term will be at the following minimum rates (the "**Minimum Monthly Royalty**")~~:~~ for each Marketing Area you purchase according to the following schedule:

<u>Number of Months</u>	<u>Monthly Minimum Royalty</u>
<u>0-5</u>	<u>\$0</u>
<u>6-12</u>	<u>\$500</u>
<u>13-24</u>	<u>\$700</u>
<u>25-36</u>	<u>\$900</u>
<u>37 and beyond</u>	<u>\$1,100</u>

If your Territory consists of multiple Marketing Areas, you will begin paying us a Minimum Monthly Royalty for a new Marketing Area according to the above schedule once you begin marketing in that Marketing Area, which you must do no later than the "**Marketing Deadline**" indicated on Addendum 1.

~~6.2.1. For the first five (5) months following the Effective Date, your Minimum Monthly Royalty will be zero dollars (\$0).~~

~~6.2.2. For the period starting with the sixth full month after the Effective Date and ending on the~~

~~first anniversary of the Effective Date, the Minimum Monthly Royalty you must pay us will be four hundred dollars (\$400.00).~~

~~6.2.3. For the period beginning on the first anniversary of the Effective Date and ending on the second anniversary of the Effective Date, the Minimum Monthly Royalty you must pay us will be six hundred dollars (\$600.00).~~

~~6.2.4. For the period beginning on the second anniversary of the Effective Date and for each and every month of the Term following the second anniversary, the Minimum Monthly Royalty you must pay us will be eight hundred dollars (\$800.00).~~

6.3. Marketing and Technology Support Fee. You must pay us or our Approved Suppliers, on or before the Payment Date, a monthly Marketing and Technology Support Fee equal to ~~eight nine~~ hundred and ~~ninety five fifty~~ dollars (\$~~895.00~~950.00). For the Marketing and Technology Support Fee, we will provide you with one license for our CRM Software, up to two email addresses, and ~~unlimited~~ file space ~~on~~ via Google ~~Drive~~Workspace. We will also provide you with access to certain other technology products, like our website and information technology support. We will also use the Marketing and Technology Support Fee to pay for our search engine optimization efforts for the System as a whole and various other marketing initiatives (in our discretion).

6.3.1. If you operate in multiple contiguous Marketing Areas under this Agreement, we will charge you an additional two hundred dollars (\$200.00) per month for each additional contiguous

Marketing Area after the first one when you begin marketing in that Marketing Area (and in no event later than the Marketing Deadline).

6.3.2. You may purchase additional licenses for the CRM Software for one hundred dollars (\$100.00) per month, and additional email addresses for ~~fifteen~~ twenty dollars (~~\$15.00~~ 20.00) per month. We have the right to increase this fee no more frequently than annually to reflect our actual costs of providing these services to you.

We have the right to increase this fee annually to reflect our actual costs of providing these services to you.

6.4. Onboarding Fee. In addition to the Initial Fee, you must pay us an onboarding fee of ~~ten~~ twelve thousand five hundred dollars (~~\$10,00.00~~ \$12,500) in a lump-sum upon execution of this Agreement, which pays for training, CRM Software programming, and press release development relating to the opening of your Placement Agency. This fee is fully earned by us and nonrefundable once you have paid it to us.

6.5. Time and Manner of Payments. With the exception of the Initial Fee, we may require you to make all payments owed under this Agreement by means of electronic funds transfer (“EFT”), or such other manner that we designate from time-to-time. You must ensure that each Royalty Fee payment is, without exception, accompanied by a statement of your Gross Sales during the month just-ended on a form approved by us, which form may be electronic. We must receive from you all fees due for each month on or before the applicable Payment Date.

6.5.1. You agree to comply with procedures specified by us and/or perform such acts and deliver and execute such documents, including authorization for direct debits from your business bank operating account, as may be necessary to assist in or accomplish payment by such method, and to execute our “EFT Authorization Agreement,” which is attached to this Agreement as Addendum 3. Under this procedure, you authorize us to initiate debit entries and/or credit correction entries to a designated checking or savings account for payments of fees and other amounts payable to us and any interest charged due on those amounts. You must make funds available to us for withdrawal by electronic transfer no later than the Payment Date.

6.5.2. If funds in your account are insufficient to cover the amounts payable at the time we make our funds transfer request, the amount of the shortfall is overdue and is subject to the terms set forth in this Agreement for overdue payments, in addition to any other remedies we have.

6.5.3. If you have not timely reported your Gross Sales to us for any month, then we will, at our option, have the right to debit your account in an amount equal to: (a) the fees transferred from your account for the last month for which you provided a report of your Gross Sales to us; or (b) the amount due based on information retrieved from the Computer System.

6.6. Referral Fee. In the event that you receive a Customer referral from us or from another Placement Agency that results in your successfully placing the Customer in a facility, you must pay to the referring Placement Agency a referral fee from the total commission payment that you receive from the applicable facility. If your referral is from another Placement Agency, the exact amount of the referral fee will be based on your agreement with the referring Placement Agency. We have the right to adjust, add to, or revise this fee annually. You must pay this fee within five (5) days of your receiving the commission payment.

6.7. ~~FastTrack to Market. At your option, provide you with our “FastTrack to Market” support. Working with our Digital Marketing Team, you will implement a pay per click marketing program to bring in potential clients for placement and consulting services. This program would start once our Vice President of Training and Franchise Support determines you are ready to begin consulting with families.~~

~~6.7.~~ 6.8. Application of Funds-: Withholding of Payments. If you become delinquent in the payment of any monetary obligation to us, we will have the absolute right to apply any payments received from you to any obligation owed, whether under this Agreement, or under any other agreement, between you and us, notwithstanding any other designation by you as to application. You may not withhold payment of any amounts you owe us due to our alleged nonperformance of any of our obligations under this Agreement.

~~6.8.~~ 6.9. Late Reports and Payments. If we do not timely receive from you-: (i) any fee or any other amount due under this Agreement ~~on or before the applicable due date, or if we do not receive a~~; (ii) any report that you are required to give us-; (iii) your annual financial statements; or (iv) annual tax returns ~~on or before the date that it is or they are due, you must pay us a late fee equal to \$ 100.00 per week that such fee, report, statement, or return is overdue.~~ You must also pay us interest at the daily equivalent of 1.5% per month simple interest of any overdue amount, or the highest rate then permitted by applicable law (whichever is less), for each day any amount is past due, accruing until the past-due amount is paid in full. This provision does not permit or excuse late payments, reports, or tax returns.

~~6.9.~~ 6.10. Reimbursement of our Costs of Collection. If we are required to engage a collection agency, use legal counsel, or hire any third party in connection with any failure by you to pay us amounts when they are due, or your failure to submit when due any reports, information, or supporting records, or in connection with any failure by you to otherwise comply with this Agreement, you must reimburse us for all costs and expenses of enforcement and collection, including our reasonable: (a) legal fees; (b) investigation fees; (c) travel expenses of our employees or agents; and (d) hourly charges of our employees or agents. These amounts must be paid to us by you within five (5) days after you cure the default, or upon demand by us if your default is not cured.

~~6.10.~~ 6.11. Taxes: Payments to Others. All payment obligations pertaining to your Placement Agency, including all trade payables and other indebtedness of every kind and all federal, provincial, state and municipal taxes and charges, are solely your obligations and not ours. We will not be liable for any sales, service, use, excise, gross receipts, property, payroll or other taxes levied against you or your assets, or against us, in connection with your Placement Agency, or any payments you make to us under this Agreement or any other agreement. You must reimburse us for any gross receipts, sales, use or other tax assessed by any taxing authority in the state where your Placement Agency is located, on any fees or other amounts payable by you to us under this Agreement, except for taxes assessed upon our income, which will be our responsibility. We will not be liable or responsible for your compliance (or failure to comply) with any and all Legal Requirements.

7 TRADEMARK STANDARD AND USE REQUIREMENTS

7.1. Ownership. You agree that the Marks, Intellectual Property, and System are our (or our Affiliate(s)) exclusive property, and that you will never assert any claim to any goodwill, reputation or ownership relating to or associated with the Marks or Intellectual Property. You will never engage in any conduct directly or indirectly, or assist another party to engage in any conduct, that would infringe upon, harm or cause damage to the Marks. You will not contest or assist any other party to contest our rights in any of the Marks or the goodwill associated with the Marks. You will not use, or assist others to use, the Marks in a derogatory, negative or other inappropriate manner in any medium. You agree to provide us with all assignments, affidavits, documents, information and assistance we reasonably request to fully vest in us all rights, title and interest in and to the Marks, including all items we reasonably request to assist us in registering, maintaining and enforcing our rights in the Marks. You acknowledge that we will suffer irreparable damage and will have no adequate remedy at law as a result of your unauthorized or infringing use of the Marks, and you agree that we will have the right to seek injunctive relief in a court of competent jurisdiction in the event that you use the Marks in an unauthorized or infringing manner.

7.2. Changes. We, from time to time in our discretion, may modify all or any part of the Marks. We may

require you to use one or more additional or substitute Marks. You will have no rights or claim of damages, offset, or right to terminate this Agreement as a result of any such modification and we will not have any liability or obligation to you with respect to your required modification or discontinuance of any Marks. Upon receipt of notice of such modifications, you, as soon as reasonably possible, will cease using the former Marks and commence using the modified Marks at your sole cost and expense.

7.3. Permitted Use. Your right to use: the Marks; the Intellectual Property; the System; any proprietary software; other materials in which we claim a copyright, trademark, or other right to exclusive use; trade secrets; Confidential Information; and other Intellectual Property as granted in this Agreement, is limited to your use of those materials, items, or Intellectual Property in connection with your operation of your Placement Agency, and otherwise as described in this Agreement and as authorized in the Operations Manual, or as we may prescribe in writing from time to time.

7.3.1. You may use only the Marks to identify and distinguish the services offered by you. You are not permitted to use Intellectual Property for any service or product that is not specifically authorized by us in the Agreement or Operations Manual. You must comply with all of our trademark, trade name and service mark notice marking requirements, including affixing “SM,” “TM,” or “®,” adjacent to all Marks in any and all uses of the Marks.

7.3.2. You will not use anything that resembles or is deceptively or confusingly similar to the Marks, the System, or the Intellectual Property, in any manner or for any purpose, or do anything that would dilute, directly or indirectly, the value of the goodwill associated with the Marks, nor counsel, procure or assist anyone else to do the same. You will use the Marks only for the uses and in the manner we permit. You acknowledge that you are required, to the extent possible, to prevent persons or parties associated with or employed by you from using the Marks and/or Intellectual Property in an unauthorized manner.

7.4. No Representations or Warranties. WE MAKE NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO THE USE, EXCLUSIVE OWNERSHIP, VALIDITY OR ENFORCEABILITY OF THE MARKS.

7.5. Infringement and Indemnification. You must notify us of: (a) any litigation relating to the Marks; or (b) suspected infringement upon the Marks or the Intellectual Property, but you may not take any action against suspected infringers without our express written permission. You must notify us within three (3) days after receiving notice of any claim based upon or arising from any attempt by any other person, firm or corporation to use the Marks or our Intellectual Property, or any imitation of them. If you notify us in a timely manner of a claim against you relating to the Marks, we will have the exclusive right and obligation to contest, defend against, or bring an action against, any third party regarding the third party’s use of any of the Marks. In the event we take legal action to protect our Marks or authorize you to do so, we will be responsible for all costs (including reasonable attorneys’ fees) related to such legal action, but only for those costs that we specifically incur or authorize you to incur. We will not be obligated to indemnify or reimburse you for any separate legal fees or costs that you incur in seeking independent counsel that is separate from the counsel we use, unless we specifically state otherwise in writing. You must execute any and all documents, do such acts and things that may be necessary, and cooperate with us and with any action undertaken by us concerning litigation relating to the Marks.

8. ADVERTISING

8.1. ~~8.1.~~ Your Advertising: Regional or National Initiatives. All of your advertising, promotion and marketing must be completely clear and factual and not misleading, and must conform to the highest standards of ethical marketing and the policies which we prescribe from time to time, in the Operations Manual or

otherwise. You may not use any advertising or promotional materials that we have disapproved at any time or for any purpose.

8.1.1. We may conduct national or regional marketing initiatives or promotions with networks of hospitals or assisted living facilities, and if any such network has a presence in your Territory, we have the right to require you to: (a) spend money on advertising or public relations efforts to participate in such national or regional promotions; or (b) offer discounted rates or fees as part of such initiatives or promotions. We will not require you to spend, or provide rate or fee discounts amounting to, more than \$5,000 towards such an initiative or promotion on an annual basis.

8.1.2. Upon our request, you will provide to us for our review samples of any and all advertising and promotional material bearing the Marks. With the exception of advertising materials created and provided to you by us, at least five (5) days before using them, you must submit to us all advertising materials you intend to use, which approval will be in our sole discretion. You will not use such materials until they have been approved by us, and you must promptly discontinue use of any advertising material upon our request. Any materials submitted by you to us which have not been disapproved by us in writing within five (5) days of our receipt of them are deemed disapproved.

8.1.3. You must obtain our prior written consent (which we may withhold in our sole discretion) before making any charitable contributions or donations of items, services or funds to any individual or entity, or provide any type of other benefit to any charitable, religious, political, social, civic or other type of organization (or to any individual on behalf of any organization).

8.1.4. If your Territory consists of multiple Marketing Areas, you must begin marketing in a new Marketing Area as soon as possible, but in no event later than the Marketing Deadline.

8.2. Market Introduction. During the first year following the Effective Date, you must spend an amount specified by us on local promotion of the initial opening and operation of your Placement Agency (“~~Market Launch Promotion Event~~”). We will determine the exact dollar amount of your required ~~Market Launch Promotion Event~~ (up to \$5,000) after assessing your Territory and the area surrounding your Placement Agency, and taking into account other potentially relevant factors, such as prevailing costs of advertising in the area, content of the promotion, sponsorships, the time of year of opening and other similar factors.

8.3. FastTrack to Market. You must spend a total of ten thousand dollars (\$10,000) over the course of the first year after the Effective Date under our “FastTrack to Market” program. You will work with our marketing team to implement advertising and marketing initiatives in your local marketing to bring in potential clients for placement and consulting services.

8.4. ~~8.3-Internet and Social Media.~~ As part of the services we provide you for the Marketing and Technology Support Fee, and for so long as you are not in default of this Agreement, we will list your Placement Agency location on our Internet website and, will provide to you a website that is contained in our primary website. We have the right to require you to prepare portions or provide content for the website, at your expense. You, your employees, independent contractors, sales associates and representatives may not use, license, or register any domain name or URL (or other means of identifying you or your Placement Agency on the Internet) that uses a mark, image, or words confusingly similar to the Marks or any abbreviation, acronym, or phonetic or visual variation of the Marks without our prior written consent. At our request, you must promptly assign or redirect (or cause to be assigned or redirected) to us any domain name, URL, or other identification that violates this Agreement or the policies stated in the Operations Manual at your expense and without compensation from us. The content you submit to us or use for any Internet marketing must be true, correct and accurate. At our request, you will promptly modify any of your Internet marketing material containing the Marks to conform to the standards stated in the Operations Manual. You may not independently market on the Internet or conduct e-commerce unless you have received our prior written permission to do so

or unless such activities are expressly authorized by the

Operations Manual. You agree and acknowledge that your on-line promotional strategies must comply with our on-line policy. You further agree and acknowledge that we may review, monitor, and require changes to all on-line content on your websites, social media sites, blogs, electronic communication and other ~~on-line~~on-line sites on which our Marks or Intellectual Property are used.

9 OPERATING YOUR PLACEMENT AGENCY

9.1. Designated Manager. Your Placement Agency must at all times be operated under your direct supervision (if you are an individual) or by a manager (if you are a Business Entity) who: (a) is approved by us; (b) has successfully completed the Initial Training Program and all other training programs required by us from time to time; (c) devotes his or her full time (a minimum of thirty-five hours per week) and best efforts to operating your Placement Agency (your “**Designated Manager**”). We have the right to deal with the Designated Manager on matters pertaining to day-to-day operations of, and reporting requirements for, your Placement Agency. Your initial Designated Manager is identified on Addendum 1. In the event that the Designated Manager elects to end his/her relationship with you, you must recruit a new Designated Manager within 30 days and submit his/her qualifications to us for review and approval.

9.2. Sale of Authorized Services and Products Only. You acknowledge that it is critically important to the System that all products and services sold by your Placement Agency meet our quality standards. You must advertise and sell only Authorized Services and Products. You acknowledge that you may not be permitted to sell all Authorized Services and Products at all times. Except as specifically authorized by us, you may not sell any Authorized Services or Products outside of your Placement Agency. You agree to comply with all mandatory specifications, standards and operating procedures, as modified from time to time (whether contained in the Operations Manual or any other communication) relating to the appearance, function, cleanliness or operation of a Placement Agency, including:

9.2.1. Types, models and brands of required products, materials, items, equipment, signs, materials, and supplies. You acknowledge and agree that from time to time, we may modify the list of approved types, brands, models or suppliers, and you may not, after receipt of notice of such modification, reorder any type, brand or model from any supplier which is no longer approved by us.

9.2.2. Designated or Approved Suppliers (which may be limited to or include us or our Affiliates) of, equipment, signs, products, materials, supplies, and services.

9.2.3. Terms and conditions of the sale and delivery of, and terms and methods of payment for products, materials, supplies and services including direct labor, that you obtain from us, our Affiliates or others.

9.2.4. We may authorize test marketing of proposed Authorized Products or Services at any Placement Agency or Placement Agencies as we deem appropriate.

You agree that you will not use products purchased from Approved Suppliers for any purpose other than operating your Placement Agency.

9.3. Operating Your Placement Agency. In operating your Placement Agency, you agree to use only the equipment (including the Computer System), decor, Vehicle(s) and signs that we have approved for Placement Agencies as meeting our specifications and standards for quality, design, appearance, function and performance. You agree to purchase or lease approved brands, types or models of equipment from suppliers we have designated or approved (which may include us and/or our Affiliates). You will pay the then-current price in effect for all such purchases you make from us and/or our Affiliates. You will establish independent commercial relationships with our Approved Suppliers for specific items.

9.4. Alternative Suppliers. If you want to make purchases from a supplier other than an Approved Supplier, you must first submit to us a written request to approve the proposed supplier, together with any documentation regarding that supplier that we reasonably request. Within 30 days after receiving a completed request, and completion of such evaluation and testing (if we require), we will notify you in writing of our approval or disapproval of the proposed supplier. We may revoke our approval at any time if we determine, in our sole discretion, that the supplier no longer meets our standards. You must stop purchasing from a disapproved supplier upon notification from us that it has been disapproved. ALTHOUGH APPROVED OR DESIGNATED, WE AND OUR AFFILIATES MAKE NO WARRANTY AND EXPRESSLY DISCLAIM ALL WARRANTIES, INCLUDING WARRANTIES OF MERCHANTABILITY AND FITNESS FOR ANY PARTICULAR PURPOSE, WITH RESPECT TO INVENTORY, SERVICES, PRODUCTS, EQUIPMENT (INCLUDING, WITHOUT LIMITATION, ANY REQUIRED COMPUTER SYSTEMS), SUPPLIES, FIXTURES, FURNISHINGS OR OTHER APPROVED ITEMS. IN ADDITION, WE DISCLAIM ANY LIABILITY ARISING OUT OF OR IN CONNECTION WITH THE SERVICES RENDERED OR PRODUCTS FURNISHED BY ANY SUPPLIER APPROVED OR DESIGNATED BY US. OUR APPROVAL OR CONSENT TO ANY SERVICES, GOODS, SUPPLIERS, OR ANY OTHER INDIVIDUAL, ENTITY OR ANY ITEM WILL NOT CREATE ANY LIABILITY TO OR BY US.

9.5. Acknowledgement of Markup or Rebates. You acknowledge and agree that we and our Affiliates have the right to a reasonable markup on all items that you are required to purchase from us and our Affiliates. Further, you acknowledge that we may receive from Approved Suppliers periodic volume rebates or other revenue or consideration as a result of your purchases. You further acknowledge and agree that we are entitled to keep such rebates and revenue for our own use, regardless of whether we choose to do so.

9.6. Maintenance and Refurbishment. You must, at your sole expense, do all things necessary to comply with the System, including keeping your Placement Agency, its Vehicle(s), equipment and assets: (i) in good order and repair, and in compliance with the System requirements as set forth in the Operations Manual or as we otherwise require; and (ii) in a neat, clean, and attractive condition; replacing equipment, and other assets only with those that we have approved as, in our discretion, they become worn out or otherwise unsuitable for use. You must make, at your expense, all additions, repairs, replacements improvements and alterations to your Placement Agency, Vehicle(s) and your equipment as we determine necessary so that the publicly-viewable aspects of the Placement Agency (including Vehicle(s) and equipment) conform to the System's image, as may be prescribed by us from time to time. You must undertake and complete such additions, repairs, replacements, improvements and alterations within the time and under the terms and conditions, which we may reasonably specify. If, however, any condition presents a threat to clients or public safety, you must address the condition immediately. You recognize and agree that there are no limitations on this obligation, and acknowledge and agree that the requirements of this Section 9.6 are both reasonable and necessary to ensure continued public acceptance and patronage of Placement Agencies and to avoid deterioration or obsolescence in connection with the operation of your Placement Agency. We agree that during the first twelve months of the Term, we will not require you to make any additions, repairs, replacements, improvements, or alterations to your Placement Agency if they will require you to spend more than two thousand dollars (\$2,000) during that time period.

9.7. Branded Apparel. You must require your employees to wear branded apparel while working for your Placement Agency of such design and color as we may prescribe in the Operations Manual.

9.8. Operations Manual. You must operate your Placement Agency in strict compliance with the standard procedures, policies, rules and regulations established by us from time to time and incorporated in the Operations Manual. You must supervise your Designated Manager, managers, employees, independent contractors and Affiliates to ensure their compliance with the Operations Manual. We have the right to prescribe additions to, deletions from or revisions of the Operations Manual (the "**Supplements**"), all of which will be considered part of the Operations Manual. All references to the Operations Manual in this

Agreement will include the Supplements. Supplements will become binding on you as if originally set forth in the Operations Manual, upon being delivered to you (unless we specify a longer period). We will provide you with up to thirty (30) days to comply with any material change made by us to our standards. The Operations Manual and any Supplements are material in that they will affect the operation of your Placement Agency, but they will not conflict with or materially alter your rights and obligations under this Agreement. While the Operations Manual are designed to protect our reputation and the goodwill of the Marks, they are not designed to control the day-to-day operations of your Placement Agency.

9.8.1. We are permitted to revise the System, Marks, the various training programs offered to franchisees and their employees, and the Operations Manual at any time, by addition, deletion or other modification to the provisions of the Operations Manual, and such modification will be made in our sole judgment. Such modifications may obligate you to invest additional capital in your Placement Agency (“**Capital Modifications**”) and/or incur higher operating costs, subject to the limitation stated in Section 9.6.

9.8.2. Upon the execution of this Agreement, we will give you electronic access to the Operations Manual. The Operations Manual and all amendments to the Operations Manual (and copies of it) are copyrighted and remain our property. They are loaned to you for the Term (and any successor period), and must be returned to us immediately upon the termination or expiration of this Agreement. The contents of the Operations Manual are our Confidential Information. You must not make, or cause or allow to be made, any copies, reproductions or excerpts of all or any portion of the Operations Manual without our express prior written consent. You must keep any physical copies of the Operations Manual up-to-date.

9.8.3. You agree and acknowledge that full compliance with the Operations Manual is essential to preserve, maintain and enhance the reputation, trade demand, and goodwill of the System and Marks. You acknowledge that your failure to operate your Placement Agency in accordance with the Operations Manual can damage us, you, and Placement Agencies generally.

9.9. Consumer Relations and Protection of Goodwill. You must give prompt, courteous and efficient service to the public and operate your Placement Agency in compliance with the Operations Manual to preserve and enhance the value and goodwill of the Marks and the System. You will uphold, and take reasonable steps to ensure that your Designated Manager, employees and independent contractors uphold high standards of honesty, integrity, and fair dealing in dealing with the general public, clients, other franchisees and us. You must promptly respond to all complaints received from your clients, their family members, referral sources, or other individuals in an attempt to resolve the dispute in a reasonable business manner. If we are contacted by a client of your Placement Agency who lodges a complaint, we reserve the right (but are not required) to address the client’s complaints in order to preserve goodwill and prevent damage to the Marks. If we provide a credit, refund, or other value to the client as part of our addressing its complaint, you must reimburse us for the cost of the gift card, refund, or other value provided to the client. Nothing in this Section 9.9 or in any other provision of this Agreement is to be construed to impose liability upon us to any third party for any of your actions or obligations.

9.10. Days of Operation. You must operate your Placement Agency during such days, nights, and hours as we may state from time-to-time in the Operations Manual or otherwise. You acknowledge and agree that the hours of operation are integral to the value of the System and the Marks, and any failure by you to operate during the designated hours would be detrimental to the System and the Marks. You further acknowledge and agree that the day-to-day operational decisions relating to the closing and opening procedures of your Placement Agency, including any security, staffing, and other similar matters, will be made solely by you.

9.11. Merchant Services You agree to maintain, at all times, credit-card relationships with the credit- and debit-card issuers or sponsors, check or credit verification services, financial-center services, merchant service providers, and electronic-fund-transfer systems (together, “**Credit Card Vendors**”) that we may periodically designate as mandatory. The term “Credit Card Vendors” includes, among other things, companies that provide services for electronic payment, such as near field communication vendors (for example, “Apple Pay” and “Google Wallet”). You agree not to use any Credit Card Vendor for which we have not given you our prior written approval or as to which we have revoked our earlier approval. We have the right to modify our requirements and designate additional approved or required methods of payment and vendors for processing such payments, and to revoke our approval of any service provider. You must acquire, at your expense, all necessary hardware and/or software used in connection with these non-cash systems.

9.12. Compliance With Data Security Guidelines. You must use your best efforts to protect your clients against a cyber-event, identity theft or theft of personal information. You agree to comply with the then-current Payment Card Industry Data Security Standards as those standards may be revised and modified by the PCI Security Standards Council, LLC (see www.pcisecuritystandards.org), or any successor organization or standards that we may reasonably specify. Among other things, you agree to implement the enhancements, security requirements, and other standards that the PCI Security Standards Council (or its successor) requires of a merchant that accepts payment by credit and/or debit cards. You must demonstrate compliance upon reasonable request, which may include having an independent third party Qualified Security Assessor (QSA) conduct a PCI/DSS audit. In the event you are unable to demonstrate full compliance, we may require that you engage the services of an approved vendor to assist you on an ongoing basis. Having a secure managed firewall that meets our system standards is one part of the current requirement. You must at all times be compliant with all other Legal Requirements including: (a) the NACHA ACH Security Framework; (b) the operating rules and regulations of all credit card and merchant services providers; (c) state and federal laws and regulations relating to data privacy, data security and security breaches; and (d) our security policies and guidelines, all as they may be amended from time to time.

9.13. Compliance With Legal Requirements. You agree to maintain the highest standards and ratings applicable to the operation of your Placement Agency. You agree to comply with all Legal Requirements and obtain and maintain any and all licenses and permits required by any governmental agencies or otherwise necessary to conduct your Placement Agency in any jurisdiction in which it operates. You acknowledge that you alone are responsible for complying with Legal Requirements and that we have no obligation to you or any other person for your compliance with Legal Requirements. As between us and you, you are solely responsible for the safety and well-being of your employees and the clients of the franchise business. You specifically agree to comply with all applicable health and safety laws, ordinances and regulations so as to be rated the highest available health and safety classification by the appropriate governmental authorities and to furnish to us copies of all inspection reports, warnings, certificates, and ratings issued by any governmental agency within ten (10) days of your receiving them. If your Placement Agency is subject to any inspection by any governmental authorities under which it may be rated in one or more than one classification, it must be maintained and operated so as to be rated in the highest available classification with respect to each governmental agency. In the event your Placement Agency fails to be rated in the highest classification or you receive notice that your Placement Agency is not in compliance with all applicable standards, you must immediately notify us of such failure or noncompliance. You must notify us of the commencement of any action, suit or proceeding involving you or your Placement Agency, and of the issuance of any order, writ, injunction, judgment, award or decree which may affect the operation or financial condition of your Placement Agency not more than five (5) days after notice of such commencement or issuance.

9.14. Improvements/Improvement(s). If you, your Designated Manager, employees, or Owners develop any new concept, process or improvement in the operation or promotion of your Placement Agency or Placement Agencies generally (an “**Improvement**”), you agree to promptly notify us and provide us with all necessary related information, without compensation. Any such Improvement will become our sole property

and we will be the sole owner of all related copyrights, trademarks, patents, patent applications, and other intellectual property rights. You must fully disclose the Improvement(s) to us, without disclosing the Improvement(s) to others, and you must obtain our written approval prior to using such Improvement(s). You and your Owners agree to assign to us any rights you or your Owners may have or acquire in the Improvement(s), including the right to modify the Improvement, and you and your Owners waive and/or release all rights of restraint and moral rights in and to the Improvement. You and your Owners agree to assist us in obtaining and enforcing the intellectual property rights to any Improvement. In the event that the foregoing provisions of this Section 9.14 are found to be invalid or otherwise unenforceable, you and your Owners hereby grant to us a worldwide, perpetual, non-exclusive, fully-paid license to use and sublicense the use of the Improvement to the extent such use or sublicense would, absent this Agreement, directly or indirectly infringe on you or your Owners' rights to the Improvement.

10 OPERATIONAL ASSISTANCE BY US

10.1. **Training.** Prior to beginning operation of your Placement Agency, you and your Designated Manager (if applicable) must attend, and successfully complete, to our satisfaction, an initial training program in our System, methods of operation, policies, and any other topics as we may determine necessary or appropriate (the "Initial Training Program"). The Initial Training Program will take place via the Internet. There will be no additional charge for you to attend the Initial Training Program. You must not commence operation until your Designated Manager has completed the Initial Training Program to our satisfaction. If we determine in our sole discretion, based on your performance in the Initial Training Program, that you or your Owners are not qualified to operate a Placement Agency or you have not obtained all necessary licenses, we have the right to terminate this Agreement. Upon receipt of a signed general release from you, we will return to you fifty percent (50%) of the Initial Fee that you paid.

10.1.1. The Initial Training Program will relate to the System, System guidelines, and operational and brand standards. We will not train or assist in training your employees or independent contractors. You will be responsible for training your employees and independent contractors. You will be responsible for hiring, training, directing, scheduling, and supervising your employees and independent contractors in the day-to-day operations of your Placement Agency.

10.1.2. If you have any of your employees attend our Initial Training Program or any subsequent training program, you must first have the attendee sign a: (a) Confidentiality Agreement, substantially in the form attached to our Franchise Disclosure Document as "Exhibit H"; and (b) Franchise Relationship Acknowledgement, attached to our Franchise Disclosure Document as "Exhibit I." Upon our request, you must provide to us copies of these documents signed by your employees that have attended our training program.

10.1.3. Should you have the need to replace your Designated Manager, any replacement Designated Manager must attend the Initial Training Program at a time that it is offered by us within sixty (60) days of being named by you. Your new Designated Manager may attend the Initial Training Program without charge, except that we have the right to require you to pay a fee for training if we determine that your Designated Manager changes are excessive or caused by poor hiring practices.

10.1.4. Should we decide to hold any in-person training sessions that require you to travel, you must pay all lodging, travel and meals, personal expenses, salary and living expenses incurred by you, your Designated Manager, your Owners, and/or other persons attending the training with you or any subsequent training attended by you, your Designated Manager(s), your Owners, or employees.

10.1.5. We will not pay compensation for services performed by trainee(s) in connection with training or other assistance, including providing services for us, Affiliate(s) or other franchisee(s).

10.2. Opening Assistance. Immediately before your Placement Agency opens, we will make one of our representatives available to you over the phone and/or over the Internet to assist you or your Designated Manager with the initial operation of your Placement Agency.

10.3. Periodic Training and On-Site Assistance. We may require you, your Designated Manager, and/or previously trained and experienced employees to attend periodic refresher training courses at such times and locations that we designate, which training may (at our option) take place at your Placement Agency, at another Placement Agency, or a training facility operated by us. You may also request our assistance or one-on-one coaching, which we will provide either on-site at your Placement Agency or remotely. We have the right to require you to pay our then-current fee (as listed in the Operations Manual) for the additional training if it is optional. We will not require you to pay any fee if the training is mandatory. We will not require you or your Designated Manager to attend more than one (1) such additional training session during any calendar year, and any such training session will not exceed three (3) days. If training takes place at any location other than our headquarters, we can require you to pay for the lodging, travel and meal expenses we incur for our personnel conducting the training. If training takes place somewhere other than your Placement Agency, you will be solely responsible for the lodging, travel, living and meal expenses for those of your personnel attending the training.

10.4. Meetings, Conferences, or Conventions. We may, in our discretion, hold periodic meetings and/or annual conventions to discuss sales techniques, new Authorized Services and Products developments, bookkeeping, training, accounting, inventory control, performance standards, advertising programs, procedures and other topics, which may include an annual convention. We have the right to require you and your Designated Manager to attend, except in no event will you or your Designated Manager be required to spend more than three (3) days per year at any such meeting or convention. You must pay the travel and living expenses of you, your Designated Manager, and any other person(s) attending the meeting or conference in connection with such attendance. We also may require you to pay a fee that we designate (currently up to \$1,500 per person). If we designate attendance at any such meeting as mandatory, you must pay us the fee regardless of whether you actually attend. You and any person(s) attending the convention or meeting with you or on your behalf must stay (at your expense) at the host facility selected by us.

10.5. Advice and Consultation. We will impart to you our selling, promotional and merchandising methods and techniques associated with the System, and will provide to you general guidance. We may (but are not required to) visit your Placement Agency periodically to provide advice to you.

10.6. Remote Assistance. We will make a representative reasonably available to respond to your questions (by telephone or through the Internet) during normal business hours, as we determine necessary, to discuss your operational issues and support needs. We may also provide to you such periodic individual or group advice, consultation and assistance, rendered by telephone, newsletter or bulletins made available from time to time to all Placement Agencies, as we may deem necessary or appropriate within our sole discretion. In addition, we may communicate with you concerning new developments, techniques and improvements as we deem appropriate in our sole discretion.

10.7. Pricing and Rebates. We may (but are not required to) negotiate purchase agreements with Approved Suppliers to obtain discounted prices for franchisees and other Placement Agencies in the System.

10.8. Referral Commission Payments. In the event that you refer a Customer to another Placement Agency and that Customer is placed by the Placement Agency in a facility, we will use reasonable efforts to ensure that the Placement Agency benefitting from your referral pays to you a referral fee, as required under that Placement Agency's contract with us.

11 USE OF TECHNOLOGY

11.1. Computer System. You must purchase and install a computer system, using such software or cloud-based storage facilities as we specify, that meets our specifications (the “**Computer System**”). You must make all improvements to the Computer System in the manner, and when, specified by us in writing, even if such improvements require you to spend additional money on the Computer System. You have sole and complete responsibility for the manner in which your Computer System interfaces with other systems, including those of us and other third parties, as well as any and all consequences that may arise if your Computer System is not properly operated, maintained and upgraded.

11.1.1. We will provide to you the cloud-based CRM Software. You must obtain any other software for the Computer System only from Approved Suppliers. This includes business management software, and other software and hardware that we require. You may not install, or permit to be installed, any devices, software or other programs not approved by us for use with the Computer System. You may not authorize the use of the software by anyone else and will not configure, program or change any software programs.

11.1.2. We may from time-to-time designate, develop, or authorize others to develop proprietary or non-proprietary computer applications for use as part of the Computer System, which you may be required to purchase and/or license and use in the operation of your Placement Agency. You must execute any license, sublicense or maintenance agreement required by us or any other Approved Supplier of proprietary or non-proprietary computer applications designated by us.

11.1.3. You must: (a) promptly enter into the Computer System and maintain all information that we require you to enter and maintain; (b) provide to us such reports as we may reasonably request from the data so collected and maintained, and (c) permit us to access your Computer System at all times and any time by any commercially available means we specify from time to time. You must cooperate with us to permit us access your Computer System and all of its data.

11.1.4. Any and all data collected or provided by you, downloaded from your Computer System, or otherwise collected from you by us or provided to us (which includes but is not limited to the Operational Data), is and will be owned exclusively by us, and we have the right to use the data in any manner without compensation to you. During the Term, you are licensed, without additional compensation, to use such data solely for the purpose of operating your Placement Agency. This license will automatically and irrevocably expire, without additional notice or action by us, when this Agreement terminates or expires.

11.2. Ownership of Operational Data and Goodwill. You acknowledge that we own all information, including names, addresses, telephone numbers, e-mail addresses, and other business records (“**Operational Data**”) with respect to the: (a) clients of your Placement Agency (including all contact names of your clients and the names of their family members and caregivers and client transaction records); (b) your referral sources; and (c) and the suppliers of your Placement Agency, including any and all Approved Suppliers. You agree that Operational Data includes all information generated or recorded as a result of your

efforts while using the Marks. You agree to use reasonable efforts to obtain and capture Operational Data, with the permission of your clients, referral sources, and suppliers, consistent with any client tracking program(s) we may establish from time-to-time. You agree to input Operational Data into the Computer System, or other system or method of retention specified in the Operations Manual, if we direct you to do so. You must not export Operational Data from the Computer System or software. We have the right to use and exploit the Operational Data in any way we choose. You also agree that any goodwill resulting from your activities under this Agreement is our sole property.

12 AUDITS: INSPECTIONS

12.1. Financial Planning and Management. You must keep such complete records of your Placement Agency as a prudent and careful businessperson would normally keep. You must keep your financial books and records as we may from time to time direct in the Operations Manual or otherwise, including retention of all invoices, accounts, books, data, licenses, order forms, payroll records, check records, bank deposit receipts, sales tax records, refunds, cash disbursements, journals and general ledgers. On or before the Payment Date, you must submit to us a complete and accurate accounting of your Gross Sales for the previous month in the format we request, which may be electronic, through the Computer System or otherwise. You must prepare monthly income statements for your Placement Agency, which we may require you to submit to us. You must maintain an accounting system reflecting all operational aspects of your Placement Agency, including uniform reports as may be required by us, prepared in accordance with accounting methods utilized and generally accepted for federal income tax return purposes. You will also submit to us current financial statements; forms showing the sales, use, and gross receipt taxes paid by you; and such other reports or documents kept by you as we may reasonably request. On or before April 15 of each year, you must provide us with a copy of your federal tax return for the previous tax year. On or before March 15 of each year, you must provide us with annual financial statements relating to your Placement Agency in a format that we reasonably require. You must maintain the records required under this Section 12.1 for a period of three (3) years after the termination, Transfer, or expiration of this Agreement. If you fail to keep up-to-date and accurate books for your Placement Agency for any three (3) or more nonconsecutive months during the Term, we will require you to hire the services of a third-party bookkeeper to maintain your books for you.

12.2. Inspection Rights and Access to Records. During the Term and for a period of three (3) years following the termination or expiration of the Agreement, we (either directly or through a designated agent) have the right at any time during normal business hours to visit and inspect all aspects of your Placement Agency, including: (i) the place where your records are located; and (ii) your Business Office. We also may accompany you and/or your employees or independent contractors to any job site. If your Business Office is located at your home, we will give you at least five days' advance notice before inspecting your Business Office. You acknowledge that any evaluation or inspection we conduct is not intended to exercise, and does not constitute, control over your day-to-day operation of your Placement Agency or to assume any responsibility for your obligations under this Agreement.

12.2.1. As part of such visit, we have the right to: (a) inspect your Placement Agency operating materials and supplies; (b) observe the operations of your Placement Agency for such consecutive or intermittent periods as we deem necessary; (c) take photographs, movies or video recordings of your Placement Agency; (d) interview your personnel; (e) conduct client surveys; (f) inspect and copy any books, Operational Data, records, and documents relating to the operation of your Placement Agency, including contracts, leases, and material and information generated by or contained in the Computer System; and (g) select supplies, equipment and other items from your Placement Agency to evaluate whether they comply with our Operations Manual. You must cooperate fully with us in connection with these inspections, observations, surveys and interviews.

12.2.2. You authorize us or our designee to make reasonable inquiries of your bank, accountant or

bookkeeper, suppliers and trade creditors concerning your Placement Agency, and by this Agreement you direct such persons to provide us with such information and copies of documents pertaining to your Placement Agency as we request.

12.2.3. We and our designee have the right to discuss your records and your Placement Agency with your Designated Manager and any officers, directors and employees responsible for maintaining records. If you inform us of your intention to Transfer your Placement Agency, we have the right to discuss your records, Gross Sales information, and other information with your prospective transferee.

12.3. Audit. We and/or our designated agents have the right at all reasonable times to examine and copy, at our expense, your books, records, accounts, sales tax records, Operational Data, and business tax returns relating to your Placement Agency. We also have the right, at any time, to have an independent audit made of your books and records or to require you to participate in a mail-in audit or any other form of audit in accordance with the Operations Manual. You agree to cooperate fully with our representatives and independent accountants in any examination. If an inspection or audit reveals that any payments due to us have been understated in any report to us, then you must immediately pay us the amount understated upon demand, in addition to interest from the date such amount was due until paid, at the rate of one and one half percent (1.5%) per month, or the maximum rate permitted by law, whichever is less. If an inspection or audit discloses an understatement in any report of three percent (3%) or more, you must, in addition to repaying money owed with interest, reimburse us for any and all costs and expenses connected with the inspection (including, without limitation, travel, lodging and wage expenses, and reasonable accounting and legal costs). The remedies in this Section 12.3 are in addition to any other remedies we may have as a result of your underreporting, including but not limited to the right to terminate this Agreement.

12.3.1. You must cooperate in scheduling any audit and providing access to records, which must be maintained and presented in reasonable order to allow the audit to be conducted in a reasonable time.

12.3.2. Your failure, refusal or neglect to dispute any fees or contributions that an audit reveals you owe, including any fees, costs and penalties assessed in connection with an audit, constitutes a waiver of any right to challenge such fees, unless you provides us written notice of your dispute, along with an explanation of the basis for your dispute, within thirty (30) days of the date we deliver the audit results to you in writing.

12.4. Consent to Use of Likeness and your Placement Agency. You agree that we have the right to use the likeness (including photographs or videos containing images) of: (a) you; (b) if you are a Business Entity, your Owners; and (c) any of the assets owned by your Placement Agency (including your Vehicle(s)), for any purposes relating to the promotion or marketing of the System or Marks.

13 YOUR OWNERS AND GUARANTORS: RELATIONSHIP BETWEEN THE PARTIES

13.1. Your Name. You may use “Senior Care Authority®” or our other Marks only as a “doing business as” (d/b/a) designation. You may not use other name in connection with any advertising or operation of your Placement Agency. We have the right to review and require changes to any display of your name or the Marks.

13.1.1. You may not include “Senior Care Authority®” or any of the Marks in your legal name.

13.1.2. If you operate your Business Office from a commercial space, you must post a conspicuous notice on or near the front entrance of your Placement Agency that clearly states: "EACH SENIOR CARE AUTHORITY® BUSINESS IS INDEPENDENTLY OWNED AND OPERATED" or any modification of this statement as we may require in the Operations Manual. You must also include this disclaimer on all business cards, stationery, promotional and advertising materials, website and Internet communications, real estate documents, and all other materials you use.

13.1.3. In all public records, in relationships with other persons, and on letterhead and business forms, you must indicate that you independently own your Placement Agency, and that you are solely a franchisee of Senior Care Authority, ~~LLC~~EEEC

13.2. Relationship of Parties. The parties intend by this Agreement to establish between you and us only the relationship of franchisor and franchisee. You have no authority to create or assume in our name or on our behalf, any obligation, express or implied, or to act or purport to act as our agent or representative for any purpose whatsoever. Neither we nor you are the employer, employee, agent, partner or co-venturer of or with the other, each of us being independent. You will not hold yourself out as our agent, employee, partner or co-venturer. Neither you nor we have the power to bind or obligate the other except specifically as stated in this Agreement. We and you agree that the relationship created by this Agreement is one of an independent contractor and not a fiduciary relationship.

13.2.1. We will not be obligated for any damages, claim, or obligation to any person or property, directly or indirectly arising out of your operation of your Placement Agency, whether or not caused by your negligent or willful action or failure to act, or your use of the Marks in a manner not in accordance with this Agreement. You must not use any of the Marks in signing any contract or in applying for any license or permit or in a manner that may result in our liability for your debts or obligations. Without limiting the generality of the foregoing, you acknowledge that we have no responsibility to ensure that your Placement Agency is developed and operated in compliance with all applicable laws, ordinances and regulations and that we shall have no liability in the event the development or operation of the Franchised Business violates any law, ordinance or regulation.

13.2.2. All employees or independent contractors hired by or working for you will be your employees or independent contractors alone and can never, under any circumstances or for any purpose, be deemed our employees or subject to our control, most particularly with respect to any mandated or other insurance coverage, tax or contributions, or requirements pertaining to withholdings, levied or fixed by any city, state or federal governmental agency. You and we will file our own tax, regulatory and payroll reports, and be responsible for all employee benefits and workers compensation payments with respect to our respective employees and operations, and we will save and indemnify one another of and from any liability of any nature whatsoever by virtue thereof. Neither this Agreement nor our course of conduct is intended, nor may anything in this Agreement (nor our course of conduct) be construed, to state or imply that we are the employer of your employees and/or independent contractors, nor vice versa.

13.2.3. We will not have the power to hire or fire your employees. You expressly agree, and will never contend otherwise, that our authority under this Agreement to certify certain of your employees or independent contractors for qualification to perform certain functions for your Placement Agency does not directly or indirectly vest in us the power to hire, fire or control any such employee or independent contractor. You alone are solely responsible for all hiring and employment decisions and functions relating to your Placement Agency, including, without limitation, those related to hiring, firing, training, establishing remuneration, compliance with wage and hour requirements, personnel policies, benefits, recordkeeping, supervision, setting hours for, and discipline of employees, regardless of whether you have received advice from us on these subjects or not. You agree that any

direction you receive from us regarding employment policies should be considered as examples, that you alone are responsible for establishing and implementing your own policies, and that you understand that you should do so in consultation with local legal counsel well-versed in employment law. No employee of yours will be deemed to be an employee of ours for any purpose whatsoever, and nothing in any aspect of the System or the Marks in any way shifts any employee or employment related responsibility from you to us.

13.2.4. You acknowledge and agree, and will never contend otherwise, that you alone will exercise day-to-day control over all operations, activities and elements of your Placement Agency and that under no circumstance will we do so or be deemed to do so. You further acknowledge and agree, and will never contend otherwise, that the various requirements, restrictions, prohibitions, specifications and procedures of System which you are required to comply with under this Agreement, whether set forth in the Operations Manual or otherwise, do not directly or indirectly constitute, suggest, infer or imply that we control any aspect or element of the day-to-day operations of your Placement Agency, which you alone control, but only constitute standards you must adhere to when exercising your control of the day-to-day operations of your Placement Agency.

13.2.5. You acknowledge that we may, from time-to-time, make certain recommendations as to employment policies and procedures, which may include (among other things) a sexual harassment policy. You will have sole discretion in whether to adopt any such policies and procedures, and as to the specific terms of those policies and procedures. Training with respect to all such policies and procedures will be your sole responsibility.

13.3. **Owners Agreement.** You and each of your Owners who own a legal or beneficial interest in you of five percent (5%) or greater must, jointly and severally, sign the Owner Agreement attached as **Addendum 2j** and you and each of your Owners will otherwise bind yourselves to the terms of this Agreement. If the ownership interest is acquired after Effective Date, each new Owner must sign and provide the Owner Agreement to us within ten (10) days after obtaining the interest as an Owner.

14 **INDEMNIFICATION: INSURANCE**

14.1. **Indemnification.** You, and each of the Owners identified on **Addendum 1**, agree that you will, at all times, indemnify, exculpate, defend and hold harmless, to the fullest extent permitted by law, us, our successor, assigns, and Affiliates (including but not limited to Senior Care Authority, EEC) and the respective officers, directors, shareholders, agents, representatives, independent contractors, servants, and employees of each of them (the **“Indemnified Parties”**) from all losses and expenses incurred in connection with any action, suit, proceeding, claim, damages (actual, consequential, or otherwise), demand, losses, liabilities, actions, lawsuits and other proceedings, judgments, awards, investigation, or inquiry (formal or informal), or any settlement of any of them, which arises out of or is based upon any of the following:

14.1.1. The infringement, alleged infringement or any other violation by you, your Owners or principals of any patent, mark, copyright, or other proprietary right owned or controlled by third parties due to your unauthorized use of all or any portion of the Marks and/or System.

14.1.2. Your, or your Owners', violation, breach, or asserted violation or breach of any federal, state, or local law, regulation, ruling or industry standard.

14.1.3. Your, or your Owners', libel, slander, or any other form of defamation.

14.1.4. Your employment or other contractual relationship with your employees, workers, managers, or independent contractors, including but not limited to any allegation, claim, finding, or

ruling that we are an employer or joint employer of your employees.

14.1.5. Your, or your Owners': (a) violation or breach of any warranty, representation, agreement, or obligation in this Agreement or in any other agreement between you and us or our Affiliates; (b) acts, errors, or omissions, or those by any of your affiliates, any of your principals, officers, directors, shareholders, agents, representatives, independent contractors, or employees in connection with the establishment and operation of your Placement Agency, including, but not limited to, any acts, errors, or omissions of any of them in the operation of any motor vehicle or in the establishment or implementation of security for your Placement Agency.

14.1.6. Any damages, incidents, or claims listed in this Section 14.1 that are alleged to be caused by an Indemnified Party's negligence, unless (and then only to the extent that) the claims, obligations, and damages are determined to be caused solely by the Indemnified Party's gross negligence or willful misconduct according to a final, unappealable ruling issued by a court or arbitrator with competent jurisdiction.

We have the right to defend any such action or claim against us, with counsel of our choosing, at your expense. This indemnification will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement. For the purposes of the indemnification in this Section 14.1 only, the term "claim" also includes all obligations and costs incurred in the defense of any claim against any of the Indemnified Parties, including, without limitation, reasonable accountant, arbitrator, attorney, and expert witness fees, costs of investigation and proof of facts, court costs, and other expenses of litigation, arbitration, or alternative dispute resolution and travel and living expenses.

14.2. Mitigation Not Required. Under no circumstances will we or any other Indemnified Party be required to seek recovery from any insurer or other third party, or otherwise to mitigate our, their or your losses and expenses, in order to maintain and recover fully a claim against you. You agree that a failure to pursue such recovery or mitigate a loss will in no way reduce or alter the amounts we or another Indemnified Party may recover from you.

14.3. Insurance. During the Term, you must maintain in force, at your expense, policies of insurance, in the minimum amounts specified by us, purchased from the Approved Supplier we designate.

14.3.1. Required Insurance. You must purchase and maintain, throughout the term of the Agreement: (1) professional liability (errors & omissions) and general liability insurance written on Occurrence Form coverage for the franchised business with limits of at least \$1,000,000 per occurrence, \$3,000,000 aggregate limit, and \$100,000 damage to rented premises per occurrence ; (2) personal and advertising injury coverage of \$1,000,000 per occurrence; (5) automobile liability, covering any automobile, including any hired or non-owned vehicles used in your Placement Agency's operation, of \$1,000,000 coverage or higher amount if required by applicable law; ~~and (6) worker's compensation and employer's liability, which must meet statutory requirements of your state if applicable;~~ and (7) other insurance to comply with applicable law. We may unilaterally modify our insurance requirements, which modifications may include increasing minimum policy limits, by delivering to you written notice of the change through the Operations Manual.

14.3.2. Recommended Insurance. We also recommend (but do not require) the following types of insurance: (1) if you have employees, employment practices liability insurance in an amount of \$1,000,000 for each loss and \$1,000,000 in costs (\$2,000,000 total); (2) crime bond insurance in an amount recommended by your insurer, without a conviction clause; (3) abuse and molestation coverage in the amount of \$100,000 per occurrence, \$300,000 aggregate; (4) cyber liability insurance in the amount of at least \$100,000 per incident; (5) excess or umbrella liability insurance with limits of

not less than \$1,000,000 per occurrence, \$1,000,000 aggregate.

14.3.3. Additional Named Insured. Each insurance policy must contain an endorsement naming us (and, if we so request, our members, directors, agents, and Affiliates) as “Additional Named Insured” (and not as “additional insureds”) in the broadest form, extending to our negligence and errors and omissions, and cannot be limited to vicarious liability. You must provide us with thirty (30) days advance written notice to us of any material modification, cancellation, or expiration of the policy. Each policy must also include a waiver of the insurer’s right of subrogation against any of us, and provide coverage for your indemnification obligations under this Agreement. The insurance afforded to additional insureds must apply as primary insurance and not contribute to any insurance or self-insurance available to Senior Care Authority, EEC

14.3.4. Continuation of Policy. Regardless of the amounts we state above, it is your responsibility to maintain adequate insurance coverage at all times during the term of and after the expiration of this Agreement, so that coverage, including but not limited to any policies that are on a “claims made” basis, which through the purchase of an extended reporting endorsement (i.e., “tail” insurance) will be in effect for acts or omissions that occurred prior to the termination of the policy and are reported within a 24 month period following the end of the policy period.

14.3.5. Copies of Policies. You must provide us with copies of policies (including all endorsements) evidencing the existence of the insurance required by this Section 14.3 at least ten (10) days prior to the time you are first required to carry insurance, and thereafter at least thirty (30) days prior to the expiration of any policy, along with certificates evidencing such insurance.

14.3.6. Our Right to Obtain Insurance. In the event you fail to obtain the required insurance and to keep it in full force and effect, we may, but will not be obligated to, purchase insurance on your behalf from an insurance carrier of our choice, and you must reimburse us for the full cost of such insurance, plus an administrative fee equal to 20% of the cost of such premiums, within five (5) days of the date we deliver you an invoice detailing such costs and expenses.

14.3.7. Acknowledgement. You acknowledge that the foregoing minimum insurance requirements do not constitute advice or a representation that such coverages are necessary or adequate to protect you from losses in connection with your Placement Agency. Nothing in this Agreement prevents or restricts you from acquiring and maintaining insurance with higher policy limits or lower deductibles than we require.

15 ASSIGNMENT

15.1. By Us. You acknowledge that we maintain a staff to manage and operate the System and that staff members can change as our owners, directors, officers, and employees come and go. You represent that you have not signed this Agreement in reliance on any particular shareholder, director, officer, or employee remaining with us in that capacity. We may change our ownership or form and/or assign this Agreement and any other agreement to a third party without restriction. After our assignment of this Agreement to a third party who expressly assumes the obligations under this Agreement, we no longer will have any performance or other obligations under this Agreement.

15.2. Assignment by You. We have entered into this Agreement in reliance upon and in consideration of your singular personal skill and your qualifications, as well as the trust and confidence we have in you. Therefore, neither your interest in this Agreement, nor any interest in: (a) you; (b) any of your Owners; (c) substantially all of your assets; ~~or~~ (d) your Placement Agency; ~~can be assigned, transferred, given away or encumbered, voluntarily or involuntarily (a “Transfer”), without our prior written consent; or~~ (e) a portion of

your Territory (i.e., one or more of the Marketing Areas), can be assigned, transferred, given away or encumbered, voluntarily or involuntarily (a "Transfer"), without our prior written consent.

15.2.1. We will not unreasonably withhold approval of a Transfer if you comply with the conditions of this Article 15. Our consent to a Transfer will not be a waiver of any claims we may have against you.

15.2.2. If, after a Transfer approved by us, one of your Owners no longer has any interest in you or your Placement Agency, then that person will be relieved of liability for any obligations to us that arise *after* the date of the Transfer, except for obligations that arise under Articles 16 or 18.

15.3. Conditions for Approval of Transfer. We, in our discretion, may impose conditions on the Transfer, including the following:

15.3.1. You and your Owners must be in full compliance with this Agreement, and must have been in substantial compliance with this Agreement during the Term, and must pay all amounts then owed to us or our Affiliates.

15.3.2. The transferee must complete and submit all application documents required by us from prospective franchisees at the time of the assignment, meet all of our then-current standards for new prospective franchisees, and be approved in writing by us.

15.3.3. You must provide us with a complete copy of all contracts and related documentation between you and your prospective transferee relating to the intended Transfer.

15.3.4. The transferee must have, at our option, either: (i) assumed this Agreement by a written assumption agreement approved by us (which will include a personal guarantee(s) by the transferee, its principals and/or owners of a beneficial interest in transferee), or have agreed to do so at closing; or (ii) executed a replacement franchise agreement on the standard form of franchise agreement we are then offering to new franchisees, which may differ from this Agreement in all material respects, including but not limited to having a smaller Territory and higher or different fees than were required in or granted by this Agreement.

15.3.5. At the time you ask for our consent to a Transfer, you must pay us a transfer fee of thirty thousand dollars (\$30,000). This fee will, in part, compensate us and our employees for efforts in assisting you with your resale, per Marketing Area you are Transferring. If your Transfer will be to an existing franchisee of ours, the transfer fee will be fifteen thousand dollars (\$15,000) per Marketing Area you are Transferring.

~~15.3.6. At the time you consummate the Transfer, you must pay us an onboarding fee of ten thousand dollars (\$10,000).~~

~~15.3.6.~~ ~~15.3.7.~~ At the expense of either you or the transferee, upgrade, remodel, or replace the assets used by your Placement Agency, including any and all of your Vehicles and equipment, to conform to our then-current standards and specifications for new franchisees, and complete the upgrading, remodeling, or replacing and other requirements within the time specified by us.

~~15.3.7.~~ ~~15.3.8.~~ Prior to the date of Transfer, your transferee and/or its designated manager must attend training as required under the-then current franchise agreement being used by us.

~~15.3.8.~~ ~~15.3.9.~~ You and each Owner must have executed a general release, on our then-current form

(our current form is attached to the Franchise Disclosure Document as Exhibit E), of any and all claims against us and our Affiliates and our and their respective officers, directors, shareholders, managers, members, agents and employees in their corporate and individual capacities; provided, however, that any release will not be inconsistent with any state law regulating franchising.

~~15.3.9.~~ ~~15.3.10.~~ If any part of the sale price is financed, you must agree that all obligations of the transferee under any promissory note, other payment agreement, or financing statement will be subordinate to the obligations of the transferee to pay the Royalty Fee, the Marketing and Technology Support Fee, and other amounts due to us and our Affiliates pursuant to this Agreement.

~~15.3.10.~~ ~~15.3.11.~~ You must execute a written agreement not to compete in favor of us and your transferee, with terms the same as those set forth in Sections 16.5 and 16.6. ~~15.3.12.~~

~~15.3.11.~~ You and your transferee must work out a transition plan to address the needs of your current and prospective clients, which is reasonably acceptable to us and complies with our then-current policies as stated in the Operations Manual.

15.4. Right of First Refusal. At least thirty (30) days before you intend to engage in a Transfer your Placement Agency, you must give written notice to us of your intention to make a Transfer. This notice must include a fully-executed copy of any sale document, and any documents referred to in that or those document(s).

15.4.1. We will have the right to acquire the transferred interest at the same price, and on the same terms and conditions, as contained in any bona-fide offer from a third party made to you. Our credit will be deemed equal to the credit of any proposed buyer (meaning that, if the proposed consideration includes promissory notes, we or our designee may provide promissory notes with the same terms as those offered by the proposed transferee). We will have up to sixty (60) days to close the purchase.

15.4.2. We must receive, and you and your Owners agree to make, all customary representations and warranties given by the seller of the assets of a business or the ownership interests in a Business Entity, as applicable.

15.4.3. We have the unrestricted right to assign this right of first refusal to a third party, who then will have the rights described in this Section.

Any material change in the terms of any offer prior to closing, or your failure to close on the Transfer within one hundred twenty days (120) of submitting to us written notice of your intention to make the Transfer, will constitute a new offer subject to the same right of first refusal by us. This Section 15.4 will not apply to: (a) a Transfer by you or your Owners to an immediate adult family member of you or your Owners; or (b) if you are a Business Entity, the Transfer of your shares to an Owner who was identified on Addendum 1 of this Agreement as of the Effective Date and has signed an Owner Agreement with us in the form attached as Addendum 2.

15.5. Limited Assignment Right for Sole Proprietorships or Partnerships. If you are a sole proprietorship or partnership, we expressly consent to the Transfer of this Agreement, without payment of a fee, to a Business Entity owned and controlled by the same Owners, provided that you and each of the Owners execute: (a) an assignment agreement; and (b) the Owner Agreement attached as Addendum 2, and provided that you comply with the requirements of Section 1.5. You must notify us in writing of any proposed Transfer under this Section 15.5 and must provide and/or sign all documents we request including, but not limited to, assignment documents, articles of incorporation or organization and bylaws.

15.6. Death or Disability of You or Your Owners. Upon the death or permanent incapacity (mental or physical) of you or of any Owner who has a controlling interest in you, the executor, administrator, or personal

representative of such person must Transfer such interest to a third party approved by us within one hundred eighty (180) days after such death or mental incapacity. Such Transfers, including, without limitation, Transfers by devise or inheritance, will be subject to the same conditions as an inter vivos transfer. In the case of Transfer by devise or inheritance, however, if the heirs or beneficiaries of any such person are unable to meet the conditions of this Section 15.6, the executor, administrator, or personal representative of the decedent must Transfer the decedent's interest to another party approved by us within one hundred eighty (180) days, which disposition will be subject to all the terms and conditions for Transfer contained in this Agreement. If the interest is not disposed of within the one hundred eighty (180) day period, we may, at our option, terminate this Agreement. In the event of your death or disability (if you are an individual), the Transfer of your interest in this Agreement and your Placement Agency by will or intestate succession, or conveyance of such interest in the event of disability, to your individual heirs, will require our written consent, but will not give rise to our right of first refusal under Section 15.4. However, our right of first refusal will apply to any proposed Transfer or assignment by such heirs.

15.7. Termination. Resignation. Death or Disability of Designated Manager. If, due to termination, resignation, death, or disability, no one is able to perform management or training supervisory duties relating to your Placement Agency, you must, within a reasonable time not to exceed sixty (60) days from the date of termination, resignation, death, or disability, appoint a new Designated Manager. Each new Designated Manager must, at your expense, attend and complete the Initial Training Program to our satisfaction. If, in our sole judgment, your Placement Agency is not being managed properly, or your trainers are not being adequately supervised, at any time after the Designated Manager's termination, resignation, death, or disability, we will have the right (but not the obligation) to exercise our step-in rights under Section ~~17.8~~17.9.

16 COMPETITION: PROTECTION OF OUR CONFIDENTIAL INFORMATION

16.1. Your Acknowledgement. You acknowledge that you will obtain knowledge of our Confidential Information that is essential to the operation of your Placement Agency, without which information you could not effectively and efficiently operate it. You further acknowledge that such Confidential Information was not known to you prior to execution of this Agreement. You further acknowledge and agree that all of the Confidential Information is our sole property, represents our valuable assets, and that we have the right to use the Confidential Information in any manner we wish at any time.

16.2. Use and Disclosure of Confidential Information. You will not use any Confidential Information for any purpose other than in the manner we permit or direct. You may disclose Confidential Information only to such of your employees, agents, independent contractors and representatives as reasonably necessary in order to operate your Placement Agency. You may not, during the Term or afterward, communicate, divulge or use for the benefit of any other person or entity any Confidential Information, except to such employees and independent agents as must have access to it in order to operate your Placement Agency, and you agree that your use of Confidential Information for any purpose other than the development and operation of your Placement Agency in accordance with this agreement would constitute unfair competition. Any and all Confidential Information may not be used for any purpose other than conducting your Placement Agency. You agree not to make any copies of, reproductions of, or extracts of any Confidential Information except strictly incidental to, and solely in furtherance and within the scope of your relationship with us. You will never reveal any Confidential Information to any person, except as permitted by this Agreement or pursuant to an order from a court of competent jurisdiction. In the event that you should receive such a court order, you must provide us immediate oral and written notice of such order, and must cooperate with us in protecting the secret nature of the Confidential Information.

16.3. Preservation of Confidentiality. You must not permit any person (including your Owners, Designated Manager, principals, officers, directors, independent contractors and employees) to access Confidential Information (including the Operations Manual) without first requiring them to execute confidentiality

agreements, in a form we approve, requiring that all Confidential Information that may be acquired by or imparted to such person be held in strict confidence and used solely for the benefit of you and us. You must ensure that each of your Owners execute the Owner Agreement, attached to this Agreement as Addendum 2. All confidentiality agreements described in this Section 16.3 must include a specific identification of us as a third-party beneficiary with the independent right to enforce the agreement. Our current approved form is attached to our Franchise Disclosure Document as Exhibit H.

16.4. Covenant Not to Compete: During Term. You covenant and agree that, during the Term and any successor term(s), neither you nor your Owners, Designated Manager(s), officers, directors, members, and partners nor any of your or their immediate family members will directly or indirectly own, invest in, partner with, direct, serve as an officer or director for, be employed by, act as consultant for, represent, act as an agent for, or divert or attempt to divert any client, person, or business to, any Competitive Business anywhere.

16.5. Covenant Not to Compete: After Term. For the reasons stated in Section 16.1 above, you covenant and agree that, for a period of two (2) years after the termination of this Agreement or any successor to this Agreement, regardless of the reason, cause, purpose, or source of the termination (including but not limited to your Transfer of this Agreement), neither you nor your owners, managers, Designated Manager(s), officers, directors, members, and partners will directly or indirectly own, invest in, partner with, direct, serve as an officer or director for, be employed by, act as a consultant for, represent, or act as an agent for, any Competitive Business within twenty-five (25) miles of: (a) the Territory; or (b) any other Placement Agency that is then operating or under development.

16.6. Covenant Not to Divert Customers. You agree that, during the Term or any successor term(s), and for a period of two (2) years after the termination or expiration of this Agreement or any successor ~~agreement(s)~~ agreement(s), you will not divert, attempt to divert, or accept business from any client of any Placement Agency to any Competitive Business.

16.7. You Acknowledge that these Covenants Are Reasonable. You agree that all covenants in this Agreement and this Article 16 are fair and reasonable in both duration and area, and will not impose any undue hardship on you. You agree that the existence of any claims you may have against us, whether or not arising from this Agreement, will not constitute a defense to enforcement by us of the covenants in this Article. You further acknowledge that a violation of any covenant in this Article 16 will cause us irreparable harm, the exact amount of which may not be ascertainable, and therefore, you consent that in the event of such violation, we will, as a matter of right, be entitled to apply for injunctive relief to restrain you, or anyone acting for you or on your behalf, from violating said covenants. Such remedies, however, are cumulative and in addition to any of the remedies to which we may then be entitled. The covenants set forth in this Article 16 will survive the termination, expiration or Transfer of this Agreement. You agree to pay all costs and expenses, including, without limitation, reasonable attorneys' fees, that we incur in connection with our enforcement of the covenants in this Article 16. YOU EXPRESSLY ACKNOWLEDGE THAT YOU POSSESS SKILLS AND ABILITIES OF A GENERAL NATURE AND HAVE OTHER OPPORTUNITIES TO EXPLOIT SUCH SKILLS. CONSEQUENTLY, YOU REPRESENT TO US THAT ENFORCEMENT OF THE COVENANTS SET FORTH ABOVE WILL NOT DEPRIVE YOU OF THE ABILITY TO EARN A LIVING.

16.8. Covenants Are Severable: Tolling. The parties agree that each covenant in this Article 16 is construed to be independent of any other covenant or provision of this Agreement. If all or any portion of the covenants in this Agreement is held unenforceable or unreasonable by a court or agency having competent jurisdiction in any final decision to which we are a party, you expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resultant covenant were separately stated in and part of this Agreement. Any period of time

specified in this Article 16 will be tolled and suspended for any period of time during which you are in violation of any restrictive covenant.

16.9. Limited Exclusion. The restrictions contained in Sections 16.4 and 16.5 above will not apply to ownership of less than two percent (2%) of the shares of a company whose shares are listed and traded on a national securities exchange if such shares are owned for investment only.

~~17.~~

17 DEFAULT; TERMINATION

17.1. Automatic Termination Without Notice. You are in material breach of this Agreement, and this Agreement will automatically terminate without notice, if:

17.1.1. Insolvency. You become insolvent or make a general assignment for the benefit of creditors.

17.1.2. Filing of Bankruptcy Petition. You file a petition in bankruptcy, or such a petition is filed against you and you do not oppose it.

17.1.3. Adjudication of Bankruptcy. You are adjudicated as bankrupt or insolvent.

17.1.4. Receivership. A bill in equity or other proceeding for the appointment of a receiver of: (1) you; (2) your Placement Agency; or (3) another custodian for your business or assets, is filed or consented to by you, or if a receiver or other custodian (permanent or temporary) of your assets or property, or any part of them, is appointed by any court of competent jurisdiction.

17.1.5. Creditor Composition Proceedings. Proceedings for a composition with creditors under any state or federal law is instituted by or against you.

17.1.6. Final Judgment. A final judgment against you in the amount of twenty five thousand (\$25,000) dollars or more remains unsatisfied or of record for thirty (30) days or longer (unless a supersedeas bond is filed).

17.1.7. Dissolution. You voluntarily dissolve or liquidate, or have a petition filed for corporate or partnership dissolution filed against you and the petition is not dismissed within thirty (30) days.

17.1.8. Execution. Execution is levied against your business or property.

17.1.9. Levy or Foreclosure. The real or personal property of your Placement Agency is sold after levy by any sheriff, marshal, or constable, or a suit is filed to foreclose a lien or mortgage against any of your assets and it is not dismissed within thirty (30) days.

17.2. Immediate Termination With Notice and No Opportunity to Cure. We will have the right to terminate this Agreement immediately, without providing you an opportunity to cure, upon our delivery of written notice to you under any of the following circumstances:

17.2.1. Failure to Open. You fail to open your Placement Agency on or before the Commencement Deadline.

17.2.2. Abandonment. You fail to keep your Placement Agency operating for a period of five (5) consecutive days, except as may be allowed by us in the Operations Manual or otherwise in writing.

17.2.3. Failure to Maintain Licenses and Permits. You fail to maintain all required professional

licenses, permits, and certifications for a period exceeding five (5) business days.

17.2.4. Certain Acts. Conduct or activity by you, your Designated Manager(s), or Owners that is reasonably likely to have an adverse effect or reflect unfavorably on your Placement Agency, us, the System, Placement Agencies generally, the Marks, or the goodwill associated with them, including (but not limited to) a felony conviction of you or of any of your Owners, or Designated Manager(s).

17.2.5. Unauthorized Assignment. You or an Owner purport to sell, assign, Transfer or encumber this Agreement, your Placement Agency or an interest in you without our prior written consent in violation of Article 15.

17.2.6. Failure to Comply With Laws. You fail to comply with any material Legal Requirement applicable to the operation of your Placement Agency, and fail within the time period allowed by law (if applicable) to cure the noncompliance following your receipt of notice of the noncompliance. If no time period is specified, the cure period will be twenty-four (24) hours from the receipt of such notice.

17.2.7. Repeated Defaults. We deliver to you two or more written notices of default pursuant to this Article 17 within any twelve (12) month period, whether or not the defaults described in the notices ultimately are cured.

17.2.8. Understating Gross Sales. You submit on two or more occasions during the Term a report, financial statement, tax return, schedule or other information or supporting record (including submission by or through the Computer System) which understates your Gross Sales by more than three percent (3%). This provision will not apply if you can demonstrate that the understatement resulted from an inadvertent error or error made by the Computer System.

17.2.9. Material Misrepresentations. You make any material misrepresentations relating to the acquisition of your Placement Agency or in connection with the operation of your Placement Agency.

17.2.10. Failure to Allow Audit or Inspection. You refuse to allow or cooperate with the audits or inspections by us described in Article 12.

17.2.11. Violation of Restrictive Covenants. You, your Owners, or any of the individuals identified in Article 16 violate any of the restrictive covenants against competition or use or disclosure of our Confidential Information in Article 16.

17.2.12. Interference With Relationships. You interfere or attempt to interfere with our actual or prospective contractual relations with Approved Suppliers, other Placement Agencies, employees, advertising agencies or any third parties.

17.2.13. Sale of Unapproved Products or Services. You offer or sell as part of your Placement Agency any unapproved product, service or program; do not sell Authorized Products or Services, or do not use or disseminate (as applicable) all materials, notices and procedures specified by us.

17.2.14. Intellectual Property Misuse. If you challenge the validity of, materially misuse, or make any unauthorized use, disclosure, or duplication of, the Marks or Confidential Information (excluding only independent acts of your employees or others if you exercised your best efforts to prevent such disclosures or use).

17.2.15. Anti-Terrorism Laws. You violate, or make any misrepresentation regarding your compliance with, or violation of, Anti-Terrorism Laws by you, your Owners, officers, directors,

Designated Managers, managers, members, partners, or agents.

17.2.16. Operation After Death or Incapacity. You fail to maintain your Placement Agency under the primary supervision of a Designated Manager during the one-hundred-eighty (180) days following the death or incapacity of you or any of your Owners.

17.3. Termination After Cure Period. We have the right to terminate this Agreement, which termination will become effective upon delivery of written notice of termination, if you fail to cure the following defaults within the following cure periods:

17.3.1. Thirty Day Cure Period. You will have thirty (30) days after delivery of written notice to cure the following defaults: (a) your Owners are engaged in a dispute with one another (deadlock) that materially affects the operation of your Placement Agency, which dispute or deadlock remains unresolved after the expiration of the thirty (30) day cure period; (b) you fail to resolve client complaints and/or disputes as required by Section 9.9; (c) you fail to make a timely payment of any amount due to an Approved Supplier unaffiliated with us (other than payments which are subject to a bona fide dispute); or (d) any other default by you under this Agreement not expressly identified in Sections 17.1, 17.2, ~~or this 17.4,~~ or this 17.3.

17.3.2. Ten Day Cure Period. You will have ten (10) days to cure a default for your failure to obtain or maintain required insurance coverage.

17.3.3. Five Day Cure Period. You will have five (5) days to cure a default for your failure to pay: (a) any amounts due to us; (b) all amounts for which we have advanced funds for or on your behalf, or upon which we are acting as guarantor of your obligations.

We will have the right to terminate the Agreement after the expiration of the cure period if you do not correct your default after we deliver to you notice of your failure to comply. The description of any breach in any notice served by us upon you will in no way preclude us from specifying additional or supplemental breaches in any action, arbitration, hearing or suit relating to this Agreement or its termination.

17.4. Termination of Undeveloped Marketing Areas. If you do not commence marketing and operations within a Marketing Area by the specified Marketing Deadline, you will receive written notice and a thirty (30) day cure period. If you fail to rectify the default within that time, we have the right to terminate your operating rights in all Marketing Areas where you have not commenced marketing and operations. If we do this, your Territory will be reduced by all of the Marketing Areas in which you have not begun marketing and operating.

17.5. ~~17.4.~~Effect of Laws: Election by us not to Terminate Immediately. If applicable law will not allow the termination of this Agreement immediately as stated in Sections 17.1 or 17.2 above, or if we elect not to have the default result in the immediate termination of this Agreement, the concerned default will be subject to the provisions of, and the cure period stated in, Section 17.3.1. If applicable law requires a longer cure period than that specified in this Agreement, the longer period will apply.

17.6. ~~17.5.~~Our Pre-Termination Options. If you fail to pay any amount owed under this Agreement, or fail to comply with any term of this Agreement or the Operations Manual (subject to applicable notice and cure periods), then, in addition to our right to terminate this Agreement or to bring a claim for damages, we have the following options as we deem necessary:

17.6.1. ~~17.5.1.~~To suspend all services provided to you under this Agreement or otherwise, including training, marketing assistance, and the sale of products and supplies.

~~17.6.2.~~ ~~17.5.2.~~To eliminate listing you in any advertising, marketing or promotional materials, including any directory listings, approved or published by us, and our principal website.

We may continue taking these actions until you comply with the requirements of any default notice that we have sent to you, and we acknowledge your compliance in writing. The options in this Section ~~17.5-17.6~~ will have no effect on, and will not release you from, any obligation you owe to us or to our Affiliates.

17.7. ~~17.6.~~Termination by You. You can terminate this Agreement only with our prior written consent, or if we commit a material breach of this Agreement that is not cured within thirty (30) days after written notice from you. If the nature of the breach is such that we will be unable to cure it within the required thirty (30) day period, we can take such additional time as may be reasonably necessary within which to cure said breach provided that we have begun taking corrective action within the thirty (30) day period, and we pursue it diligently to completion.

17.8. ~~17.7.~~Cross-Default. Any default by you under any agreement between you and us or you and our Affiliates, and your failure to cure within any applicable cure period, will be considered a default under this Agreement and will provide an independent basis for us to terminate this Agreement. If the default under the other agreement is such that it would entitle us to immediately terminate that other agreement, then we will be entitled to immediately terminate this Agreement in the manner stated in Section 17.2.

17.9. ~~17.8.~~Step-In Rights and Management. To prevent any interruption of business of your Placement Agency and any injury to the goodwill and reputation of your Placement Agency, the System, or other Placement Agencies which may be caused by such interruption, in the event of: (a) your default under this Agreement; (b) our termination of the Agreement under Sections 17.1 through 17.3; or (c) your death or permanent incapacity (mental or physical), we will have the right (but not the obligation) to operate your Placement Agency for as long as we deem necessary and practical. You hereby authorize us to undertake such operation, and agree that our operation of and making corrections to, your Placement Agency within our reasonable business judgment will not make us or our agents guilty of trespass or any other tort, and that our exercising these rights will not constitute a waiver of any other rights or remedies we may have under this Agreement. If we operate your Placement Agency, we will have the right to collect and pay from the revenues of your Placement Agency all expenses relating to the operation of your Placement Agency including, without limitation, Royalty Fees, employee salaries, reimbursement of our expenses incurred in connection with such operation (including travel, lodging, and living expenses), and a management fee of five hundred dollars (\$500) per day. You must indemnify and hold us harmless from any and all claims arising from the alleged acts and omissions of us and our representatives in exercising rights under this Section.

18. POST TERMINATION OBLIGATIONS

Upon termination or expiration of this Agreement for any reason (including a Transfer by you):

18.1. Cease Use of Marks and System Materials. You must immediately cease all use of the Marks and the Operations Manual, materials relating to the System and its operation, and Confidential Information, and you must not use any trademarks, tradenames, service marks, or other commercial symbols that indicate or suggest a connection with us.

18.2. Representations of Affiliation. You must refrain from any representation whatsoever that you are our franchisee, or that you are or have been affiliated with us, and you must take any affirmative action necessary to remove any use of the Marks in connection with your Placement Agency. You must, at our option and request, assign to us all rights to all telephone numbers, e-mail addresses, URLs, domain names, social media identities, Internet listings, and Internet accounts related to your Placement Agency. If you do not voluntarily comply with this Section 18.2, we may, at our option, execute in your name and on your behalf, any and all documents necessary to end your use of the Marks and you irrevocably appoint the person serving as our

manager or President as your attorney-in-fact to do so. You must take all actions as may be required to cancel all fictitious or assumed names or equivalent registrations relating to your use of any of the Marks.

18.3. De-Identification. You must modify the Business Office, including all equipment and Vehicles used by your Placement Agency (including, without limitation, the changing of the color scheme and other distinctive design features, and the changing of and assigning to us of, the telephone numbers) as may be necessary to distinguish the appearance of your Placement Agency from that of other Placement Agencies, and you must make such specific additional changes to your Placement Agency as we may reasonably request for that purpose. Such de-identification must be completed within fifteen (15) days after expiration or termination of this Agreement. If your Business Office is located anywhere other than your home, if we ask you to do so, you must immediately assign to us the lease that is in effect for your Business Office.

18.4. Payment; Security Interest. You must pay all sums you owe to us or our Affiliates under the terms of any agreement with us or our Affiliates within fifteen (15) days of termination or expiration of this Agreement, or such later date that any amounts due have been determined by us. Said sums will include all interest, damages, costs and expenses, including reasonable attorneys' fees, incurred by us, whether or not said sums are incurred prior to or subsequent to the termination or expiration of this Agreement. Said sums will also include the Liquidated Damages and all other costs and expenses, including, without limitation, reasonable attorneys' fees, costs, and expenses incurred by us in obtaining injunctive or other relief to enforce the provisions of this Agreement. You grant to us a security interest (which will be subordinate to any purchase money security interest) in any equipment, inventory, supplies, furniture and fixtures and goods represented thereby, to the extent that we have not received all funds due and owing from you. This Agreement will constitute a security agreement granting to us a security interest in the above mentioned collateral, and you must execute any and all financing statements required by us to perfect our security interest in the collateral.

18.5. Return of Operations Manual and Other Confidential Information. You must, within ten (10) days of the termination, deliver to us the Operations Manual and all Confidential Information, Intellectual Property, records, files, computer programs, software, Operational Data, records, files, instructions, correspondence, and any and all other materials relating to the operation of your Placement Agency that were provided to you, or held by a third party on your behalf, and all copies of it (all of which you acknowledge is our property). You will retain no copy or record of any of the foregoing, with the exception only of your copy of this Agreement, correspondence between the parties and any other documents which you reasonably need to comply with law.

18.6. Our Right to Purchase Tangible Assets. We will have the option to purchase your interest (if any) in any or all of your Placement Agency's Vehicles, equipment, supplies, and signs for a purchase price equal to the lesser of your cost or then-current fair market value, to be determined by a qualified independent third party of our choosing, and may set off against the purchase price any amounts that you owe to us. We will exercise our option by delivering written notice before or within thirty (30) days after this Agreement expires or is terminated.

18.7. Liquidated Damages. If an early termination of this Agreement occurs (which will mean any termination of the Agreement before the end of the Term, other than due to a mutual termination or your termination under Section ~~17.6~~17.7), you will, within fifteen (15) days of such early termination, pay to us liquidated damages ("**Liquidated Damages**"). You agree that the Liquidated Damages are not a penalty, and that it would be impracticable or extremely difficult for us to calculate the actual amount you would have been obligated to pay us as Royalty Fees through the end of the Term. As a result, the parties agree that the following method of calculation represents a fair and reasonable estimate of our damages. Liquidated Damages will be equal to the combined monthly average of Royalty Fees (without regard to any fee waivers or other reductions) that are owed by you to us, beginning with the Commencement Deadline through the date of early termination, multiplied by the lesser of: (i) twenty-four (24), or (ii) the number of full months remaining in the Term.

18.8. Use of Operational Data and Other Information. We have the right, during and after the Term, to access and use: (i) all information you provide to us contained in your sales and transaction reports, through the Computer System, and in such other operational reports that we request from you; (ii) Operational Data; and (iii) the contact information of you or your Owners. We may use this information for business purposes that may include, without limitation, public relations, advertising, statistical compilations, investigations and resolutions of client complaints, and quality surveys. We have the right, after termination, to continue to use the information referred to in this Section 18.8. After termination or expiration of the Agreement, we will have the exclusive right to use Operational Data, and to make the Operational Data available to other Placement Agencies for such purposes as we deem appropriate.

18.9. Termination Without Prejudice. The expiration or termination of this Agreement will not relieve you of any of your obligations to us existing at the time of expiration or termination, nor will it terminate those of your obligations which, by their nature, survive the expiration or termination of this Agreement. The expiration or termination of this Agreement will be without prejudice to our rights against you; and in the event of a termination which is the result of your material breach or default under this Agreement, we will, in addition to our rights set forth above, also be entitled to all other rights and remedies that are available to us at law or in equity.

19 GOVERNING LAW: DISPUTE RESOLUTION

19.1. Governing Law. Article 16 (your covenants to maintain the secrecy of our Confidential Information and to not compete with us or other Placement Agencies) is governed by and must be interpreted in accordance of the laws of the state where your Territory is located. All other provisions of this Agreement are governed by and must be interpreted in accordance with the laws of the state of California, without reference to conflict of laws principles. By agreeing to the application of California law, the parties do not intend to make this Agreement or their relationship subject to any franchise, dealership, distributorship, business opportunity, or other statute, rule, or regulation of the state of California to which this Agreement or the parties' relationship would not otherwise be subject. We and you each acknowledge and agree that this choice of applicable state law provides you and us with the mutual benefit of uniform interpretation of this Agreement. You expressly waive any rights or protections you have or may have under any statute or law of any other state to the fullest extent permitted by law. This Agreement may be deemed to be amended from time to time as may be necessary to bring any of its provisions into conformity with valid applicable laws or regulations.

19.2. Mandatory Mediation. Except as provided in Section 19.4, if any Dispute cannot be settled through direct discussions, the parties agree to submit the Dispute to mediation before resorting to arbitration. Mediation will be administered by the American Arbitration Association (“AAA”) under its then-current Commercial Mediation Procedures (“**Mediation Procedures**”) and before a mediator selected under them. Mediation will not defer or suspend our exercise of any termination right under Article 17. All aspects of the mediation process will be treated as confidential, may not be disclosed to others, and must not be offered or admissible in any other proceeding or legal action whatsoever.

19.2.1. Deadline for Mediation. The party requesting mediation must provide written notice of the request for mediation to the other party in the manner prescribed in the Mediation Procedures. The request must specify with reasonable particularity the matters for which mediation is sought. Mediation must be concluded within thirty (30) days of the issuance of the written request for mediation, or such longer period as the parties may agree upon in writing.

19.2.2. Location. The mediation must be held in Petaluma, California or at the AAA office closest to our then-current headquarters if we are no longer headquartered in Petaluma, California.

19.2.3. Cost of Mediation and Consequences of Failure to Comply. The parties will equally share the

cost of the mediation, including administrative costs and mediator fees. Should a party refuse to pay its share of the costs and fees in advance of mediation, that party will be in default of this agreement, and the Dispute may proceed directly to arbitration without mediation. Any costs or fees, including attorney fees, incurred by the non-defaulting party in pursuing mediation may be sought as damages in arbitration.

19.3. Arbitration. Except as specifically provided in this Agreement, any Dispute that is not resolved through mediation must be settled by binding arbitration administered by the American Arbitration Association in accordance with its then-current Commercial Arbitration Rules (“**Commercial Rules**”). Judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction over the parties.

19.3.1. Governed by Federal Arbitration Act. The parties acknowledge that this Agreement evidences a transaction involving interstate commerce, and that any arbitration conducted under this Agreement will be governed by the Federal Arbitration Act (9 U.S.C., Secs. 1-16). The parties intend and agree that any state laws attempting to prohibit arbitration or void out-of-state forums for arbitration are preempted by the Federal Arbitration Act, and that arbitration must be conducted as provided in this Section 19.3.

19.3.2. Appointment of Arbitrator. The Dispute will be heard by a single arbitrator, chosen in accordance with the Commercial Rules. The arbitrator, and not any court, will have the sole authority to decide the Dispute, as well as to determine arbitrability of any Dispute.

19.3.3. Qualifications of the Arbitrator. At the option of either party, the arbitrator must be selected from a list of retired federal or state judges supplied by AAA, if available, who have substantive experience in franchise law.

19.3.4. Claims Barred. In connection with any arbitration proceeding, each party must submit any Dispute or claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) in the arbitration. Any such claim which is not submitted or filed as described above will be forever barred.

19.3.5. Payment of Fees and Costs. The parties will equally bear all administrative costs and arbitrator fees in accordance with the Commercial Rules. The parties agree that failure or refusal of a party to pay its required share of the deposits for arbitrator compensation or administrative charges will constitute a waiver by that party to present any evidence or cross-examine witnesses. In such event, the other party will be required to present evidence and legal argument as the arbitrator may require for the making of an award. Such waiver will not allow for a default judgment or award against the non-paying party in the absence of evidence presented as provided for above.

19.3.6. Mandatory Exchange of Information. In all matters, the parties must exchange the following information within 20 days of the appointment of the arbitrator without further order from the arbitrator. The parties must exchange the name and, if known, the address and telephone number of each individual likely to have information regarding any matter not privileged which is relevant to the subject matter involved in the Dispute, regardless of whether it relates to the claim or defense of the party or that of another party to the Dispute. The disclosure must include any witness anticipated for impeachment or rebuttal. The identifying party must identify the subject(s) on which the witness may provide testimony. The parties must also disclose and provide a copy of all documents, data compilations, and tangible things that are in the possession, custody, or control of the party regarding any matter not privileged which is relevant to the subject matter involved in the Dispute, regardless of whether it relates to the claim or defense of the party or that of the other party. The arbitrator may entertain a request to compel the exchange of information or documents not provided by a party in

possession of them.

19.3.7. Discovery. Each side may take three depositions. Neither side's depositions may consume more than a total of 18 hours. No party may make a speaking objection at a deposition, except to preserve privilege. The total period for the taking of depositions shall not exceed six weeks. No interrogatories or requests to admit may be propounded by either party.

19.3.8. Location. The arbitration must be held in Petaluma, California or at the AAA office closest to our then-current headquarters if we are no longer headquartered in Petaluma, California.

19.3.9. Time of Final Arbitration Hearing. The final arbitration hearing must be held no later than nine months from the date of the arbitration demand.

19.3.10. Timing; Type of Award. The arbitrator must agree to comply with the schedule stated in Section 19.3.9 before accepting appointment. However, this time limit may be extended by the arbitrator for good cause shown, or by mutual agreement of the parties. The award of the arbitrator must be accompanied by a reasoned opinion. The arbitrator may not declare any trademarks owned by us or our Affiliates generic or invalid.

19.3.11. Award of Fees and Costs. The arbitrator must award to the prevailing party, if any, as determined by the arbitrator(s), all of their costs and fees. "Costs and fees" mean all reasonable pre-award expenses of the arbitration, including arbitrator fees, administrative fees, travel expenses, out-of-pocket expenses such as copying and telephone, expert witness fees, costs of investigation and proof of facts, court costs, other arbitration or litigation expenses, and attorney fees. "Prevailing party" is the party which has obtained the greatest net award in terms of money or money equivalent. If money or money equivalent has not been awarded, then the prevailing party will be that party which has prevailed on a majority of the material issues decided. The "net award" is determined by subtracting the smallest award of money or money equivalent from the largest award. If there is a mixed decision involving an award of money or money equivalent and equitable relief, the arbitrator will award the above fees to the party that it deems has prevailed over the other party using reasonable business and the arbitrator's judgment.

19.4. Injunctive Relief. You acknowledge that a breach of this Agreement by you, which relates to any of the matters set out below, will cause us irreparable harm for which monetary damages are an inadequate remedy. Therefore, in addition to any other remedies we have under this Agreement, we are entitled to seek and obtain the entry of temporary and permanent injunctions and orders of specific performance enforcing the provisions of this Agreement with respect to: (i) the Marks; (ii) the System; (iii) Intellectual Property; (iv) the obligations of you upon termination or expiration of this Agreement; (v) Transfers; (vi) Confidential Information; (vii) covenants not to compete with us; and (viii) any act or omission by you or your employees that: (a) constitutes a violation of any Legal Requirement; (b) is dishonest or misleading to customers of your Placement Agency or other Placement Agencies; (c) constitutes a danger to your employees or to the public; or (d) may impair the goodwill associated with the Marks or the System. You are entitled to seek and obtain the entry of temporary and permanent injunctions to prevent our improper termination of this Agreement. The parties agree that such requests may be heard by the arbitrators or by a court (subject to Section 19.9), at the election of the party seeking the same. Neither party will be required to first mediate any claim for injunctive relief. Should a party elect to have its request heard by arbitrators, all such requests shall be heard in accordance with the then-current Commercial Rules. Neither party is required to post a bond or other security with respect to obtaining injunctive relief. If we secure any such injunction, you agree to pay to us an amount equal to the aggregate of our costs and expenses, including without limitation reasonable attorney fees, costs, and expenses, that we incur in obtaining such relief. You agree that your sole remedy, in the event of the entry of such injunction, will be the dissolution of such injunction, if warranted, upon hearing duly held. You waive all claims for damages by reason of the wrongful issuance of any such injunction.

19.5. Waiver of Right to Jury Trial. Each party hereby irrevocably waives its rights to trial by jury regarding any Dispute or proceeding arising out of this agreement or the transactions relating to its subject matter.

Your Initials: _____ Our Initials: _____

19.6. Waiver of Right to Bring Class, Group, or Collective Action. Arbitration or litigation of any Dispute must proceed solely on an individual basis. The parties expressly and irrevocably waive the right for any Dispute to be arbitrated or litigated on a class action basis, or on bases involving Disputes arbitrated or litigated in a purported representative capacity on behalf of others. The authority of a court or arbitrator to resolve Disputes and make written awards or judgments is limited to Disputes between you and us alone. Disputes may not be joined or consolidated with any other Dispute(s) unless agreed to in writing by all parties. No arbitration award or court decision will have any preclusive effect as to issues or claims in any Dispute with any person or entity not a named party to the arbitration. No previous course of dealing will be admissible to explain, modify, or contradict the terms of this agreement.

Your Initials: _____ Our Initials: _____

19.7. Waiver of Claim for Punitive Damages. To the extent permitted by applicable law, neither of the parties may assert, and each party waives, any claim against the other party (including their respective Affiliates, partners, stockholders, members, officers, directors, agents, employees and controlling persons), on any theory of liability for special, indirect, consequential, or punitive damages (as opposed to direct or actual damages) for any Dispute. The parties further agree that in the event of a Dispute, each of the parties will be limited to the recovery of any: (a) actual damages sustained by it; (b) Liquidated Damages as provided in Section 18.7; and (c) statutory trademark law treble damages. If such claims for punitive damages cannot be waived by law, then the parties agree that any recovery will not exceed two (2) times actual damages.

Your Initials: _____ Our Initials: _____

19.8. Legal Fees and Expenses. If either party initiates a judicial or other proceeding, the prevailing party in such proceeding will be entitled to reimbursement of its costs and expenses, including reasonable attorney fees. "Costs and expenses" mean all reasonable pre-award expenses of the arbitration, including arbitrator fees, administrative fees, travel expenses, out-of-pocket expenses such as copying and telephone, expert witness fees, costs of investigation and proof of facts, court costs, other arbitration or litigation

expenses, and attorney fees. "Prevailing party" is the party which has obtained the greatest net award in terms of money or money equivalent. If money or money equivalent has not been awarded, then the prevailing party will be that party which has prevailed on a majority of the material issues decided.

19.9. Choice of Forum. **To the extent that a judicial action is expressly permitted by Section 19.4, any cause of action any cause of action, claim, suit or demand allegedly arising from or related to the terms of this Agreement or the relationship of the parties must be brought in a court of competent jurisdiction in Sacramento County, California, or, if our principal place of business is in a city other than Sacramento County, California, then the federal or state court for the jurisdiction in which we then have our principal place of business. Both parties irrevocably submit themselves to, and consent to, the exclusive jurisdiction of said courts.** The provisions of this Section 19.9 will survive the termination of this Agreement. You are aware of the business purposes and needs underlying the language of this Section 19.9, and with complete understanding, agree to be bound by this provision.

19.10. Claims Limitation Period. Unless prohibited by Legal Requirements, any legal action or proceeding (including mediation or arbitration) brought or instituted by you with respect to any Dispute must be brought or instituted within a period of one (1) year from the date you discover the conduct or event that is the basis of the legal action or proceeding, except that the one (1) year period will be tolled only during the pendency of any mediation required by Section 19.2. Any such claim which is not submitted or filed as described above shall be forever barred.

20 GENERAL PROVISIONS

20.1. Severability. All provisions of this Agreement are severable. If pursuant to the decision of any court having jurisdiction, any provisions are not enforceable in whole or in part, the remainder of this Agreement will continue to be in full force and effect, and the affected provisions will be superseded and modified by such applicable law.

20.2. Approvals. Whenever this Agreement requires our prior approval or consent before you take any action, you must make a timely written request to us, and our approval or consent must be obtained in writing. We will not unreasonably withhold or unreasonably delay our response. By providing any waiver, approval, consent, or suggestion to you or in connection with any consent, or by reason of any neglect, delay, or denial of any request, we make no warranties or guarantees ~~upon which you may rely~~, and assume no liability or obligation to you.

20.3. No Modifications; Waiver. No waiver or modification of this Agreement or of any covenant, condition, or limitation will be valid unless it is made in writing and duly executed by the party to be charged with it. No evidence of any waiver or modification may be offered or received in evidence in any proceeding between the parties arising out of or affecting this Agreement, or the rights or obligations of any party, unless such waiver or modification is in writing, duly executed. Our waiver of your breach of any term of this Agreement applies only to that one breach and that one term, and not to any subsequent breach of any term. Acceptance by us of any payments due under this Agreement will not be deemed to be a waiver by us of any preceding breach by you of any term.

20.4. Force ~~Mai-eure~~Maieure. Except for monetary obligations under, or as otherwise specifically provided for in, this Agreement, if either party to this Agreement is delayed or hindered in or prevented from the performance of any act required under this Agreement by Force Majeure, then performance of such act is excused for the period of the delay, but no such delay will exceed ninety (90) days. If your Placement Agency is damaged or destroyed due to a Force Majeure event, you must initiate within thirty (30) days (and continue until completion) all repairs or reconstruction to restore your Placement Agency to its original condition. If, in our reasonable judgment, the damage or destruction is of such a nature that it is feasible,

without incurring substantial additional costs, to repair or reconstruct your Placement Agency in accordance with the then-standard layout and decor specifications for Placement Agencies, we may require you to repair or reconstruct your Placement Agency in accordance with those specifications.

20.5. Rights are Cumulative. Our and your rights under this Agreement are cumulative, and no exercise or enforcement by us or you of any right or remedy will preclude our or your exercise or enforcement of any other right or remedy which we or you are entitled by law to enforce, except as specifically limited by this Agreement.

20.6. Definitions and Captions. Unless otherwise defined in this body of this Agreement, capitalized terms have the meanings ascribed to them in the **Appendix** or as defined in this Agreement. All captions in this Agreement are intended for the convenience of the parties, and none may be deemed to affect the meaning or construction of any provision of this Agreement. Wherever the word “including” is used, it means “including but not limited to.”

means “including but not limited to.”

20.7. Persons Bound. This Agreement will be binding on the parties and their respective successors and assigns.

20.8. Rules of Construction. Neither this Agreement nor any uncertainty or ambiguity in this Agreement may be construed or resolved against the drafter of this Agreement, whether under any rule of construction or otherwise. Terms used in this Agreement that are not defined must be construed and interpreted according to their ordinary meaning. If any provision of this Agreement is susceptible to two (2) or more meanings, one of which would render the provision enforceable and the other(s) which would render the provision unenforceable, the provision must be given the meaning that renders it enforceable.

20.9. Notices. Except as otherwise expressly provided herein, all written notices and reports permitted or required to be delivered by the parties will be deemed so delivered: at the time delivered, if by hand; one (1) business day after transmission, if by overnight delivery service; one (1) business day after transmission, if by facsimile or other electronic system expressly approved in the Operations Manual as appropriate for delivery of notices under this Agreement (with confirmation copy sent by regular U.S. mail); or three (3) business days after placement in the United States Mail by Certified Mail, Return Receipt Requested, postage prepaid. Information for notices is as follows, and you will immediately notify us of any changes to the following contact information:

If to us: Senior Care Authority, EEC Attn: Frank Samson 755 Baywood Drive, Suite 200 Petaluma, CA 94954	If to you: The address listed in Addendum 1
---	---

20.10. Execution/Counterparts. Two (2) copies of this Agreement may be signed, each of which, when signed, is an original, and which, together, constitute one and the same instrument. This Agreement may be executed in two (2) or more counterparts, each of which constitutes an original, and all of which, when taken together, constitutes one Agreement.

20.11. Survival. All provisions, including the understandings, representations and warranties, which, as a matter of logic or otherwise, need to continue in force and effect subsequent to and notwithstanding the expiration or termination of this Agreement in order to achieve an intended result, will continue in full force and effect despite the absence of such specific language with respect to each of them.

20.12. Third Party Beneficiaries. This Agreement is not for the benefit of any third parties and is only for the benefit of you, us, and to the extent applicable, our ~~Affiliate(s)~~Affiliate(s).

[This Area Intentionally Left Blank]

20.13 Entire Agreement. This Agreement, the Addenda attached to it, and any other agreements executed by you and us concurrently with our execution of this Agreement represent the entire fully integrated agreement between you and us, and supersede all other negotiations, agreements, representations, and covenants, oral or written. Notwithstanding the foregoing, nothing in this Agreement will disclaim or require you to waive reliance on any representation that we made in the Franchise Disclosure Document (including its exhibits and amendments) that we delivered to you in connection with this franchise offering. Except for those changes permitted to be made unilaterally by us, no amendment, change or variance from this Agreement will be binding on either party unless mutually agreed to in writing by you and us, and executed by your and our authorized officers or agents.

By: _____

**SENIOR CARE AUTHORITY, EEC
FRANC
HISEE NAME (Company Name):**

Print Name:

(Print Franchisee Name)

Its: _____

By: _____

Date: _____

Print Name: _____

Its: _____

Date: _____

APPENDIX

GLOSSARY OF TERMS

AAA: The American Arbitration Association.

Affiliate: A person or Business Entity which is united, attached, connected, or allied with, or is controlling or under common control with a party.

Agreement: This Franchise Agreement and any of its amendments.

Anti-Terrorism Laws: Executive Order 13224 issued by the President of the United States, the Terrorism Sanctions Regulations (Title 31, Part 595 of the 15.S. Code of Federal Regulations), the Foreign Terrorist Organizations Sanctions Regulations (Title 31, Part 597 of the ~~15.~~15.S. Code of Federal Regulations), the Cuban Assets Control Regulations (Title 31, Part 515 of the 15.S. Code of Federal Regulations), the USA PATRIOT Act, and all other present and future federal, state and local laws, ordinances, regulations, policies lists and any other requirements of any Governmental Authority (including without limitation, the United States Department of Treasury Territory of Foreign Assets Control) addressing or in any way relating to terrorist acts and acts of war.

Approved Suppliers: The various companies with which we and / or our Affiliates have authorized to sell products or services to you (including Authorized Products or Services), or are contracted to do business with us and / or our Affiliates, and which may provide products to you through us and / or our Affiliates. We or our Affiliate(s) may also be an Approved Supplier.

Authorized Products: The specific products and items that are specified by us from time to time in the Operations Manual, or as otherwise directed by us in writing, for sale at your Placement Agency, prepared, sold and/or manufactured in strict accordance with our standards and specifications.

Authorized Services: The specific services that are specified by us from time to time in the Operations Manual, or as otherwise directed by us in writing, for sale at your Placement Agency, rendered or provided in strict accordance with our standards and specifications.

Operations Manual: The primary source of information regarding the System and the construction and operation of Placement Agencies, which includes our operations and training manuals, and any other written directives related to the System, as they may be amended and revised by us from time to time, including all bulletins, supplements and ancillary and additional manuals and written directives established by us and given to you in any format.

Business Entity: A corporation, a general or limited partnership or a limited liability company.

Business Office: Defined in Section 3.1.

Commencement Deadline: Defined in Section 3.4.

Commercial Rules: Defined in Section 19.3.

Competitive Business: Any business that offers or provides (or grants franchises or licenses to others to operate a business that offers or provides) services that are the same as or similar to those provided by Placement Agencies or in which Intellectual Property or other Confidential Information could be used to the disadvantage of us, any of our Affiliates, or any Placement Agency, other than a Placement Agency operated under a franchise agreement with us.

Computer System: Defined in Section 11.1.

Confidential Information: Our confidential and/or proprietary information including without limitation: sales and marketing methods and data; information regarding the System; operating and other business data; computer programs; trade secrets; the Intellectual Property; business plans; advertising and promotional methods; financial information and data; product information; information regarding current or prospective clients, other franchisees, agencies, Approved Suppliers, and other related information; Operational Data; and the Operations Manual. Confidential Information will not include information which was known to you and in actual commercial use by you or generally within the industry, in the manner and combination disclosed: (a) at or prior to the time you received it; or (b) at or prior to the Effective Date, whichever occurred first.

Credit Card Vendors: Defined in Section 9.11.

CRM Software: The customer relationship management software that we require you to use in the operation of your Placement Agency.

Customer: Any potential, prospective, actual, current, or former customer or client of your Placement Agency or of any other Placement Agency.

Designated Manager: Defined in Section 9.1.

Development Schedule: The schedule by which you agree to develop your Territory. You develop your Territory by beginning marketing and operating your Placement Agency within each Marketing Area that comprises your Territory on or before the applicable Marketing Deadline.

Dispute: Any and all disagreements, controversies, or claims of any sort between you and us or our Affiliates arising out of, or in any way relating to, this Agreement, any of the parties' respective rights and obligations arising out of this Agreement, or the making, performance, breach, interpretation, or termination of this Agreement, including any claims based in tort.

Effective Date: The date we sign the Agreement, as indicated in our signature block.

EFT: Defined in Section 6.4.

Force Majeure: This includes war, riot, strikes, materials shortages, fires, floods, earthquakes, and other acts of God, or governmental action or force of law, but excluding a shortage of funds, which results in your or our inability to build, equip, or operate your Placement Agency or otherwise perform an obligation under this Agreement, and which the party responsible for performance could not by the exercise of due diligence have avoided.

Gross Sales: All consideration, whether by cash, credit, in kind, checks, gift certificates, scrip, coupons, services, property or other means of exchange, or otherwise, derived directly or indirectly from the operation of your Placement Agency, including the credit value given for all merchandise trades, the full retail value of any gift certificate or coupon sold for use at your Placement Agency (fees retained by or paid to third party sellers of such gift certificates or coupons are not excluded from Gross Sales), and insurance proceeds and/or condemnation awards for loss of sales, profits or business; provided, however, that "Gross Sales" does not include:

- (i) the amount of any tax imposed by any federal, state, municipal or other governmental authority directly on sales and collected from clients, provided that the amount of any such tax is shown separately and, in fact, paid by you to the appropriate governmental authority;
- (ii) client refunds made by your Placement Agency that do not exceed five percent (5%) of your

Gross Sales; or

- (iii) the value of any allowance that you issue or grant to your clients that is credited by you in full or partial satisfaction of the price of any products or services that you offer.

~~Gross Sales are deemed received by you at the time the products or services from which they were derived are delivered or rendered or at the time the relevant sale takes place, whichever occurs first, regardless of whether final payment (e.g., collection on a client's personal check) actually has been received by you. Gross Sales consisting of property, products or services will be valued at the retail prices applicable and in effect at the time that they are received. Any amounts deposited in your Placement Agency's bank accounts are deemed Gross Sales unless proven otherwise.~~

Improvement(s): Defined in Section 9.13.

Indemnified Parties: Defined in Section 14.1.

Initial Fee: Defined in Section 6.1.

Initial Training Program: Defined in Section 10.1.

Intellectual Property: Inventions, discoveries, know-how, show-how, processes, methods, unique materials, copyrightable works, original data and other creative or artistic works that have value. Intellectual Property includes that which is protectable by statute or legislation, such as proprietary products, methods, procedures, patents, copyrights, trademarks, service marks and trade secrets, as well as the physical embodiments of intellectual effort, for example, models, machines, devices, designs, apparatus, instrumentation, circuits, computer programs and visualizations, biological materials, chemicals, other compositions of matters, and records of research.

Interim Period: Defined in Section 5.3.

Legal Requirements: Any law, code, ordinance, order, rule or regulation (including Anti- Terrorism Laws), of any governmental entity, and any political or other subdivision of any governmental entity, and any agency, department, commission, board, bureau, court or instrumentality of any of them, which, at any time, has competent jurisdiction over you, us, or any part of your Placement Agency.

Liquidated Damages: Defined in Section 18.7.

Market ~~Launch Promotion~~Event: Defined in Section 8.2.

Marketing Area: A defined geographic area in which you have the obligation to market and operate your Placement Agency. If your Territory consists of multiple Marketing Areas, your obligation to begin marketing and operating within a defined Marketing Area will be determined by the

Marketing Deadline: The date by which you must begin marketing and operating within each Marketing Area comprising your Territory.

Marks: Certain trade names, service marks, trademarks, logos, emblems, and other indicia of origin, including but not limited to the mark "Senior Care Authority®" and such other trade names, service marks, trademarks, copyrights, insignia, emblems, slogans, logos, commercial symbols, signs, trade dress (including designs and specifications and the motif, decor, and color combinations for a Placement Agency), and all other visual identification, as are now designated, and may hereafter be designated by us, for use in connection with the System.

Mediation Procedures: Defined in Section 19.2.

Minimum Monthly Royalty: Defined in Section 6.2.

~~**Multi-unit Agreement:** A multi-unit franchise agreement between you and us, under which you commit to develop, open and operate multiple Placement Agencies within a defined geographic area.~~

National Account: Any (i) potential or existing commercial Customer, not an individual, that has multiple sites, offices, or premises located within and outside of the Territory; or (ii) any other Customer, not an individual, that has a presence which is not confined to the Territory.

Net Judgment: Defined in Section **Error! Reference source not found..**

Operational Data: Defined in Section 11.2.

Owner: Any person who owns any stock, units, membership, partnership or other ownership interest in you, directly or indirectly.

Payment Date: The day on which you must pay us the Royalty Fee for the previous month, which day we may designate from time to time. As of the Effective Date, the Payment Date is the first calendar day of the month, or, if the first calendar day of the month falls on a weekend or holiday, then the next business day after that day. You must comply with a new Payment Date within 14 days after receiving written notice that the Payment Date has changed.

Placement Agency: Defined in the Recitals.

Royalty Fee: A fee paid by you to us at the times designated by us in the Operations Manual, in accordance with Article 6.

~~**Territory:** Defined in Section 4.2.~~

Successor Franchise Agreement: Defined in Section 5.2.2.

Supplements: Defined in Section 9.10.

System: A uniform system for the establishment and operation of Placement Agencies, including uniform standards, specifications, and procedures for operations along with related computer software programs; procedures for quality control; the Marks, management programs, accounting methods, training and ongoing operational assistance; advertising and promotional techniques; personnel training; trade secrets; methods of marketing senior placement agency services, assisting families and seniors to find ideal locations for the seniors to live, and help them receive the necessary care and supervision for their daily living activities, as well as related items and services, prepared, conducted, given, purchased, or displayed in accordance with our methods; and other related benefits relating to the operation and promotion of a Placement Agency, all of which we may change, improve, and further developed from time to time.

Term: Defined in Section 5.1.

Territory: ~~The A geographic area in which we grant to you the limited right of exclusivity as described in Article 4 consisting of one or more Marketing Areas, which you agree to operate within according to the Development Schedule.~~ Your specific Territory is identified on **Addendum 1**.

Transfer: Defined in Section 15.2.

Unassigned Area: Defined in Section 4.4.

We, us, or our: Defined in the Recitals to the Agreement.

You or your: Defined in the Recitals to the Agreement.

ADDENDUM 1

**INFORMATION CONCERNING FRANCHISEE
AND THE FRANCHISED BUSINESS**

A. IDENTITY AND STRUCTURE OF FRANCHISEE

Franchisee's Name: _____

Entity type and jurisdiction of formation: _____

Date of entity formation: _____

Provide name and address of each Owner who owns a percentage of the legal entity, and show what percentage of stock, partnership interest, or membership interest is owned by each.

Address for Notices:

Attention: _____

Email Address: _____

Designated Manager's Name (Section 9.1): _____

B. INITIAU FRANCHISE FEE (Section 6.1). You are paying us an Initial Franchise Fee based on the Territory size and number of Marketing Areas you purchase.

Your Initial Franchise Fee is \$ _____.

D. YOUR BUSINESS OFFICE (Section 3.1) The Business Office for your Placement Agency, as provided in Section 3.1 of the Agreement, is:

C. ~~B. YOUR BUSINESS OFFICE AND YOUR TERRITORY AND DEVELOPMENT SCHEDULE~~ (Sections 3.1 and Section 4.2) We and you have mutually agreed upon a Territory based on the site for your Placement Agency which is as indicated below. You acknowledge that the Territory is in conformance with the territory guidelines stated in Item 12 of the Franchise Disclosure Document. ~~(1) Business Office for your Placement Agency:~~ If you are purchasing a Territory consisting of multiple Marketing Areas, you agree to begin marketing into each Marketing Area as soon as possible but no later than the applicable Marketing Deadline indicated below.

TERRITORY		
<u>Marketing Area No.</u>	<u>Marketing Area Description</u>	<u>Marketing Deadline</u>
		<u>Franchise Agreement Effective (Signing) Date</u>

By signing below, you acknowledge that the information above is true and correct. Use additional sheets if:
~~The Business Office for your Placement Agency, as provided in Section 3.1 of the Agreement, is:~~ **(b) Territory:**
 The Territory, as provided in Section 4.2 of the Agreement, is:

SENIOR CARE AUTHORITY, EEC

FRANCHISEE NAME (Company Name):

(Print Franchisee Name)

By: _____

By: _____

Print Name:

Print Name:

Its: _____

Its: _____

Date: _____

Date: _____

~~By signing below, you acknowledge that the information above is true and correct. Use additional sheets if necessary. Any and all changes to the above information must be reported to us in writing.~~

ADDENDUM 2
FRANCHISE OWNER AGREEMENT

This Franchise Owner Agreement (this “**Agreement**”) is entered into by: (i) each of the undersigned Owners of Franchisee (as defined in the Franchise Agreement); and (ii) the spouse of each such Owner, in favor of Senior Care Authority, LLC, and its successors and assigns (“us”), upon the terms and conditions set forth in this Agreement. Each signatory to this Agreement is referred to as “you.”

1. **Acknowledgments.**

a. **Franchise Agreement.** Franchisee entered, or is entering, into a franchise agreement with effective as of _____, 20__ (“**Franchise Agreement**”). Capitalized words not defined in this Agreement will have the same meanings given to them in the Franchise Agreement.

b. **Owners’ Role.** Owners are the beneficial Owners of all of the equity interest in Franchisee. Franchisee’s obligations under the Franchise Agreement, including the confidentiality and non-compete obligations, would be of little value to us if Franchisee’s Owners were not bound by the same requirements. Under the provisions of the Franchise Agreement, Owners are required to enter into this Owners Agreement as a condition to our entering into the Franchise Agreement with Franchisee. Owners will be jointly and severally liable for any breach of this Agreement.

c. **Your Access to Our Confidential Information.** In your capacity as an Owner of Franchisee, or the spouse of an Owner of Franchisee, you may gain knowledge of our System, Confidential Information, and Intellectual Property (collectively, the “**Know-how**”). You understand that protecting the Intellectual Property is vital to our success and that of our franchisees and that you could seriously jeopardize our entire franchise system if you were to unfairly compete with us. In addition, you understand that certain terms of the Franchise Agreement apply to “Owners” and not just Franchisee. You agree to comply with the terms of this Agreement in order to: (i) avoid damaging our System by engaging in unfair competition; and (ii) bind yourself to the terms of the Franchise Agreement applicable to Owners.

2. **System Protection Covenants.** In light of your above acknowledgements, you covenant and agree to the following:

a. **Intellectual Property.** You agree: (i) you will not use the Know-how in any business or capacity other than operating the Senior Care Authority® Placement Agency operated by Franchisee; (ii) you will maintain the confidentiality of the Know-how at all times; (iii) you will not make unauthorized copies of documents containing any Know-how; (iv) you will take such reasonable steps as we may ask of you from time to time to prevent unauthorized use or disclosure of the Know-how; and (v) you will stop using the Know-how immediately if you or your spouse are no longer an Owner of Franchisee, as applicable. You further agree that you will not use the Know-how for any purpose other than the development and operation of Franchisee’s Senior Care Authority® Placement Agency under the terms of the Franchise Agreement and Operations Manual. You agree to assign to us or our designee, without charge, all rights to any Improvements developed by you, including the right to grant sublicenses. If any Legal Requirement precludes you from assigning ownership of any Improvement to us, then you covenant, promise and agree that you will perpetually license that Improvement to us free of charge, with full rights to use, commercialize, and sublicense the Improvement.

b. **Unfair Competition During Relationship.** You agree not to unfairly compete with us at any time while you are an Owner of Franchisee, or while your spouse is an Owner of Franchisee, as applicable, by engaging in any of the following (collectively, the “**Prohibited Activities**”): (i) owning, operating or having any other interest (as an owner, partner, director, officer, employee, manager, consultant, shareholder,

creditor, representative, agent or in any similar capacity) in a Competitive Business (other than owning an interest of two percent (2%) or less in a publicly traded company that is a Competitive Business); (ii) diverting or attempting to divert any business from us (or one of our Affiliates or franchisees); and/or (iii) inducing (a) any of our employees or managers (or those of our Affiliates or franchisees) to leave their position or (b) any client of ours (or of one of our Affiliates or franchisees) to transfer their business to you or to any other person that is not then a franchisee of ours.

c. Unfair Competition After Relationship. You agree that, for a period of two (2) years after the termination or expiration of the Franchise Agreement or any successor to it (the “**Restricted Period**”) not to unfairly compete with us during the Restricted Period by engaging in any Prohibited Activities; provided, however, that the Prohibited Activity relating to having an interest in a Competitive Business will only apply with respect to a Competitive Business that is located within or provides competitive goods or services to clients who are located within twenty-five (25) miles of: (a) Franchisee’s Territory; or (b) any other Placement Agency that is then operating or in development (the “**Restricted Territory**”). If you engage in any Prohibited Activities during the Restricted Period, then you agree that your Restricted Period will be extended by the period of time during which you were engaging in the Prohibited Activity (any such extension of time will not be construed as a waiver of your breach or otherwise impair any of our rights or remedies relating to your breach).

d. Immediate Family Members. You acknowledge that your disclosing Know-how to an immediate family member (i.e., parent, sibling, child, or grandchild) could potentially circumvent the purpose of this Agreement. You also acknowledge that it would be difficult for us to prove whether you disclosed the Know-how to family members. Therefore, you agree that you will be presumed to have violated the terms of this Agreement if any member of your immediate family: (i) engages in any Prohibited Activities during any period of time during which you are prohibited from engaging in the Prohibited Activities or (ii) uses or discloses the Know-how. However, you may rebut this presumption by furnishing evidence conclusively showing that you did not disclose the Know-how to the family member.

e. Covenants Reasonable. You acknowledge and agree that: (i) the terms of this Agreement are reasonable both in time and in scope of geographic area; and (ii) you have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Agreement. YOU HEREBY WAIVE ANY RIGHT TO CHALLENGE THE TERMS OF THIS AGREEMENT AS BEING OVERLY BROAD, UNREASONABLE OR OTHERWISE UNENFORCEABLE. Although you and we both believe that the covenants in this Agreement are reasonable in terms of scope, duration and geographic are, we may at any time unilaterally modify the terms of the system protection covenants in Section 2 of this Agreement upon written notice to you, by limiting the scope of the Prohibited Activities, narrowing the definition of a Competitive Business, shortening the duration of the Restricted Period, reducing the geographic scope of the Restricted Territory and/or reducing the scope of any other covenant imposed upon you under Section 2 of this Agreement to ensure that the terms and covenants are enforceable under applicable law.

f. Breach. You agree that failure to comply with the covenants in this Section 3 will cause substantial and irreparable damage to us and/or other Senior Care Authority® franchisees for which there is no adequate remedy at law. Therefore, you agree that any violation of these covenants will entitle us to injunctive relief. You agree that we may apply for such injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours, in the event of the entry of such injunction, will be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, you and we agree that the amount of the bond will not exceed \$1,000. None of the remedies available to us under this Section are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance and recovery of monetary damages.

3. Transfer Restrictions. If you are an Owner of Franchisee, you acknowledge that we must approve all persons who hold a direct or indirect Ownership interest in Franchisee. Accordingly, you agree that you will not, directly or indirectly or by operation of law, sell, assign, mortgage, pledge or in any manner transfer any direct or indirect Ownership interest in Franchisee except in accordance with the terms and conditions set forth in Article 15 of the Franchise Agreement. You acknowledge and agree that any attempted Transfer of an interest in Franchisee requiring our consent under the Franchise Agreement for which our express written consent is not first obtained will be a material breach of this Agreement and the Franchise Agreement.

4. Personal Guarantee. In order to secure Franchisee's financial obligations under the Franchise Agreement and all ancillary agreements executed by Franchisee in connection with the Franchise Agreement, including, but not limited to, any agreement for the purchase of goods or services from us or an Affiliate of ours and any promissory note related to payments owed to us (collectively, the "**Secured Agreements**"), you agree to personally guarantee all of Franchisee's financial obligations under the Secured Agreements.

a. Payment. Each of you, jointly and severally, personally and unconditionally: (a) guarantee to us and our successor and assigns, that Franchisee will punctually fulfill all of its payment and other financial obligations under the Secured Agreements; and (b) agree to be personally bound by, and personally liable for, each and every monetary provision in the Secured Agreements.

b. Waiver of Notice. You waive: (1) acceptance and notice of acceptance by us of the foregoing undertakings; (2) notice of demand for payment of any indebtedness guaranteed; (3) protest and notice of default to any party with respect to the indebtedness guaranteed; (4) any right you may have to require that an action be brought against Franchisee or any other person as a condition of liability; and (5) the defense of the statute of limitations in any action hereunder or for the collection of any indebtedness hereby guaranteed.

c. Liability is Joint and Several. You agree that: (1) your direct and immediate liability under this guarantee will be joint and several with Franchisee and all other persons who sign this Agreement; (2) you will render any payment required under the Secured Agreements upon demand if Franchisee fails or refuses punctually to do so; (3) your liability will not be contingent or conditioned upon pursuit by us of any remedies against Franchisee or any other person; and (4) liability will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence that we may grant to Franchisee or to any other person, including the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which will in any way modify or amend this guarantee, which will be continuing and irrevocable during the term of each of the Secured Agreements and following the termination, expiration or transfer of each of the Secured Agreements to the extent any financial obligations under any such Secured Agreements survive such termination, expiration or transfer.

d. Bankruptcy Filing. This guarantee will continue unchanged by the occurrence of any bankruptcy with respect to Franchisee or any assignee or successor of Franchisee or by any abandonment of one or more of the Secured Agreements by a trustee of Franchisee. Neither your obligation to make payment in accordance with the terms of this undertaking nor any remedy for enforcement will be impaired, modified, changed, released or limited in any manner whatsoever by any impairment, modification, change, release or limitation of the liability of Franchisee or its estate in bankruptcy or of any remedy for enforcement, resulting from the operation of any present or future provision of the U.S. Bankruptcy Act or other statute, or from the decision of any court or agency.

e. Indemnification. You agree to indemnify, defend and hold harmless us, all of our Affiliates, and the respective shareholders, directors, partners, employees, and agents of such entities, against and from all losses, damages, costs, and expenses which we or they may sustain, incur, or become liable for by reason of: (a) Franchisee's failure to pay the monies payable (to us or any of our affiliates) pursuant to the Franchise Agreement, or to do and perform any other act, matter, or thing required by the Franchise Agreement; or (b) any action by us to obtain performance by Franchisee of any act, matter, or thing required by the Franchise Agreement.

f. No Exhaustion of Remedies. You acknowledge and agree that we will not be obligated to proceed against Franchisee or exhaust any security from Franchisee or pursue or exhaust any remedy, including any legal or equitable relief against Franchisee, before proceeding to enforce the obligations of the Owners as guarantors under this Agreement, and the enforcement of such obligations can take place before, after, or contemporaneously with, enforcement of any of Franchisee's debts or obligations under the Franchise Agreement.

g. Effect of Owner's Death. Upon the death of an Owner, the estate of such Owner will be bound by the obligations in this Section 4, but only for defaults and obligations that exist under this Agreement or the Franchise Agreement at the time of death; and the obligations of any other Owners will continue in full force and effect.

5. Dispute Resolution. Any dispute between the parties relating to this Agreement must be brought in accordance with the dispute resolution procedures stated in the Franchise Agreement. Notwithstanding the foregoing, if any of the dispute resolution procedures stated in the Franchise Agreement conflict with any of the terms of this Agreement, the terms of this Agreement will prevail. You acknowledge and agree that a breach of this Agreement by you will constitute a material event of default under the Franchise Agreement, permitting us to terminate the Franchise Agreement in accordance with its terms.

6. Provisional Remedies. We have the right to seek from an appropriate court any provisional remedies, including temporary restraining orders or preliminary injunctions to enforce your obligations under this Agreement. You acknowledge and agree that there is no adequate remedy at law for your failure to fully comply with the requirements of this Agreement. You further acknowledge and agree that, in the event of any noncompliance, we will be entitled to temporary, preliminary, and permanent injunctions and all other equitable relief that any court with jurisdiction may deem just and proper.

7. Miscellaneous.

a. Attorney Fees. If either party hires an attorney or files suit against the other party in relating to an alleging a breach of this Agreement, the losing party agrees to pay the prevailing party's reasonable attorneys' fees and costs incurred in connection with such breach.

b. Defenses. Any claim, defense or cause of action that you may have against us, our Affiliates, or against Franchisee, regardless of cause or origin, cannot be used as a defense against our enforcement of this Agreement.

c. Severability. Each section of this Agreement, including each subsection and portion thereof, is severable. In the event that any section, subsection or portion of this Agreement is unenforceable, it will not affect the enforceability of any other section, subsection or portion; and each party to this Agreement agrees that the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms reasonable in scope, duration and geographic area.

d. Notice. You agree that we may deliver to you any notice or other communication contemplated by this Agreement in the same manner and to the same address listed in the notice provisions of the Franchise Agreement and any such delivery will be deemed effective for purposes of this Agreement. You may change the address to which notices must be sent by sending us a written notice requesting such change, which notice must be delivered in the manner and to the address listed in the Franchise Agreement.

e. No Third-Party Beneficiaries. Nothing in this Agreement is intended to confer upon any person or entity (other than the parties and their heirs, successors and assigns and our Affiliates) any rights or remedies under or by reason of this Agreement.

f. Construction. No provision of this Agreement will be interpreted in favor of or against either party merely because of that party's role in the preparation of this Agreement, or because of the nature or type of this Agreement. All references to gender and number will be construed to include such other gender and number as the context may require. All captions in this Agreement are intended solely for the convenience of the parties and none will be deemed to affect the meaning or construction of any provision of this Agreement.

g. Binding Effect. This Agreement may be executed in counterparts, and each copy so executed and delivered will be deemed an original. This Agreement is binding on the parties and their respective heirs, executors, administrators, personal representatives, successors and (permitted) assigns.

IN WITNESS WHEREOF, each of **Owner** or **spouse of an Owner** has executed this Agreement as of the date or dates set forth below.

(Add additional pages and signature lines, if necessary for each Owner or spouse of an Owner)

By: _____ Address: _____

Name: _____ Telephone: _____

ADDENDUM 3
Electronic Funds Transfer Authorization

ELECTRONIC FUNDS TRANSFER AUTHORIZATION

BY AND BETWEEN SENIOR CARE AUTHORITY, LUC
AND _____ (“DEPOSITOR”)
EFT AUTHORIZATION AGREEMENT (DIRECT DEBITS)

The undersigned depositor (“Depositor”) hereby authorizes Senior Care Authority, LLC (“Company”) to initiate debit entries and/or credit correction entries to the undersigned’s checking and/or savings account(s) indicated below and the depository designated below (“Depository”) to debit such account pursuant to Company’s instructions:

Depository Branch

Address City, State, Zip Code

Bank Transit/ABA Number Account Number

This authority is to remain in full force and effect until Depository has received joint written notification from Company and Depositor of the Depositor’s termination of such authority in such time and in such manner as to afford Depository a reasonable opportunity on which to act. If an erroneous debit entry is initiated to Depositor’s account, Depositor will have the right to have the amount of such entry credited to such account by Depository, if (a) within fifteen (15) calendar days following the date on which Depository sent to Depositor a statement of account or a written notice pertaining to such entry or (b) forty-five (45) days after posting, whichever occurs first, Depositor will have sent to Depository a written notice identifying such entry, stating that such entry was in error and requesting Depository to credit the amount thereof to such account. These rights are in addition to any rights Depositor may have under federal and state banking laws.

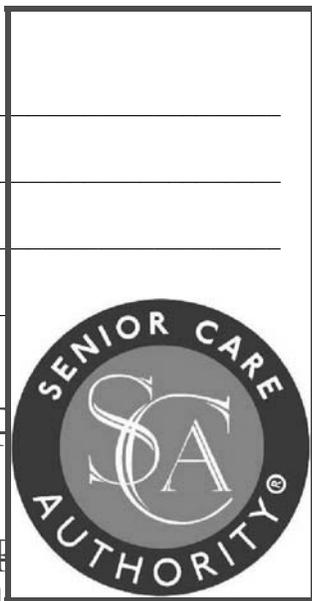
DEPOSITOR:

By: _____

Print Name: _____

Its: _____

Date: _____



Senior Care Authority, LLC

~~EXHIBIT~~

~~Multi-unit E~~

4873-3459-7049, v. 1

~~ment~~

Senior Living and Care Solutions

MULTI-UNIT FRANCHISE AGREEMENT BETWEEN

**Senior Care Authority, LUC
755 Baywood Drive, Suite 200
Petaluma, CA 94954**

AND

TABLE OF CONTENTS

	Page
ARTICLE 1. GRANT OF MULTI-UNIT FRANCHISE RIGHT	1
1.1 Grant of Multi-Unit Franchise Right	1
1.2 Exclusivity	1
ARTICLE 2. FRANCHISEE'S DEVELOPMENT OBLIGATION	2
2.1 Development Obligation	2
2.2 Timing of Execution Franchise Agreements	2
2.3 Force Majeure	Error! Bookmark not defined.
2.4 Monthly Penalty for Failing to Meet the Development Obligation	3
2.5 You May Not Exceed The Development Obligation	3
ARTICLE 3. MULTI-UNIT TERRITORY	3

3.1	Our Right to Develop.....	3
3.2	Territory for Each Individual Placement Agency.....	3
ARTICLE 4. TERM OF MULTI-UNIT FRANCHISE AGREEMENT.....		4
4.1	Term.....	4
4.2	Effect of Expiration or Termination.....	4
ARTICLE 5. PAYMENTS BY YOU.....		4
5.1	Multi-Unit Rights Fee.....	4
5.2	Initial Franchise Fees.....	4
5.3	Technology Fee.....	5
5.4	Royalty Fees.....	5
ARTICLE 6. TRAINING.....		5
ARTICLE 7. EXECUTION OF INDIVIDUAL FRANCHISE AGREEMENTS.....		6

7.1	Delivery of Franchise Disclosure Document, Execution of Franchise Agreement.....	6
7.2	Conditions Precedent to our Obligations	6
ARTICLE 8. ASSIGNMENT AND SUBFRANCHISING		6
8.1	Assignment by Us.....	6
8.2	No Subfranchising by You.....	6
8.3	Assignment by You	7
ARTICLE 9. NON-COMPETITION; CONFIDENTIALITY		8
9.1	Non-Competition.....	8
9.2	Confidentiality.....	8
9.3	Non-Solicitation.....	9
9.4	Specific Performance	9
ARTICLE 10. TERMINATION.....		9

10.1 — Termination Pursuant to a Default of this Agreement	9
ARTICLE 11. GENERAL CONDITIONS AND PROVISIONS	10
11.1 — Our Relationship to You.....	10
11.2 — Indemnity by You.....	11
11.3 — No Consequential Damages For Legal Incapacity.....	11
11.4 — Waiver and Delay.....	11
11.5 — Survival of Covenants.....	11
11.6 — Successors and Assigns.....	11
11.7 — Joint and Several Liability	11
11.8 — Titles for Convenience	12
11.9 — Gender and Construction	12
11.10 — Severability, Modification	12
11.11 — Counterparts	12

11.12 — Costs, Fees and Expenses.....	12
11.13 — Dispute Resolution	12
—— 11.14 Governing Law	13
11.15 — Notices.....	13
ARTICLE 12. YOU, YOUR OWNERS, AND YOUR BUSINESS ENTITY.....	13
12.1 — Business Entity Information	13
12.2 — Operating Principal; Managers.....	14
12.3 — Business Practices	14
You represent, warrant, acknowledge, understand, and agree that:	14
ARTICLE 13. ACKNOWLEDGMENTS	15
13.1 — General	Error! Bookmark not defined.
13.2 — True and Accurate Information	Error! Bookmark not defined.
	15

~~13.3 Risk~~
~~13.4 Entire Agreement~~

~~ADDENDUMS~~

~~Addendum 1 Multi Unit Territory~~

~~Addendum 2 Development Obligation~~

~~Addendum 3 Business Entity Information~~

MULTI UNIT FRANCHISE AGREEMENT

~~THIS MULTI UNIT FRANCHISE AGREEMENT (the "Agreement") is made and entered into this _____ day of _____, _____ (the "Effective Date"), by and between Senior Care Authority, LLC, a corporation organized under the laws of California ("we," "us," or "our") and~~

_____, a _____ (“you” or “your”). Capitalized terms are used in this Agreement with the meanings assigned in the Glossary of Terms attached as the **Appendix**. All Section or Article references refer to the corresponding Sections or Articles in this Agreement.

A. ~~We own a System for the establishment and operation of senior placement agencies assisting families and seniors to find ideal locations for the seniors to live, and helping them receive the necessary care and supervision for their daily living activities, operated under the Marks and the System (each, a “Placement Agency” and more than one, “Placement Agencies”).~~

B. ~~We want to expand and develop the Placement Agencies in the Multi-unit Territory, and you wish to open and operate Placement Agencies in the Multi-unit Territory, upon the terms and conditions as set forth in this Agreement.~~

The parties therefore agree as follows:

ARTICLE 1.

GRANT OF MULTI-UNIT FRANCHISE RIGHT

1.1 — Grant of Multi-Unit Franchise Right

(a) — Upon the terms and subject to the conditions of this Agreement, we grant to you, and you accept, the right and obligation to open Placement Agencies solely in the Multi-unit Territory. Each Placement Agency will be operated according to the terms of an individual Franchise Agreement. An increase or decrease in the size of the cities, counties or political subdivisions, if any, included within the Multi-unit Territory will have no effect on the Multi-unit Territory as it is described in Addendum 1.

~~(b) — No right or license is granted to you to use any Marks, trade dress or designs owned by us or any Affiliate, which right and license can only be granted under a Franchise Agreement. Nothing in this Agreement permits you to own or operate a Placement Agency, except under a valid Franchise Agreement with us. You must not use the Marks in any manner or for any purpose (including in connection with any offering of securities or any request for credit) without our prior express written approval.~~

~~**1.2 — Exclusivity**~~

~~(a) — During the Term, we and our Affiliates will not operate or grant a license or franchise to any other person to operate Placement Agencies within the Multi-unit Territory except as stated in Section 1.2(b).~~

~~(b) — We reserve all other rights, including but not limited to the exclusive, unrestricted~~

right, in our discretion, directly and indirectly, through our employees, Affiliates, representatives, licensees, franchisees, assigns, agents and others to:

~~(i) Use, and to license other persons to use, the Marks and System for the operation of Placement Agencies at any location outside of the Multi-unit Territory, regardless of its proximity to the Multi-unit Territory.~~

~~(ii) Use, license and franchise the use of trademarks other than the Marks, whether in alternative channels of distribution or otherwise, at any location including a location or locations inside of the Multi-unit Territory, in association with operations that are different from Placement Agencies.~~

~~(iii) Offer Authorized Services and Products, or grant others the right to offer~~

~~Authorized Products or Services, whether using the Marks or other trademarks or service marks, through channels of distribution that are different from Placement Agencies, including, without limitation, wholesalers, retail outlets, or by Internet commerce (e-commerce), mail order or otherwise, regardless of whether it is inside or outside of the Multi-unit Territory.~~

~~(iv) — Maintain any websites utilizing a domain name incorporating the Marks or derivatives. We retain the sole right to advertise and market on the Internet and use the Marks on the Internet, including all use of websites, domain names, URL's, directory addresses, metatags, linking, advertising, and co-branding and other arrangements.~~

~~(v) — Advertise and promote, and to permit other franchisees to advertise and promote, Authorized Services or Authorized Products offered under the Marks and System~~

~~within your Multi-Unit Territory.~~

~~(vi) — Acquire, merge, or combine with businesses that are the same as or similar to Placement Agencies and operate such businesses regardless of where such businesses are located, including inside the Multi-unit Territory, and to be acquired by any third party which operates businesses that are the same as, or similar to, Placement Agencies, regardless of where such businesses are located, including inside the Multi-unit Territory. We will not, however, re-brand any such businesses that are located inside the Multi-unit Territory by allowing them to use the Marks.~~

~~(vii) — Be acquired (whether through acquisition of assets, ownership interests or otherwise, regardless of the form of transaction), by a business providing products and services similar to those provided at Placement Agencies, or by another business, even if such~~

~~business operates, franchises, and/or licenses competitive businesses within your Multi Unit Territory. We will not, however, permit any such business located within your Multi Unit Territory to operate under our Marks.~~

~~ARTICLE 2.~~

~~FRANCHISEE'S DEVELOPMENT OBLIGATION~~

~~2.1 — Development Obligation~~

~~Within each Development Period specified in Addendum 2, you must construct, equip, open and thereafter continue to operate at, and only at, locations within the Multi-unit Territory, not less than the~~

~~cumulative number of Placement Agencies required by the Development Obligation for that Development Period.~~

~~**2.2**~~ ~~**Timing of Execution Franchise Agreements**~~

~~On or before the date which is ninety (90) days before the end of each Development Period, you must have executed (in accordance with this Agreement) a Franchise Agreement and paid the required Initial Franchise Fee, for each Placement Agency which is required to be constructed, equipped, opened and operated by the end of such Development Period.~~

~~**2.3**~~ ~~**If We Cannot Deliver a Current FDD**~~

~~Subject to your continuing compliance with **Section** Error! Reference source not found., should you be unable to meet the Development Obligation for any Development Period solely as the result of our legal~~

~~inability to deliver an FDD pursuant to Section 7.1, which results in your inability to construct or operate Placement Agencies in all or substantially all of the Multi-unit Territory under this Agreement, the particular Development Period during which our inability to deliver a current FDD occurs will be extended by an amount of time equal to the time period during which our inability to deliver a current FDD existed during that Development Period. Development Periods during which no such inability to deliver a current FDD existed will not be extended except by written agreement with us.~~

~~2.4 — Monthly Penalty for Failing to Meet the Development Obligation~~

~~If, for any reason other than one stated in Section 0, you have failed to comply with the Development Obligation by developing the required number of Placement Agencies during the applicable Development Period, you must pay us a penalty of one thousand dollars (\$1,000) per month that you are not in compliance with the Development Obligation, up to a maximum of six (6) months. If: (a) your failure to comply with the~~

~~Development Obligation continues for more than six (6) months after the end of any Development Period; or (b) you fail to pay the penalty, we will have the right to terminate this Agreement.~~

~~**2.5 — You May Not Exceed The Development Obligation**~~

~~Unless we otherwise consent in writing, you may not open or operate more than the total number of Placement Agencies comprising the Development Obligation.~~

**ARTICLE 3.
MULTI-UNIT TERRITORY**

3.1 — Our Right to Develop

~~If you are unable or unwilling, or fail for any reason (except as provided in Section Error! Reference source not found.), to satisfy the Development Obligation, after the expiration of the six (6) month period referred to in Section 2.4 (assuming you have paid us the penalty specified in that Section for each month that you exceeded the applicable Development Period), this Agreement will automatically terminate upon our notice to you. Upon such termination, we will have the right to open and operate or license others (or grant others development rights to) open and operate, Placement Agencies at any site(s) within the Multiunit Territory, but not within the individual Territory(ies) granted to you pursuant to the individual Franchise Agreement(s) for each then existing Placement Agency located in the Multi unit Territory.~~

~~3.2 — Territory for Each Individual Placement Agency~~

~~Each Franchise Agreement executed pursuant to this Agreement will provide that we and our Affiliates may not open or operate, or franchise or license the operation of, any Placement Agency located within the individual Territory surrounding a Placement Agency opened by you under that Franchise Agreement.~~

~~ARTICLE 4.~~

~~TERM OF MULTI-UNIT FRANCHISE AGREEMENT~~

~~4.1 — Term~~

~~Unless we terminate this Agreement earlier for cause, the term of this Agreement commences on the Effective Date and will continue until the *earlier* of: (a) the end of the last Development Period listed on **Addendum 3**; or (b) the date you execute the Franchise Agreement granting you the right to open the last Placement Agency necessary for you to fully satisfy the Development Obligation (the “Term”).~~

~~4.2 — Effect of Expiration or Termination~~

~~Following the expiration of the Term or the sooner termination of this Agreement: (a) you will have no further right to construct, equip, own, open or operate additional Placement Agencies which are not, at the time of such termination or expiration, the subject of a then-existing Franchise Agreement between you and us which is then in full force and effect; and (b) we or our Affiliates may thereafter construct, equip, open, own or operate, and license others to (or grant development rights to) construct, equip, open, own or operate Placement Agencies at any location(s) (within or outside of the Multi-unit Territory), without any restriction;~~

~~subject only to any Territory rights granted for any then existing Placement Agency pursuant to a validly subsisting Franchise Agreement executed for such Placement Agency.~~

ARTICLE 5.

PAYMENTS BY YOU

5.1 — Multi-Unit Rights Fee

~~Concurrently with the execution of this Agreement, you must pay to us, in cash or by certified check, the Multi-unit Rights Fee. The Multi-unit Rights Fee is not refundable under any circumstance. “Multi-unit Rights Fee” means:~~

~~(a) — If your Development Obligation consists of two (2) Placement Agencies, ninety five thousand dollars (\$95,000).~~

~~(b) — If your Development Obligation consists of three (3) Placement Agencies, one hundred fifteen thousand five hundred dollars (\$115,500).~~

~~(c) — If your Development Obligation consists of five (5) Placement Agencies, one hundred sixty five thousand five hundred dollars (\$165,500).~~

~~(d) — If your Development Obligation consists of seven (7) Placement Agencies, two hundred fifteen thousand five hundred dollars (\$215,500).~~

5.2 — Initial Franchise Fees

~~The Multi-unit Rights Fee substitutes for, and is lieu of, any individual Initial Franchise Fee that would otherwise be due under each individual Franchise Agreement for the number of Placement Agencies you commit to develop under the Development Obligation. We will not charge you a separate Initial Franchise Fee when you sign a Franchise Agreement for an individual Placement Agency you commit to open under this Agreement, but we will charge you our then current onboarding fee for each Placement Agency when you sign an individual Franchise Agreement. By this term, each Franchise Agreement you sign under this Agreement will be and hereby is amended to be consistent with this Section 5.2.~~

5.3 — Marketing and Technology Fee

~~Because you will be operating multiple Placement Agencies, we will charge you a combined, reduced Marketing and Technology Fee for all of the Placement Agencies you open and operate within the Multi-unit~~

~~Territory. Specifically, the Technology Fee you pay us will be eight hundred fifty dollars (\$850.00) for your first Placement Agency *plus* an additional two hundred dollars (\$200.00) for each additional Placement Agency after the first one. By this term, each Franchise Agreement you sign under this Agreement will be and hereby is amended to be consistent with this Section 5.3. We have the right to increase this fee annually to reflect our actual costs of providing these services to you.~~

5.4 — Royalty Fees.

~~The Franchise Agreement you execute for each Placement Agency you develop under this Agreement will be, and hereby is, amended so that the Royalty Fee you will pay us will be equal to eight percent (8%) of your Gross Sales that you earned during the prior month just ended. The minimum monthly royalty fee you will pay us under *each* such Franchise Agreement will be at the following rates (the~~

~~“Minimum Monthly Royalty”:~~

~~(a) — For the first five (5) months following the date we sign the individual Franchise Agreement (the “Execution Date”), your Minimum Monthly Royalty will be zero dollars (\$0).~~

~~(b) — For the period starting with the sixth full month after the Execution Date and ending on the first anniversary of the Execution Date, the Minimum Monthly Royalty you pay us will be four hundred dollars (\$400.00).~~

~~(c) — For the period beginning on the first anniversary of the Execution Date and ending on the second anniversary of the Execution Date, the Minimum Monthly Royalty you pay us will be six hundred dollars (\$600.00).~~

~~(d) — For the period beginning on the second anniversary of the Execution Date and for each and every month of the Term following the second anniversary, the Minimum Monthly Royalty you pay us will be eight hundred dollars (\$800.00).~~

**ARTICLE 6.
TRAINING**

~~Prior to beginning operation of your first Placement Agency, you and your Operating Principal and each Designated Manager (if applicable) must attend, and successfully complete, to our satisfaction, an initial training program in our System, methods of operation, policies, and any other topics as we may determine necessary or appropriate (the “**Initial Training Program**”). The Initial Training Program will take place via the Internet. There will be no additional charge for you to attend the Initial Training Program. You must not commence operation until your Operating Principal and each Designated Manager has completed the Initial~~

~~Training Program to our satisfaction. If we determine in our sole discretion, based on your performance in the Initial Training Program, that you or your Owners are not qualified to operate a Placement Agency or you have not obtained all necessary licenses, we have the right to terminate this Agreement. Upon receipt of a signed general release from you, we will return to you fifty percent (50%) of the Multi-rights Fee that you paid us. Other than the initial training course, there will be no additional training required for, or offered to, you under this Agreement, but additional training may be required by us or offered to you under the Franchise Agreement.~~

~~ARTICLE 7.~~

~~EXECUTION OF INDIVIDUAL FRANCHISE AGREEMENTS~~

~~7.1 — Delivery of Franchise Disclosure Document, Execution of Franchise Agreement~~

~~(a) — Subject to Section 7.1(a) of this Agreement, at your request we will deliver to you a~~

~~copy of our Then current Franchise Disclosure Document (the “**Franchise Disclosure Document**” or **FDD**”) as may be required by Applicable Law and two (2) copies of our Then current Franchise Agreement. Immediately upon receipt of the FDD, you must return to us a signed copy of the Acknowledgment of Receipt of the FDD. You understand that the new Franchise Agreement may vary substantially from the current Franchise Agreement. If we are not legally able to deliver a required FDD to you, we may delay delivery of a Franchise Agreement until we are legally able to deliver an FDD.~~

~~(b) — If you have executed and returned the copies of our Franchise Agreement and have satisfied the conditions of **Section 7.1(a)**, we will execute the copies and return one (1) fully executed copy to you.~~

~~(c) — Your obligations to locate and begin operating each Placement Agency will be~~

~~governed by the timelines stated in that Franchise Agreement, except that the deadline for opening and commencing operation of the Placement Agency will be the last day of the applicable Development Period.~~

~~7.2 — Conditions Precedent to our Obligations~~

~~Your right to open and operate each and every Placement Agency is conditioned upon your having satisfied all of the following conditions precedent:~~

~~(a) — You must have fully performed all of your obligations under this Agreement and all Franchise Agreements and other written agreements between us and you, and must not be in default of any of your obligations to us or any of our Affiliates, or to any federal, state, county or municipal agency.~~

~~(b) — The cumulative number of Placement Agencies in the Multi-unit Territory required~~

by the Development Obligation stated in Addendum 2 must continue to be in operation as of the end of the immediately preceding Development Period.

ARTICLE 8.
ASSIGNMENT AND SUBFRANCHISING

8.1 — Assignment by Us

~~You acknowledge that we maintain a staff to manage and operate the System and that staff members can change as our owners, directors, officers, and employees come and go. You represent that you have not signed this Agreement in reliance on any particular shareholder, director, officer, or employee remaining with us in that capacity. We may change our ownership or form and/or assign this Agreement and any other agreement to a third party without restriction. After our assignment of this Agreement to a third party who~~

~~expressly assumes our obligations under this Agreement, we no longer will have any performance or other obligations under this Agreement.~~

~~**8.2 — No Subfranchising by You**~~

~~You may not offer, sell, or negotiate the sale of System franchises to or with any third party, either in your own name or in the name and/or on our behalf, or otherwise subfranchise, subcontract, sublicense, share, divide or partition this Agreement.~~

~~**8.3 — Assignment by You**~~

~~(a) — This Agreement has been entered into by us in reliance upon and in consideration of your singular personal skills and qualifications and the trust and confidence we have in you. Therefore, neither your interest in this Agreement nor any of your rights or privileges under it can be assigned or transferred;~~

~~voluntarily or involuntarily, in whole or in part, by operation of Applicable Law or otherwise (“Assignment”), in any manner without our prior written consent, **which consent may be withheld for any reason whatsoever.**~~

~~(b)—— You must provide us not less than ten (10) days prior written notice (which notice must contain the name and address of the secured party and the terms of such pledge, encumbrance, hypothecation or security interest) of any pledge, encumbrance, hypothecation or security interest in this Agreement.~~

~~(c)—— Securities, partnership or other ownership interests in you may not be offered to the public under the Securities Act of 1933, as amended, nor may they be registered under the Securities Exchange Act of 1934, as amended, or any comparable federal, state or foreign law, rule or regulation. Such interests may be offered by private offering or otherwise only with our prior written consent, which consent will not be~~

~~unreasonably withheld. All materials required for any such private offering by federal or state law must be submitted to us for a limited review as discussed below prior to your filing them with any governmental agency; and any materials to be used in any exempt offering must be submitted to us for review prior to their use. No offering by you can imply that we are participating in an underwriting, issuance or offering of securities of you or us, and our review of any offering materials will be limited solely to the subject of the relationship between you and us and our Affiliates. We may, at our option, require your offering materials to contain a written statement prescribed by us concerning the limitations described in the preceding sentence. You, your Owners and the other participants in the offering must fully defend and indemnify us, and our Affiliates, their respective partners and the officers, directors, manager(s) (if a limited liability company), shareholders, members, partners, agents, representatives, independent contractors, servants and employees of each of them, from and against any and all losses, costs and liability in connection with the offering and must execute any additional documentation required by us to further evidence this indemnity. For each proposed~~

~~offering, you must pay to us a non-refundable fee of Five Thousand Dollars (\$5,000.00), which will be in addition to any Transfer Fee under any Franchise Agreement to reimburse us for our reasonable costs and expenses associated with reviewing the proposed offering, including without limitation, legal and accounting fees. You must give us written notice at least thirty (30) days prior to the date of commencement of any offering or other transaction covered by this Section, and you may not commence such offering or other transaction until we give our written consent.~~

~~(d) — If you are a Business Entity, each of the following will be deemed to be an Assignment: (i) the sale, assignment, transfer, conveyance, gift, pledge, mortgage, or other encumbrance of twenty percent (20%) or more in the aggregate, whether in one (1) or more transactions, of the Equity or voting power of you, by operation of law or otherwise or any other event(s) or transaction(s) which, directly or indirectly, effectively changes control of you; (ii) the issuance of any securities by you which itself or in~~

~~combination with any other transaction(s) results in the Owners, as constituted on the Effective Date, owning eighty percent (80%) or less of the outstanding Equity or voting power of you; (iii) if you are a Partnership, the withdrawal, resignation, removal, death or legal incapacity of a general partner or of any limited partner owning twenty percent (20%) or more of the Partnership Rights of the Partnership, or the admission of any additional general partner, or the transfer by any general partner of any of its Partnership Rights in the Partnership, or any change in the ownership or control of any general partner; and (iv) any merger, stock redemption, consolidation, reorganization, recapitalization or other transfer of control of you, however effected.~~

ARTICLE 9.

NON COMPETITION; CONFIDENTIALITY

9.1 — Non-Competition

~~(a) — During the Term, no Restricted Person can in any capacity, either directly or indirectly: (i) engage in any Competitive Activity, at any location, whether within or outside the Multi-unit Territory; (ii) divert or attempt to divert any business or any customers of the Placement Agencies to any other person or Business Entity, by direct or indirect inducement or otherwise; or (iii) do or perform, directly or indirectly, any other act injurious or prejudicial to the Marks or the goodwill associated with them.~~

~~(b) — To the extent permitted by Applicable Law, upon the expiration or termination of this Agreement, or if you make an Assignment, or if any Restricted Person's relationship with you ends, then for a period of two (2) years thereafter, each person who was a Restricted Person before that event cannot in any capacity, either directly or indirectly, engage in any Competitive Activities within twenty-five (25) miles of: (a) the Development Territory; or (b) any other Placement Agency that is then operating or under~~

~~development. In the event that this Agreement expires, is terminated, or Assigned and you (or any of your or your Owners' Affiliates) continue in a contractual relationship with us under individual Franchise Agreement(s), the covenant against competition in such continuing Franchise Agreement(s) will also continue to apply to you (and any of your or your Owners' Affiliates, as applicable) after such expiration, termination, or Assignment of this Agreement.~~

~~(c)——The parties have attempted in **Sections 9.1(a)** and **9.1(b)** of this Agreement above to limit your right to compete only to the extent necessary to protect us from unfair competition. The parties expressly agree that if the scope or enforceability of **Section 9.1(a)** or **9.1(b)** of this Agreement is disputed at any time by you, a court or arbitrator, as the case may be, may modify either or both of such provisions to the extent that it deems necessary to make such provision(s) enforceable under Applicable Law. In addition, we reserve the right to reduce the scope of either, or both, of said provisions without your consent, at any time or~~

times, effective immediately upon notice to you. Any period of time specified in this ~~ARTICLE 9~~ will be tolled and suspended for any period of time during which you are in violation of any restrictive covenant.

~~9.2~~ Confidentiality

(a) ~~We possess and continue to develop, and during the course of our relationship with you, Restricted Persons may have access to, our proprietary and confidential information, including specifications, plans, procedures, concepts and methods and techniques of developing and operating Placement Agencies (the "Trade Secrets"). We may disclose certain of our Trade Secrets through the Manuals, bulletins, supplements, confidential correspondence, or other confidential communications, and through our training program and other guidance and management assistance, and in performing our other obligations and exercising our rights under this Agreement.~~

~~(b) — No Restricted Person will acquire any interest in the Trade Secrets other than the right to use them in developing Placement Agencies pursuant to this Agreement. A Restricted Person's duplication or use of the Trade Secrets in any other endeavor or business will constitute an unfair method of competition. Each Restricted Person must: (i) not divulge or use any of our Trade Secrets for the benefit of you, your Owners, any third party (including any person, Business Entity or enterprise of any type or nature), except in connection with operating Placement Agencies; (ii) not use the Trade Secrets in any business or other endeavor other than in connection with the Placement Agencies developed under this Agreement; (iii) maintain absolute confidentiality of the Trade Secrets during and after the Term; and (iv) make no unauthorized copy of any portion of any of the Trade Secrets. You must operate and implement all reasonable procedures we prescribe from time to time to prevent unauthorized use and disclosure of the Trade Secrets, including implementing restrictions and limitations as we may prescribe on disclosure to employees and use of: a) non-disclosure and non-competition provisions in employment agreements with~~

~~employees who may have access to the Trade Secrets; b) non-disclosure provisions in contracts with employees and independent contractors who may have access to the Trade Secrets (if permitted by Applicable Law). Our current approved form of non disclosure and non competition agreement is attached to the Franchise Disclosure Document as **Exhibit H**. Promptly upon our request, you must deliver executed copies of such agreements to us. If you have any reason to believe that any employee or independent contractor has violated the provisions of the confidentiality (and, if applicable, noncompetition) agreement, you must promptly notify us and must cooperate with us to protect us against infringement or other unlawful use. Upon termination of this Agreement, you must immediately return to us all written materials (including computerized information) you have received from us or that you have developed during the Term. You must not retain any materials that contain Trade Secrets.~~

~~(e) — In the event any portion of the above covenants violates laws affecting you or any~~

~~other Restricted Person, or is held invalid or unenforceable in a final judgment to which we and you are parties, then the maximum legally allowable restriction permitted by law will control and bind you. We may at any time unilaterally reduce the scope of any part of the above covenants, and you must comply with any such reduced covenant upon receipt of written notice. The provisions of this Section 9.2 will be in addition to and not in lieu of any other confidentiality obligation that you, or any other person, have, whether pursuant to another agreement, or pursuant to Applicable Law.~~

~~9.3 — Non-Solicitation~~

~~You agree that, during the Term and for a period of two (2) years after the termination or expiration of this Agreement, you will not divert or attempt to divert to any other business, or accept business from, any customer of any Placement Agency.~~

9.4 — Specific Performance

~~In view of the importance of the Marks and the incalculable and irreparable harm that would result to us, to the System, to the Placement Agencies, and to the Marks in the event of a Default under this **ARTICLE 9**, the parties agree that each party may seek specific performance and/or injunctive relief to enforce the covenants in this Agreement, in addition to any other relief to which such party may be entitled at law or in equity.~~

**ARTICLE 10.
TERMINATION**

10.1—Termination Pursuant to a Default of this Agreement

~~(a) Subject to Applicable Law to the contrary, this Agreement may be terminated by us in the event of any Default by you of this Agreement, unless such Default is cured by you within thirty (30) days following written notice of the Default; provided that in the case of a Default by you (or any of your Affiliates) under any Franchise Agreement or other written agreement with us (or our Affiliates), the termination, notice and cure provisions of the Franchise Agreement or other agreement will control, and provided, further, however, that any Default described in Sections 10.1(b)(i), (ii), (v), or (vi) below are not curable.~~

~~(b) The term “Default”, as used in this Agreement, includes the following:~~

(i) ~~Any Assignment or attempted Assignment in violation of the terms of **Section 8.2 or 8.3**, or without the written consents required pursuant to this Agreement; provided, however: (1) if you are an individual, upon prompt written request following your death or legal incapacity, we will allow a period of up to sixty (60) days after such death or legal incapacity for your heirs, personal representatives, or conservators (the “**Heirs**”) to seek and obtain our consent to the Assignment of your rights and interests in this Agreement to Heir(s) or another person acceptable to us; or (2) if you are a Business Entity, upon prompt written request following the death or legal incapacity of an Owner, directly or indirectly, owning twenty percent (20%) or more of the Equity or voting power of you, we will allow a period of up to sixty (60) days after such death or legal incapacity for his or her Heir(s) to seek and obtain our consent to the Assignment of such Equity to the Heir(s) or to another person or persons acceptable to us. If, within said sixty (60) day period, said Heir(s) fail to~~

~~receive or attempt to receive our consent, then this Agreement will immediately terminate at our election.~~

~~(ii) Subject to **Sections** Error! Reference source not found, and **2.4**, your failure to: (a) satisfy the Development Obligation within the Development Periods; or (b) pay the applicable monthly penalty stated in **Section 2.4**.~~

~~(iii) Your failure to pay any fee in a manner as required by this Agreement or any Franchise Agreement between us (or our Affiliates) and you (or your Affiliates).~~

~~(iv) Your opening of any Placement Agency in the Multi-unit Territory except in accordance with the procedures listed in **Sections 7.1** and **7.2** of this Agreement.~~

~~(v) — Your failure to fully comply with the requirements of Article 9.~~

~~(vi) — Any termination or default of any other agreement between you (or your Affiliates) and us (and our Affiliates), including any individual Franchise Agreement, which default remains uncured after the expiration of any applicable cure period.~~

~~ARTICLE 11.~~

~~GENERAL CONDITIONS AND PROVISIONS~~

~~11.1 — Our Relationship to You~~

~~You and we expressly agree that you and we intend by this Agreement to establish between us and you the relationship of franchisor and franchisee. You further agree that you have no authority to create or assume in our name or on our behalf, any obligation, express or implied, or to act or purport to act as our agent or representative for any purpose whatsoever. Neither we nor you are the employer, employee, agent, partner or co-venturer of or with the other, each of us being independent from the other. You agree that you will not hold yourself out as our agent, employee, partner or co-venturer. All employees or independent contractors hired by or working for you must be your employees or independent contractors and must and will not, for any purpose, be deemed our employees or subject to our control. Each of the parties agrees to file its own tax, regulatory and payroll reports with respect to its respective employees and operations, saving and indemnifying the other party of and from any liability of any nature whatsoever by virtue thereof. Neither party will have the power to bind or obligate the other except specifically as set forth in this Agreement. We and you agree that the relationship created by this Agreement is one of independent contractors and not a~~

fiduciary relationship. You agree that any direction you receive from us regarding employment policies should be considered as examples, that you alone are responsible for establishing and implementing your own policies, and that you understand that you should do so in consultation with local legal counsel well versed in employment law.

11.2 — Indemnity by You

You agree to protect, defend and indemnify us, and all of our past, present and future Owners, Affiliates, officers, directors, employees, attorneys and designees and hold them harmless from and against any and all costs and expenses, including attorneys' fees, court costs, losses, liabilities, damages, claims and demands of every kind or nature on account of any actual or alleged loss, injury or damage to any person, firm or corporation or to any property arising out of or in connection with your construction, development or operation of Placement Agencies under this Agreement, except to the extent caused by our gross negligence or willful misconduct. The terms of this **Section 11.2** will survive the termination, expiration, cancellation, or

~~Assignment.~~

~~11.3 — No Consequential Damages For Legal Incapacity~~

~~We will not be liable to you for any consequential damages, including lost profits, interest expense, increased construction or occupancy costs, or other costs and expenses incurred by you by reason of any delay in our delivery of our FDD, or other conduct not due to our gross negligence or intentional misfeasance. Your sole remedy under those circumstances will be an extension of the applicable Development Period.~~

~~11.4 — Waiver and Delay~~

~~No waiver by us of any Default or Defaults, or series of Defaults in your performance, and no failure, refusal or neglect by us to exercise any right, power or option given to us under this Agreement or under any~~

~~Franchise Agreement or other agreement between us (or our Affiliates) and you (or your Affiliates), whether entered into before, after or contemporaneously with the execution of this Agreement (and whether or not related to Placement Agencies), or to insist upon strict compliance with or performance of your obligations under this Agreement or any Franchise Agreement or other agreement between us and you (or your Affiliates), whether entered into before, after or contemporaneously with the execution of this Agreement (and whether or not related to the Placement Agencies), can constitute a waiver of the provisions of this Agreement with respect to any continuing or subsequent Default or a waiver by us of our right at any time thereafter to require exact and strict compliance with the provisions of this Agreement.~~

11.5 — Survival of Covenants

~~The covenants contained in this Agreement which, by their nature or terms, require performance by the parties after the expiration or termination of this Agreement will be enforceable notwithstanding the~~

~~expiration or other termination, cancellation, or Assignment for any reason whatsoever.~~

~~11.6 — Successors and Assigns~~

~~This Agreement will be binding upon and inure to the benefit of our successors and assigns and will be binding upon and inure to the benefit of you and your Heirs, executors, administrators, and their successors and assigns, subject to the prohibitions and restrictions against Assignment contained in this Agreement.~~

~~11.7 — Joint and Several Liability~~

~~If you consist of more than one person or Business Entity, or a combination thereof, the obligations and liabilities of each such person or Business Entity to us are joint and several, and such person(s) or Business Entities will be deemed to be a general partnership.~~

11.8 — Titles for Convenience

~~Article and paragraph titles used in this Agreement are for convenience only and will not be deemed to affect the meaning or construction of any of the terms, provisions, covenants, or conditions of this Agreement.~~

11.9 — Gender and Construction

~~The terms of all Addendums to this Agreement are incorporated into and made a part of this Agreement as if they had been set forth in full in this Agreement. All terms used in any one number or gender will also mean and include any other number and gender as the facts, context, or sense of this Agreement or any article or Section hereof may require. Neither this Agreement nor any uncertainty or ambiguity in it can be construed or resolved against us as the drafter, whether under any rule of construction or otherwise. You agree~~

~~that this Agreement has been reviewed by all parties and will be construed and interpreted according to the ordinary meaning of the words used so as to fairly accomplish our and your purposes and intentions. We and you intend that if any provision of this Agreement is susceptible to two (2) or more constructions, one (1) of which would render the provision enforceable and the other or others of which would render the provision unenforceable, then the provision will be given the meaning that renders it enforceable.~~

~~**11.10—Severability, Modification**~~

~~Nothing contained in this Agreement can be construed as requiring the commission of any act contrary to Applicable Law. Whenever there is any conflict between any provisions of this Agreement and any present or future statute, law, ordinance or regulation contrary to which the parties have no legal right to contract, the latter will prevail, but in such event the provisions of this Agreement thus affected will be curtailed and limited only to the extent necessary to bring it within the requirements of the law. In the event~~

~~that any part, article, paragraph, sentence or clause of this Agreement is held to be indefinite, invalid or otherwise unenforceable, the indefinite, invalid or unenforceable provision will be deemed deleted, and the remaining part of this Agreement will continue in full force and effect.~~

~~**11.11—Counterparts**~~

~~This Agreement may be executed in any number of counterparts, each of which will be deemed to be an original and all of which together will be deemed to be one and the same instrument.~~

~~**11.12—Costs, Fees and Expenses**~~

~~The prevailing party in a judicial or other proceeding between the parties will be entitled to reimbursement of its costs and expenses, including reasonable attorney fees. “Costs and expenses” mean all~~

~~reasonable pre-award expenses of the arbitration, including arbitrators fees, administrative fees, travel expenses, out of pocket expenses such as copying and telephone, expert witness fees, costs of investigation and proof of facts, court costs, other arbitration or litigation expenses, and attorney fees. “Prevailing party” is the party which has obtained the greatest net award in terms of money or money equivalent. If money or money equivalent has not been awarded, then the prevailing party will be that party which has prevailed on a majority of the material issues decided.~~

~~11.13—Dispute Resolution~~

~~The dispute resolution provisions and procedures of the first Franchise Agreement you sign with us, for the first Placement Agency you develop under your Development Obligation, will control any and all disputes between you and us under this Agreement. For the avoidance of doubt, the parties recognize that the dispute resolution provisions and procedures are contained in Article 19 of the first Franchise~~

Agreement between you and us. The terms of **Articles 9 and 11** of this Agreement will survive termination, expiration or cancellation of this Agreement.

11.14 Governing Law

~~ARTICLE 9 (your covenants to maintain the secrecy of our Confidential Information and to not compete with us or other Placement Agencies) is governed by and must be interpreted in accordance of the laws of the state where your Development Territory is located. All other provisions of this Agreement are governed by and must be interpreted in accordance with the laws of the state of California, without reference to conflict of laws principles. By agreeing to the application of California law, the parties do not intend to make this Agreement or their relationship subject to any franchise, dealership, distributorship, business opportunity, or other statute, rule, or regulation of the state of California to which this Agreement or the parties' relationship would not otherwise be subject. We and you each acknowledge and agree that this choice~~

~~of applicable state law provides you and us with the mutual benefit of uniform interpretation of this Agreement. You expressly waive any rights or protections you have or may have under any statute or law of any other state to the fullest extent permitted by law. This Agreement may be deemed to be amended from time to time as may be necessary to bring any of its provisions into conformity with valid applicable laws or regulations.~~

~~**11.15 — Notices**~~

~~Except as otherwise expressly provided in this Agreement, all written notices and reports permitted or required to be delivered by the parties under this Agreement will be deemed so delivered at the time delivered by hand; one (1) business day after electronically confirmed transmission by facsimile or other electronic system; one (1) business day after delivery by Express Mail or other recognized, reputable overnight courier; or three (3) business days after placement in the United States Mail by Registered or Certified Mail, Return~~

Receipt Requested, postage prepaid and addressed as follows:

If to us:

Senior Care Authority, EEC
755 Baywood Drive, Suite 200
Petaluma, CA 94954

If to you:

Facsimile No.: (_____) _____

~~or to such other address as such party may designate by ten (10) days' advance written notice to the other party.~~

ARTICLE 12.

~~YOU, YOUR OWNERS, AND YOUR BUSINESS ENTITY~~

12.1 — Business Entity Information

If you are a Business Entity, you represent and warrant that the information set forth in Addendum 3

~~is accurate and complete in all material respects. You must notify us in writing within ten (10) days of any change in the information set forth in **Addendum 3**, and you must submit to us a revised **Addendum 3**, which must be certified by you as true, correct and complete. When we receive and accept it, we will annex it to this Agreement as a new **Addendum 3**. You must promptly provide such additional information as we may from time to time request concerning all persons who may have any direct or indirect financial interest in you, including providing copies of all amendments to your Business Entity Documents. You must conduct no business other than the business contemplated under this Agreement and under any currently effective Franchise Agreement between us and you. Your Business Entity Documents, and any share, membership or ownership certificates, must recite that the issuance and transfer of any interest in you is subject to the restrictions set forth in the Agreement and any Franchise Agreement you execute in exercising the rights we give you under this Agreement.~~

12.2 — Operating Principal; Managers

~~(a) — If you are a Business Entity, you must at all times have appointed an Operating Principal acceptable to us. Your Operating Principal must be an owner of you and will be principally responsible for communicating and coordinating with us regarding business, operational and other ongoing matters concerning this Agreement and all of the Placement Agencies that you develop as part of this Agreement. Your Operating Principal will have the full authority to act on your behalf in regard to performing, administering or amending this Agreement and all Franchise Agreements executed as a result of your exercising your rights under this Agreement. The Operating Principal may, in our discretion, also be the Designated Manager of one of your Placement Agencies. We may, but are not required to, deal exclusively with the Operating Principal in such regards unless and until we actually receive written notice from you of the appointment of a successor Operating Principal that has been approved by us.~~

~~(b) — You must have at least one Designated Manager for each Placement Agency you own and develop under this Agreement, who will be primarily responsible for operating that Placement Agency.~~

~~12.3 — Business Practices~~

~~You represent, warrant, acknowledge, understand, and agree that:~~

~~(a) — Neither you nor any of your Owners conducts any activity, or has failed to conduct any activity, if such action or inaction constitutes a money laundering crime, including any money laundering crime prohibited under the International Money Laundering Abatement and Anti Terrorist Financing Act ("**Patriot Act**") and any amendments or successors to the Patriot Act.~~

~~(b) — Neither you, nor any of your Owners, or your or your Owners' employees is named as a "Specially Designated Nationals" or "Blocked Persons" as designated by the U.S. Department of the Treasury's Office of Foreign Assets Control (currently, this list is published under the internet website address www.treasury.gov/offices/enforcement/ofac/). You are neither directly nor indirectly owned or controlled by the government of any country that is subject to a United States embargo, nor do you or any of your Owners act directly or indirectly on behalf of the government of any country that is subject to a United States embargo. You agree that you will notify us in writing immediately of the occurrence of any event that renders the representations and warranties of this paragraph incorrect.~~

~~(c) — You have been advised by legal counsel on the requirements of the applicable laws referred to above, including the United States Foreign Corrupt Practices Act, any local foreign corrupt practices laws and the Patriot Act, and you acknowledge the importance to us, the System and the parties'~~

~~relationship of their respective compliance with any requirement to report or provide access to information to us or any government that is made part of Applicable Law. You must take all reasonable steps to require your consultants, agents and employees to comply with such laws prior to engaging or employing any such persons.~~

~~ARTICLE 13.~~

~~ACKNOWLEDGMENTS~~

~~13.1 — True and Accurate Information~~

~~You affirm that all information set forth in any and all applications, financial statements and submissions to us are true, complete and accurate in all respects, and you expressly acknowledge that we are relying upon the truthfulness, completeness and accuracy of that information.~~

13.2 — Entire Agreement

~~This Agreement, any individual Franchise Agreements signed between the parties based on this Agreement, and the Addendums incorporated into it and them contain all of the terms and conditions agreed upon by the parties concerning their subject matter. No other agreements concerning the subject matter of this Agreement, written or oral, will be deemed to exist or to bind you or us and all prior agreements, understandings and representations, are merged in this Agreement and superseded by it. You represent that there are no contemporaneous agreements or understandings between the parties relating to the subject matter of this Agreement that are not contained in it. No officer, employee or agent of us has any authority to make any representation or promise not included in this Agreement or the FDD, and you agree that you have executed this Agreement without reliance upon any such representation or promise. This Agreement cannot be modified or changed except by written instrument signed by you and us. Nothing in this Agreement or in the Franchise Agreement is intended to disclaim the express representations made in~~

the FDD, its exhibits and amendments.

~~IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the Effective Date.~~

~~SENIOR CARE AUTHORITY, LLC~~ _____ ~~FRANCHISEE NAME (Company Name):~~

By: _____
(Print Franchisee Name)

Print
Name:

Its: _____

Date: _____

By: _____

Print Name:

Its: _____

Date: _____

APPENDIX

GLOSSARY OF TERMS

~~AAA: The American Arbitration Association.~~

~~Affiliate: A person or Business Entity which is united, attached, connected, or allied with, or is controlling or~~

~~under common control with a party, including but not limited to parent, subsidiary or affiliated companies.~~

~~**Applicable Law:** Includes applicable common law and all applicable statutes, laws, rules, regulations, ordinances, policies and procedures established by any Governmental Authority, including all labor, immigration, disability, health, safety, food and drug laws and regulations, as in effect on the Effective Date, and as may be amended, supplemented or enacted from time to time.~~

~~**Assignment:** Defined in Section 8.3(a).~~

~~**Authorized Services and Products:** The specific products and services that are specified by us from time to time in the Manuals, or as otherwise directed by us in writing, for sale at Placement Agencies, offered or sold in strict accordance with our standards and specifications.~~

~~**Business Entity:** A corporation, a general or limited Partnership or a limited liability company.~~

~~**Business Entity Documents:** Your charter documents including Articles of Incorporation, Bylaws, Operating Agreement, Regulations Partnership Agreement, resolutions authorizing the execution of this Agreement, and any amendments to any of them.~~

~~**Competitive Activities:** Any business that offers or provides (or grants franchises or licenses to others to operate a business that offers or provides) services that are the same as or similar to those provided by Placement Agencies, other than a Placement Agency operated under a franchise agreement with us.~~

~~**Default:** Any breach of, or failure to comply with, any of the terms or conditions of an agreement, and including the specific Defaults identified in **Section 10.1(b)**.~~

~~**Designated Manager:** An individual who will operate one (1) Placement Agency owned by you. Each Designated Manager must: (a) be approved by us; (b) have successfully completed our initial training program and all other training programs required by us from time to time; (c) devote his or her full time (a minimum of thirty five hours per week) and best efforts to operating the Placement Agency for which you have designated her or him.~~

~~**Development Period:** Each of the time periods indicated on Addendum 2 during which you have the right and obligation to construct, equip, open and continue to operate Placement Agencies in accordance with the Development Obligation.~~

~~**Development Obligation:** Your right and obligation to construct, equip, open and continue to operate at sites within the Multi-unit Territory the cumulative number of Placement Agencies identified in Addendum 2 within each Development Period and, if applicable, within the geographic areas specified in that Addendum.~~

~~**Equity:** Capital stock, membership interests, Partnership Rights or other ownership interests of a Business Entity.~~

~~**Franchise Agreement:** The form of agreement prescribed by us and used to grant to you the right to own and operate a single Placement Agency in the Multi-unit Territory, including all exhibits, riders, guarantees or other related instruments, all as amended from time to time.~~

~~**Franchise Disclosure Document or FDD:** Defined in Section 7.1(a).~~

~~**Governmental Authority:** All Federal, state, county, municipal and local governmental and quasi-governmental agencies, commissions and authorities.~~

Heirs: Defined in Section 10.1(b)(i).

Initial Franchise Fee: The initial license fee that we charge a franchisee for the right to enter into a franchise agreement with us.

Manuals: The primary source of information regarding the System and the construction and operation of a Placement Agency, which included our operations and training manuals, and any other written directive related to the System, as the same may be amended and revised from time to time, including all bulletins, supplements and ancillary and additional manuals and written directives established by us and amended from time to time.

Marks: Certain trade names, service marks, trademarks, logos, emblems, and other indicia of origin, including but not limited to the mark “Senior Care Authority®” and such other trade names, service marks, trademarks,

~~copyrights, insignia, emblems, slogans, logos, commercial symbols, signs, trade dress (including designs and specifications and the motif, decor, and color combinations for Placement Agencies), and all other visual identification, as are now designated, and may later be designated by us, for use in connection with the System.~~

~~**Minimum Monthly Royalty:** Defined in **Section 5.4.**~~

~~**Multi-Rights Fee:** Defined in **Section 5.1.**~~

~~**Multi-unit Territory:** The geographic area defined or identified in **Addendum 1.**~~

~~**Operating Principal:** President, manager or authorized representative, who is an Owner of you, and accepted by us (and until subsequently disapproved by us), to serve as the authorized representative of you, who you~~

~~acknowledge and agree will act as your representative, and will have the authority to act on your behalf during the Term.~~

~~**Owner:** Any direct or indirect shareholder, member, general or limited partner, trustee, or other Equity owner of an Business Entity, except, that if we or any of our Affiliates have any ownership interest in you, the term “Owner” will not include or refer to us or that Affiliate or our or their respective direct and indirect parents and subsidiaries, and no obligation or restriction upon you, or your Owners will bind us, said Affiliate(s) or their respective direct and indirect parents and subsidiaries or their respective officers, directors, or managers.~~

~~**Partnership:** Any general partnership, limited partnership or limited liability partnership.~~

~~**Partnership Rights:** Voting power, property, profits or losses, or partnership interests of a Partnership. **Placement**~~

~~**Agency or Placement Agencies:** Defined in Recital A.~~

~~**Restricted Persons:** You, and each of your Owners and Affiliates, and the respective officers, directors, managers, and Affiliates of each of them, the Operating Principal, and the spouse and family members who live in the same household of each of the foregoing who are individuals.~~

~~**Royalty Fee:** A monthly amount you will pay us, which will be fixed under each individual Franchise Agreement you sign with us.~~

~~**System:** A uniform system for the establishment and operation of Placement Agencies, including uniform standards, specifications, and procedures for operations along with related computer software programs; procedures for quality control; the Marks, management programs, accounting methods, training and ongoing~~

~~operational assistance; advertising and promotional techniques; personnel training; Trade Secrets; methods of marketing senior placement agency services, assisting families and seniors to find ideal locations for the seniors to live, and help them receive the necessary care and supervision for their daily living activities, as well as related items and services, prepared, conducted, given, purchased, or displayed in accordance with our methods; and other related benefits relating to the operation and promotion of a Placement Agency, all of which we may change, improve, and further developed from time to time.~~

~~**Technology Fee:** A monthly fee we (or our suppliers) charge you for access and licenses to certain software products, like our CRM Software and file space on Google Drive, as well as for certain other technology products, like our website and information technology support and the search engine optimization we perform for the System.~~

~~**Term:** *Defined in Section 4.1.*~~

~~**Then current:** The form of Franchise Disclosure Document, multi unit Franchise Agreement, or Franchise Agreement then currently provided by us to similarly situated prospective franchisees, or if not then being so provided, then such form selected by us in our discretion which previously has been delivered to and executed by a licensee or franchisee of us.~~

~~**Trade Secrets:** Defined in Section 9.2(a).~~

ADDENDUM 1

MULTI-UNIT TERRITORY

The Multi unit Territory* is defined as the territory within the boundaries described below:

~~* If the Multi-unit Territory is defined by streets, highways, freeways or other roadways, or rivers, streams, or tributaries, then the boundary of the Multi-unit Territory will extend to the center line of each such street, highway, freeway or other roadway, or river, stream, or tributary.~~

Addendum 1

ADDENDUM 2

The following deadlines will apply to your development of Placement Agencies under this Agreement:

DEVELOPMENT OBLIGATION

PLACEMENT AGENCY NUMBER	LAST DAY OF DEVELOPMENT PERIOD
1	
2	
3	
4	
5	
6	
7	

ADDENDUM 3

BUSINESS ENTITY INFORMATION

You represent and warrant that the following information is accurate and complete in all material respects:

- (i) — You are a (check as applicable):
 corporation
 individual
 limited liability us

~~general partnership~~
~~limited partnership~~
 Other (specify): _____

~~(ii) — You must provide to us, at the same time you sign this Addendum, true and accurate copies of your Business Entity Documents.~~

~~(iii) — You must promptly provide such additional information as we may from time to time request concerning all persons who may have any direct or indirect financial interest in you.~~

~~(iv) — The name and address of each of your owners, members, or general and limited partners:~~

NAME	ADDRESS	NUMBER OF SHARES OR PERCENTAGE INTEREST
------	---------	--

~~(v) — There is set forth below the names, and addresses and titles of your principal officers or partners who will be devoting their full time to the business authorized under the Agreement:~~

~~NAME _____ ADDRESS~~

~~(vi) — The address where your Financial Records, and Business Entity Documents are maintained is:~~

The “Operating Principal” is:

Senior Care Authority, LLC

EXHIBIT C

Financial Statements
Senior Care Authority, LLC

EXHIBIT C-1

Unaudited Financial Statements

These Financial Statements Have Been Prepared without an Audit. Prospective Franchisees or Sellers of Franchises Should be Advised that No Independent Certified Public Accountant Has Audited These Figures or Expressed an Opinion with Regard to their Content or Form.

Senior Care Authority

Balance Sheet

As of March 31, 2023

	TOTAL
ASSETS	
Current Assets	
Bank Accounts	
106 SCA Franchise — 2385	4,740.95
Total Bank Accounts	\$4,740.95
Accounts Receivable	
110 Accounts Receivable	151,152.57
Total Accounts Receivable	\$151,152.57
Other Current Assets	\$168,958.86
Total Current Assets	\$324,852.38
Other Assets	\$311,117.99
TOTAL ASSETS	\$635,970.37
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	\$223,381.44
Credit Cards	\$76,792.79
Other Current Liabilities	\$313,945.26
Total Current Liabilities	\$614,119.49
Long-Term Liabilities	\$2,360,156.43
Total Liabilities	\$2,974,275.92
Equity	\$ -2,338,305.55
TOTAL LIABILITIES AND EQUITY	\$635,970.37

Senior Care Authority

Profit and Loss Summary

January - March, ~~2023~~2024

		TOTAL
Income	\$592,379.73	\$634,220.95
Cost of Goods Sold	\$114,730.75	\$158,430.75
GROSS PROFIT	\$477,648.98	\$475,790.20
Expenses	\$469,706.02	\$434,135.70
NET OPERATING INCOME	\$7,942.96	\$41,654.50
Other Income	\$ -780.00	\$781.79
Other Expenses	\$15,562.21	\$8,879.41
NET OTHER INCOME	\$ -16,342.21	\$ -8,097.62
NET INCOME	\$ -8,399.25	\$33,556.88

Senior Care Authority

Balance Sheet Summary

As of March 31, 2024

	<u>TOTAL</u>
<u>ASSETS</u>	
<u>Current Assets</u>	
Bank Accounts	125,834.69
Accounts Receivable	91,271.76
Other Current Assets	158,450.15
<u>Total Current Assets</u>	<u>\$375,556.60</u>
<u>Other Assets</u>	803,125.95
<u>TOTAL ASSETS</u>	<u>\$1,178,682.55</u>
<u>LIABILITIES AND EQUITY</u>	
<u>Liabilities</u>	
<u>Current Liabilities</u>	\$616,410.07
<u>Long-Term Liabilities</u>	2,835,517.50
<u>Total Liabilities</u>	<u>\$3,451,927.57</u>
<u>Equity</u>	-2,273,245.02
<u>TOTAL LIABILITIES AND EQUITY</u>	<u>\$1,178,682.55</u>

Senior Care Authority, LLC

EXHIBIT C-2

Audited Financial Statements

SENIOR CARE AUTHORITY, EEC
FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022~~AND~~
2021

Table of Contents

<u>Independent Auditor's Report.....</u>	<u>1-2</u>
<u>Financial Statements:</u>	
<u>Balance sheets</u>	<u>3</u>
<u>Statements of income (loss) and members' deficit.....</u>	<u>4</u>
<u>Statements of cash flows</u>	<u>5</u>
<u>Notes to the Financial Statements.....</u>	<u>6-11</u>

Independent Auditor's Report

To the Members
Senior Care Authority, LLC

Opinion

We have audited the accompanying financial statements of Senior Care Authority, LLC, which comprise the balance sheets as of December 31, 2023 and 2022, and the related statements of income (loss) and members' deficit, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Senior Care Authority, LLC as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended 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. 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 Senior Care Authority, 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 Senior Care Authority, LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Senior Care Authority, EEC'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 Senior Care Authority, EEC'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.



March 27, 2024 Las Vegas, Nevada

SENIOR CARE AUTHORITY, EEC
BALANCE SHEETS DECEMBER
31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>		
<u>Current Assets:</u>		
Cash	\$ 155,239	\$ 63,811
Accounts receivable, net	35,979	193,886
Other receivables	35,593	135,247
Prepaid expenses	8,295	12,897
Current maturities of deferred contract costs	86,001	24,315
<u>Total current assets</u>	<u>321,107</u>	<u>430,156</u>
<u>Intangible Assets, Net</u>	<u>98,000</u>	<u>106,000</u>
<u>Deferred Contract Costs, Net of Current</u>	<u>707,126</u>	<u>207,118</u>
<u>Total Assets</u>	<u>\$ 1,126,233</u>	<u>\$ 743,274</u>
<u>LIABILITIES AND MEMBERS' DEFICIT</u>		
<u>Current Liabilities:</u>		
Accounts payable	\$ 113,646	\$ 207,522
Accrued expenses	62,739	103,276
Current maturities of deferred franchise fees	387,991	295,441
Current maturities of long-term debt	28,868	216,533
<u>Total current liabilities</u>	<u>593,244</u>	<u>822,772</u>
<u>Long-Term Liabilities:</u>		
Deferred franchise fees, net of current	2,301,384	1,720,153
Long-term debt, net of current	520,650	532,188
<u>Total long-term liabilities</u>	<u>2,822,034</u>	<u>2,252,341</u>
<u>Total Liabilities</u>	<u>3,415,278</u>	<u>3,075,113</u>
<u>Members' Deficit</u>	<u>(2,289,045)</u>	<u>(2,331,839)</u>
<u>Total Liabilities and Members' Deficit</u>	<u>\$ 1,126,233</u>	<u>\$ 743,274</u>

SENIOR CARE AUTHORITY, EEC
STATEMENTS OF INCOME (LOSS) AND MEMBERS' DEFICIT
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<u>Revenue</u>	\$ 2,171,891	\$ 1,733,795
<u>Operating Expenses:</u>		
<u>Advertising</u>	76,481	80,691
<u>Amortization</u>	8,000	8,000
<u>Auto</u>	11,873	13,896
<u>Brand advertising</u>	624,241	569,328
<u>Commissions</u>	55,131	11,692
<u>Insurance</u>	21,727	17,676
<u>Office expense and other</u>	131,984	186,375
<u>Professional fees</u>	241,845	276,023
<u>Salaries, wages and related</u>	735,807	710,327
<u>Taxes and licenses</u>	6,800	15,408
<u>Technology</u>	26,411	23,759
<u>Travel and meals</u>	20,133	23,758
<u>Total operating expenses</u>	1,960,433	1,936,933
<u>Income (Loss) from Operations</u>	211,458	(203,138)
<u>Other Income (Expense):</u>		
<u>PPP loan forgiveness</u>	=	82,141
<u>Other income</u>	=	135,247
<u>Interest expense</u>	(42,145)	(23,912)
<u>Total other income (expense)</u>	(42,145)	193,476
<u>Net Income (Loss)</u>	169,313	(9,662)
<u>Members' Deficit, Beginning of Year</u>	(2,331,839)	(2,545,524)
<u>Member contributions</u>	=	281,310
<u>Member distributions</u>	(126,519)	(57,963)
<u>Members' Deficit, End of Year</u>	\$ (2,289,045)	\$ (2,331,839)

**SENIOR CARE AUTHORITY, EEC STATEMENTS OF
CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
<u>Cash Flows From Operating Activities:</u>		
<u>Net income (loss)</u>	\$ <u>169,313</u>	\$ <u>(9,662)</u>
<u>Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:</u>		
<u>Accrued interest</u>	<u>18,750</u>	<u>18,750</u>
<u>Amortization of intangible assets</u>	<u>8,000</u>	<u>8,000</u>
<u>PPP loan forgiveness</u>	<u>=</u>	<u>(82,141)</u>
<u>Changes in:</u>		
<u>(Increase) decrease in accounts receivable</u>	<u>157,907</u>	<u>(178,925)</u>
<u>(Increase) decrease in other receivables</u>	<u>99,654</u>	<u>(135,247)</u>
<u>(Increase) decrease in prepaid expenses</u>	<u>4,602</u>	<u>3,628</u>
<u>(Increase) decrease in deferred contract costs</u>	<u>(561,694)</u>	<u>(231,433)</u>
<u>Increase (decrease) in accounts payable</u>	<u>(93,876)</u>	<u>50,370</u>
<u>Increase (decrease) in accrued expenses</u>	<u>(40,537)</u>	<u>(139,711)</u>
<u>Increase (decrease) in deferred revenue</u>	<u>=</u>	<u>(23,200)</u>
<u>Increase (decrease) in deferred franchise fees</u>	<u>673,781</u>	<u>313,253</u>
<u>Net cash provided by (used in) operating activities</u>	<u>435,900</u>	<u>(406,318)</u>
<u>Cash Flows From Financing Activities:</u>		
<u>Proceeds from debt borrowings</u>	<u>75,000</u>	<u>232,500</u>
<u>Principal debt payments</u>	<u>(292,953)</u>	<u>(90,967)</u>
<u>Member capital contributions</u>	<u>=</u>	<u>281,310</u>
<u>Member distributions</u>	<u>(126,519)</u>	<u>(57,963)</u>
<u>Net cash provided by (used in) financing activities</u>	<u>(344,472)</u>	<u>364,880</u>
<u>Net Change in Cash</u>	<u>91,428</u>	<u>(41,438)</u>
<u>Cash, Beginning of Year</u>	<u>63,811</u>	<u>105,249</u>
<u>Cash, End of Year</u>	<u>\$ 155,239</u>	<u>\$ 63,811</u>
<u>Supplemental disclosure of cash flow information:</u>		
<u>Cash paid for interest</u>	<u>\$ 23,395</u>	<u>\$ 5,162</u>

NOTE 1 - NATURE OF THE BUSINESS

The Company was organized in April 2014 as a limited liability company under the laws of the state of California. The principal activity of the Company is the sale of franchises that operate a senior placement and consulting agency assisting families and seniors to find ideal locations for the seniors to live under the name "Senior Care Authority".

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Senior Care Authority, LLC (the "Company") is presented to assist in understanding the Company's financial statements. The financial statements and notes are representations of the Company's management, which is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Basis of Presentation

The financial statements are prepared on the accrual basis of accounting, which recognizes income when earned and expenses when incurred.

Use of Estimates in Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid investments available for current use with original maturity of three months or less to be cash equivalents. The Company maintains its cash in bank deposit account which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts. Management believes the Company is not exposed to any significant credit risk on cash and cash equivalents.

Accounts Receivable

The Company's receivables are primarily generated from ongoing business relationships with franchisees as a result of franchise agreements. Accounts receivable is stated at the amount the Company expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

As of December 31, accounts receivable consisted of the following balances:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
<u>Accounts receivable</u>	<u>\$ 35,979</u>	<u>\$ 193,886</u>	<u>\$ 14,961</u>
<u>Allowance for doubtful accounts</u>			
<u>Accounts receivable, net</u>	<u>\$ 35,979</u>	<u>\$ 193,886</u>	<u>\$ 14,961</u>

Revenue Recognition

The Company executes franchise agreements for each franchise which set out the terms of the agreement with the franchisee. Franchise agreements typically require the franchisee to pay an initial fee and continuing fees based upon a percentage of sales or a percentage fee for each franchise awarded. Subject to the Company's approval and payment of a renewal fee, a franchisee may generally renew the franchise agreement upon its expiration.

The services provided in exchange for these initial franchise fees are highly interrelated with the franchise right and are not individually distinct from the ongoing services the Company provides to its franchisees. As a result, initial franchise fees are recognized as revenue over the term of each respective franchise agreement. Revenues for these initial franchise fees are recognized on the straight-line basis, which is consistent with the franchisee's right to use and benefit from intellectual property.

The Company's contract liabilities are comprised of unamortized initial franchise fees. As of December 31, deferred franchise fees consisted of the following:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
<u>Deferred franchise fees</u>	<u>\$ 2,689,375</u>	<u>\$ 2,015,594</u>	<u>\$ 1,702,341</u>
<u>Less: current maturities</u>	<u>(387,991)</u>	<u>(295,441)</u>	<u>(253,437)</u>
	<u>\$ 2,301,384</u>	<u>\$ 1,720,153</u>	<u>\$ 1,448,904</u>

As of December 31, the Company expects to recognize contract liabilities as revenue over the remaining term of the associated franchise agreements as follows:

<u>2024</u>	<u>\$ 387,991</u>
<u>2025</u>	<u>387,991</u>
<u>2026</u>	<u>372,527</u>
<u>2027</u>	<u>330,557</u>
<u>2028</u>	<u>286,657</u>
<u>Thereafter</u>	<u>923,652</u>
	<u>\$ 2,689,375</u>

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Continuing fees are recognized monthly as they are earned.

Brand advertising provided to franchisees is highly interrelated with the franchise right and therefore not distinct. As a result, revenues for the brand advertising are recognized on a monthly basis, as they are billed, and reflected on the statements of loss and members' deficit under the caption "revenue". Expenses incurred to provide brand advertising services are presented on the statements of loss and members' deficit under the caption "brand advertising".

The Company incurs incremental costs in the course of obtaining franchise agreements. The Company's incremental costs of obtaining franchise agreements are capitalized and presented on the accompanying balance sheets. These incremental costs are recognized on the straight-line basis which is consistent with the franchisee's right to us and benefit from intellectual property.

The Company's contract assets are comprised of unamortized incremental contract costs. As of December 31, deferred contract costs consisted of the following:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
<u>Deferred contract costs</u>	<u>\$ 793,127</u>	<u>\$ 231,433</u>	<u>\$</u>
<u>Less: current maturities</u>	<u>(86,001)</u>	<u>(24,315)</u>	
	<u>\$ 707,126</u>	<u>\$ 207,118</u>	<u>\$</u>

For the years ended December 31, revenue sources were as follows:

	<u>2023</u>	<u>2022</u>
<u>Initial franchise fees</u>	<u>515,719</u>	<u>349,247</u>
<u>Marketing and technology</u>	<u>651,335</u>	<u>506,405</u>
<u>Royalties</u>	<u>787,051</u>	<u>635,398</u>
<u>Other</u>	<u>217,786</u>	<u>242,745</u>
	<u>2,171,891</u>	<u>1,733,795</u>
<u>As of December 31, the timing and recognition of revenue was as follows:</u>		
	<u>2023</u>	<u>2022</u>
<u>Services transferred at a point in time</u>	<u>\$ 1,656,172</u>	<u>\$ 1,384,548</u>
<u>Services transferred over time</u>	<u>515,719</u>	<u>349,247</u>
	<u>\$ 2,171,891</u>	<u>\$ 1,733,795</u>

Various economic factors such as supply and demand, laws and policies and labor affect revenues and cash flows. The Company's revenue is derived from sources within the United States.

SENIOR CARE AUTHORITY, EEC
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2023 AND 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED) Advertising

Advertising costs are expensed when incurred or the first time such advertisement appears. For the years ended December 31, 2023 and 2022, total advertising costs were \$76,481 and \$80,691, respectively.

Income Taxes (Continued)

As a limited liability company, the Company's taxable income or loss is allocated to the members. Therefore, no provision or liability for federal or state income taxes has been included in the accompanying financial statements.

As defined by Financial Accounting Standards Board Accounting Standards Codification (ASC) Topic 740, Income Taxes, no provision or liability for materially uncertain tax positions was deemed necessary by management. Therefore, no provision or liability for uncertain tax positions has been included in these financial statements.

As of December 31, 2023, the tax years that remain subject to potential examination by taxing authorities begin with the year ended December 31, 2020.

Reclassifications

Certain reclassifications have been made to the prior year financial statement presentation to correspond to the current year's format. Members' deficit was unchanged due to these reclassifications.

Recent Accounting Pronouncements

In March 2022, the FASB issued ASU 2022-02, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which creates a new credit impairment standard for financial instruments. Under the new standard, the existing incurred loss model was replaced with a current expected credit loss (CECL) model for most receivables and various other financial instruments. Receivable assets under the standard are presented at the net amount expected to be collected through an allowance for credit losses. Expanded disclosures are also required. This ASU is effective for the Company for the year ended December 31, 2023. The adoption of this guidance did not have a material impact on the Company's financial statements.

NOTE 3 - INTANGIBLE ASSETS

<u>December 31, 2023</u>			
<u>Intangible asset (Amortization period)</u>	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net</u>
Intellectual property rights (15 years)	\$ 120,000	\$ (22,000)	\$ 98,000
<u>December 31, 2022</u>			
<u>Intangible asset (Amortization period)</u>	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net</u>
Intellectual property rights (15 years)	\$ 120,000	\$ (14,000)	\$ 106,000

Amortizable intangible assets consisted of the following as of:

Amortization expense related to intangible assets was approximately \$8,000 for the years ended December 31, 2023 and 2022.

The estimated amortization expense related to amortizable assets for each of the five succeeding years and thereafter is as follows as of December 31, 2023:

<u>Years ending December 31,</u>	
<u>2024</u>	<u>\$ 8,000</u>
<u>2025</u>	<u>8,000</u>
<u>2026</u>	<u>8,000</u>
<u>2027</u>	<u>8,000</u>
<u>2024 Thereafter</u>	<u>58,000</u>
<u>Total</u>	<u>\$ 98,000</u>

NOTE 4 - RELATED PARTY TRANSACTIONS

The Company pays rent of \$3,750 per month to a member of the Company for shared office rent. It paid the member \$45,000 and \$33,750 during 2023 and 2022, respectively. There are no amounts due to the member as of December 31, 2023 and 2022.

SENIOR CARE AUTHORITY, EEC
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2023 AND 2022

As of December 31, long-term debt consisted of the following:

	<u>2023</u>	<u>2022</u>
<u>On July 1, 2020, the Company was granted an Economic Injury Disaster Loan (EIDL) from a financial institution in the aggregate amount of \$150,000, pursuant to Section 7(b) of the Small Business Act, as amended. The loan was subsequently amended in June 2021 for an aggregate amount of \$500,000. It matures in July 2025 and bears interest at a fixed rate of 3.75% per annum, payable monthly commencing in February 2023. The loan may be prepaid by the borrower at any time prior to maturity with no prepayment penalties. Funds from the loan may only be used as working capital to alleviate economic injury caused by the disaster occurring in the month of January 2020. The loan is collateralized by assets of the Company.</u>	<u>\$ 520,650</u>	<u>\$ 532,188</u>
<u>The Company has lines of credit, which originated from February 2023 to May 2023. The lines of credit have maturity dates that range from February 2024 to November 2024 and interest rates ranging from 8.07% to 25.94%.</u>	<u>28,868</u>	<u>109,033</u>
<u>Note payable of \$92,500 to an individual, maturing in December 2023, bearing no interest, and is unsecured. The note was fully paid in 2023.</u>	<u>=</u>	<u>92,500</u>
<u>Note payable of \$150,000 to an individual, with monthly payments of \$5,000, maturing in April 2023, bearing no interest and is unsecured.</u>		<u>15,000</u>
<u>Total long-term debt</u>	<u>549,518</u>	<u>748,721</u>
<u>Less: current maturities</u>	<u>(28,868)</u>	<u>(216,533)</u>
	<u>\$ 520,650</u>	<u>\$ 532,188</u>

NOTE 5 - LONG-TERM DEBT

SENIOR CARE AUTHORITY, EEC
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2023 AND 2022

<u>2024</u>	
<u>2025</u>	\$ <u>28,868</u>
<u>2026</u>	<u>4,838</u> <u>11,923</u>
<u>2027</u>	<u>12,378</u> <u>12,850</u>
<u>2028</u>	<u>478,661</u>
<u>Thereafter</u>	\$ <u>549,518</u>

NOTE 6 - MANAGEMENT'S REVIEW OF SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 27, 2024, the date on which the financial statements were available to be issued. No other events were identified that required adjustment or disclosure in the financial statements.

As of December 31, long-term debt matures as follows:

SENIOR CARE AUTHORITY, EEC

FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

**ELLSWORTH
TH
STOUR**

SENIOR CARE AUTHORITY, EEC

FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

CPAs and Consultants

ASSETS

Current Assets:

Cash

Accounts receivable, net

Total Assets

	28,870
\$	4,508
\$	33,378



	-
\$	-
\$	-

Table of Contents

Independent Auditor’s Report1-2

Financial Statements:

Balance Sheets 3

Statements of Income and Members' Deficit..... 4

Statements of Cash Flows..... 5

Notes to the Financial Statements6-12

To the Members
Senior Care Authority, LLC

Opinion

We have audited the accompanying financial statements of Senior Care Authority, LLC, which comprise the balance sheets as of December 31, 2022 and 2021, and the related statements of income and members' deficit, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Senior Care Authority, LLC as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended 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. 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 Senior Care Authority, 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 Senior Care Authority, LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Senior Care Authority, EEC'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 Senior Care Authority, EEC'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.

Velex & Hardy

April 24, 2023 Las Vegas, Nevada

**SENIOR CARE AUTHORITY, EEC
BALANCE SHEETS DECEMBER
31, 2022 AND 2021**

	2022	2021
ASSETS		
Current Assets:		
Cash	\$ 63,811	\$ 105,249
Accounts receivable, net	193,886	14,961
Other receivables	135,247	-
Prepaid expenses	12,897	16,525
Current maturities of deferred contract costs	24,315	-
Total current assets	430,156	136,735
Intangible Assets, Net	106,000	114,000
Deferred Contract Costs, Net of Current	207,118	-
Total Assets	\$ 743,274	\$ 250,735
LIABILITIES AND MEMBER'S DEFICIT		
Current Liabilities:		
Accounts payable	\$ 207,522	\$ 157,152
Accrued expenses	103,276	242,987
Deferred revenue	-	23,200
Current maturities of deferred franchise fees	295,441	253,437
Current maturities of long-term debt	216,533	85,673
Total current liabilities	822,772	762,449
Long-Term Liabilities:		
Deferred franchise fees, net of current	1,720,153	1,448,904
Long-term debt, net of current	532,188	584,906
Total long-term liabilities	2,252,341	2,033,810
Total Liabilities	3,075,113	2,796,259
Members' Deficit	(2,331,839)	(2,545,524)
Total Liabilities and Members' Deficit	\$ 743,274	\$ 250,735

SENIOR CARE AUTHORITY, EEC
STATEMENTS OF INCOME AND MEMBERS' DEFICIT
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
Revenue	\$ 1,733,795	\$ 1,539,022
Operating Expenses:		
Advertising	80,691	60,112
Amortization	8,000	6,000
Auto	13,896	16,163
Bad debt expense	-	17,915
Brand advertising	409,883	398,614
Commissions	39,310	238,290
Insurance	17,676	13,271
Office expense and other	186,375	82,358
Professional fees	407,850	396,602
Salaries, wages and related	710,327	539,592
Taxes and licenses	15,408	13,834
Technology	23,759	13,205
Travel and meals	23,758	25,073
Total operating expenses	1,936,933	1,821,029
Loss from Operations	(203,138)	(282,007)
Other Income (Expense):		
PPP loan forgiveness	82,141	51,366
Other income	135,247	-
Interest expense	(23,912)	(14,483)
Total other income (expense)	193,476	36,883
Net Loss	(9,662)	(245,124)
Members' Deficit, Beginning of Year	(2,545,524)	(2,392,902)
Member contributions	281,310	700,183
Member distributions	(57,963)	(607,681)
Members' Deficit, End of Year	\$ (2,331,839)	\$ (2,545,524)

SENIOR CARE AUTHORITY, EEC
 STATEMENTS OF CASH FLOWS
 FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022		2021	
Cash Flows From Operating Activities:				
Net loss	\$	(9,662)	\$	(245,124)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities: Accrued interest				
Amortization of intangible assets		18,750		11,859
Bad debt expense		8,000		6,000
PPP loan forgiveness		-		17,915
Changes in:				
(Increase) decrease in accounts receivable		(82,141)		(51,366)
(Increase) decrease in other receivables				
(Increase) decrease in prepaid expenses				
(Increase) decrease in deferred contract costs				
Increase (decrease) in accounts payable		(178,925)		(28,368)
Increase (decrease) in accrued expenses		(135,247)		-
Increase (decrease) in deferred revenue		3,628		(16,525)
Increase (decrease) in deferred franchise fees				
Net cash provided by operating activities		(231,433)		-
		50,370		149,263
Cash Flows From Financing Activities:				
Proceeds from debt borrowings		(139,711)		(25,259)
Principal debt payments		(23,200)		23,200
Member capital contributions				
Member distributions		313,253		(203,171)
Net cash provided by (used in) financing activities		(406,318)		(361,576)
Net Change in Cash				
Cash, Beginning of Year		232,500		431,462
Cash, End of Year		(90,967)		(86,009)
Supplemental disclosure of cash flow information:				
Cash paid for interest		281,310		700,183
		(57,963)		(607,681)
Supplemental disclosure of non-cash financing activities:				
Note payable obligation for acquisition of intangible assets		364,880		437,955
		(41,438)		76,379
		105,249		28,870
	\$	63,811	\$	105,249
	\$	5,162	\$	2,624
	\$		\$	120,000

**SENIOR CARE AUTHORITY, EEC
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2022 AND 2021**

NOTE 1 - NATURE OF THE BUSINESS

The Company was organized in April 2014 as a limited liability company under the laws of the state of California. The principal activity of the Company is the sale of franchises that operate a senior placement and consulting agency assisting families and seniors to find ideal locations for the seniors to live under the name "Senior Care Authority".

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Senior Care Authority, LLC (the "Company") is presented to assist in understanding the Company's financial statements. The financial statements and notes are representations of the Company's management, which is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Basis of Presentation

The financial statements are prepared on the accrual basis of accounting, which recognizes income when earned and expenses when incurred.

Use of Estimates in Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid investments available for current use with original maturity of three months or less to be cash equivalents.

Accounts Receivable

The Company's receivables are primarily generated from ongoing business relationships with franchisees as a result of franchise agreements. Accounts receivable balances were not impacted by the adoption of Topic 606 (as defined in the revenue recognition policy).

Accounts receivable is stated at the amount the Company expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable (Continued)

As of December 31, accounts receivable consisted of the following balances:

	2022	2021	2020
Accounts receivable	\$ 193,886	\$ 14,961	\$ 4,508
Allowance for doubtful accounts			
Accounts receivable, net	<u>\$ 193,886</u>	<u>\$ 14,961</u>	<u>\$ 4,508</u>

Revenue Recognition

The Company executes franchise agreements for each franchise which set out the terms of the agreement with the franchisee. Franchise agreements typically require the franchisee to pay an initial fee and continuing fees based upon a percentage of sales or a percentage fee for each franchise awarded. Subject to the Company's approval and payment of a renewal fee, a franchisee may generally renew the franchise agreement upon its expiration.

The services provided in exchange for these initial franchise fees are highly interrelated with the franchise right and are not individually distinct from the ongoing services the Company provides to its franchisees. As a result, initial franchise fees are recognized as revenue over the term of each respective franchise agreement. Revenues for these initial franchise fees are recognized on the straight-line basis, which is consistent with the franchisee's right to use and benefit from intellectual property.

The Company's contract liabilities are comprised of unamortized initial franchise fees. As of December 31, deferred franchise fees consisted of the following:

	2022	2021
Deferred franchise fees	\$ 2,015,594	\$ 1,702,341
Less: current maturities	(295,441)	(253,437)
	<u>\$ 1,720,153</u>	<u>\$ 1,448,904</u>

As of December 31, the Company expects to recognize contract liabilities as revenue over the remaining term of the associated franchise agreements as follows:

2023	\$ 295,441
2024	295,441
2025	295,441
2023	279,977
2027	238,007
Thereafter	<u>611,287</u>
	<u>\$ 2,015,594</u>

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Brand advertising provided to franchisees is highly interrelated with the franchise right and therefore not distinct. As a result, revenues for the brand advertising are recognized on a monthly basis, as they are billed, and reflected on the statements of loss and members' deficit under the caption "revenue". Expenses incurred to provide brand advertising services are presented on the statements of loss and members' deficit under the caption "advertising".

The Company incurs incremental costs in the course of obtaining franchise agreements. The Company's incremental costs of obtaining franchise agreements are capitalized and presented on the accompanying balance sheets. These incremental costs are recognized on the straight-line basis which is consistent with the franchisee's right to us and benefit from intellectual property.

The Company's contract assets are comprised of unamortized incremental contract costs. As of December 31, deferred contract costs consisted of the following:

	2022	2021		
Deferred contract costs	\$	231,433	\$	
Less: current maturities		(24,315)		-
	\$	207,118	\$	-

Under Legacy GAAP, continuing fees were recognized monthly, as they were earned. The timing and amount of revenue recognized related to continuing fees was not impacted by the adoption of Topic 606.

Advertising

Advertising costs are expensed when incurred or the first time such advertisement appears. For the years ended December 31, 2022 and 2021, total advertising costs were \$80,691 and \$60,112, respectively.

Income Taxes

As a limited liability company, the Company's taxable income or loss is allocated to the members. Therefore, no provision or liability for federal or state income taxes has been included in the accompanying financial statements.

As defined by Financial Accounting Standards Board Accounting Standards Codification (ASC) Topic 740, Income Taxes, no provision or liability for materially uncertain tax positions was deemed necessary by management. Therefore, no provision or liability for uncertain tax positions has been included in these financial statements.

As of December 31, 2022, the tax years that remain subject to potential examination by taxing authorities begin with the year ended December 31, 2019.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reclassifications

Certain reclassifications have been made to the prior year financial statement presentation to correspond to the current year's format. Members' deficit was unchanged due to these reclassifications.

NOTE 3 - INTANGIBLE ASSETS

Amortizable intangible assets consisted of the following as of:

December 31, 2022

Intangible asset (Amortization period)	Cost	Accumulated Amortization	Net
Intellectual property rights (15 years)	\$ 120,000	\$ (14,000)	\$ 106,000

December 31, 2021

Intangible asset (Amortization period)	Cost	Accumulated Amortization	Net
Intellectual property rights (15 years)	\$ 120,000	\$ (6,000)	\$ 114,000

Amortization expense related to intangible assets was approximately \$8,000 and \$6,000 for the years ended December 31, 2022 and 2021, respectively.

The estimated amortization expense related to amortizable assets for each of the five succeeding years and thereafter is as follows as of December 31, 2022:

Years ending December 31,

2022	\$ 8,000
2023	8,000
2024	8,000
2025	8,000
2026	8,000
Thereafter	<u>66,000</u>
Total	<u>\$ 106,000</u>

NOTE 4 - LONG-TERM DEBT

As of December 31, long-term debt consisted of the following:

	<u>2022</u>	<u>2021</u>
On July 1, 2020, the Company was granted an Economic Injury Disaster Loan (EIDL) from a financial institution in the aggregate amount of \$150,000, pursuant to Section 7(b) of the Small Business Act, as amended. The loan was subsequently amended in June 2021 for an aggregate amount of \$500,000. It matures in July 2050 and bears interest at a fixed rate of 3.75% per annum, payable monthly commencing in February 2023. The loan may be prepaid by the borrower at any time prior to maturity with no prepayment penalties. Funds from the loan may only be used as working capital to alleviate economic injury caused by the disaster occurring in the month of January 2020. The loan is collateralized by assets of the Company.	\$ 532,188	\$ 513,438
On February 16, 2021, the Company was granted a loan from a financial institution in the aggregate amount of \$81,462, pursuant to the Paycheck Protection Program (the "PPP") under Division A, Title I of the CARES Act, which was enacted March 27, 2020. The loan matures in February 2026 and bears interest at a fixed rate of 1% per annum, payable monthly commencing in July 2022. The loan may be prepaid by the borrower at any time prior to maturity with no prepayment penalties. Funds from the loan may only be used for payroll costs, costs used to continue group health care benefits, mortgage payments, rent, utilities, and interest on other debt obligations. The Company's intent is to use the entire loan amount for qualifying expenses. Under the terms of the PPP, certain amounts of the loan were forgiven as they were used for qualifying expenses as described in the CARES Act.	-	82,141
The Company has lines of credit, which originated from September 2022 to November 2022. The lines of credit have maturity dates that range from September 2023 to November 2023 and interest rates ranging from 8.07% to 8.43%.	109,033	
Note payable of \$92,500 to an individual, maturing in December 2023, bearing no interest, and is unsecured. The note was fully paid in 2023.	92,500	
Note payable of \$150,000 to an individual, with monthly payments of \$5,000, maturing in April 2023, bearing no interest and is unsecured.	15,000	75,000
Total long-term debt	748,721	670,579
Less: current maturities	(216,533)	(85,673)
	\$ 532,188	\$ 584,906

NOTE 4 - LONG-TERM DEBT (CONTINUED)

As of December 31, long-term debt matures as follows:

2023	\$ 216,533
2024	-
2025	2,083
2026	12,577
2027	12,577
Thereafter	504,951
748.721	<u>504,951</u>

NOTE 5 - REVENUE RECOGNITION

For the years ended December 31, revenue sources were as follows:

	2022	2021
Initial franchise fees	349,247	731,924
Marketing and technology	506,405	398,614
Royalties	635,398	401,116
Other	242,745	7,368
	<u>1,733,795</u>	<u>1,539,022</u>

As of December 31, the timing and recognition of revenue was as follows:

	2022	2021
Services transferred at a point in time	\$ 1,384,548	\$ 807,098
Services transferred over time	349,247	731,924
	<u>\$ 1,733,795</u>	<u>\$ 1,539,022</u>

Various economic factors such as supply and demand, laws and policies and labor affect revenues and cash flows. The Company's revenue is derived from sources within the United States.

NOTE 6 - RELATED PARTY TRANSACTIONS

The Company pays rent of \$3,750 per month to a member of the Company for shared office rent. It paid the member \$33,750 during 2022. There are no amounts due to the member as of December 31, 2022.

NOTE 7 - RESTATEMENT

The Company discovered that previously issued financial statements included certain errors. It was determined that these errors were inadvertent and unintentional.

The following table sets forth the previously reported and restated amounts of selected items within the balance sheet as of December 31, 2021:

Selected data from the balance sheet as of December 31, 2021:	As Previously Reported	As Restated	Increase (Decrease)
Intangible assets, net	-	\$ 114,000	\$ 114,000
Current maturities of long-term debt	10,673	85,673	75,000
Members' deficit	(2,584,524)	(2,545,524)	39,000

The following table sets forth the previously reported and restated amounts of selected items within the statement of income and members' deficit as of December 31, 2021:

Selected data from the statement of income and members' deficit as of December 31, 2021:	As Previously Reported	As Restated	Increase (Decrease)
Amortization Professional fees Members' deficit	\$ 441,602	\$ 396,602	(45,000)
	(2,584,524)	(2,545,524)	39,000

NOTE 8 - MANAGEMENT'S REVIEW OF SUBSEQUENT EVENTS

Management has evaluated subsequent events through April 24, 2023, the date on which the financial statements were available to be issued. No other events were identified that required adjustment or disclosure in the financial statements.

Table of Contents

Independent Auditor's Report.....	1-2
Financial Statements:	
Balance Sheets	3
Statements of Income and Members' Deficit.....	4
Statements of Cash Flows.....	5
Notes to the Financial Statements.....	6-13

ELLSWORTH • STOUT

CPAs and Consultants

Independent Auditor's Report

To the Members
Senior Care Authority, LLC

Opinion

We have audited the accompanying financial statements of Senior Care Authority, LLC, which comprise the balance sheets as of December 31, 2021 and 2020, and the related statements of income and members' deficit, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Senior Care Authority, LLC as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Senior Care Authority, 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

SENIOR CARE AUTHORITY, LLC
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2022 AND 2021

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 the Senior Care Authority, LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements 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.



Page 14

Family Financial Center 7881 W. Charleston Blvd., Ste 155
Las Vegas, NV 89117 a.702.874.2727 f.702.876.0610

lvep.com

Ufinter: r# the Inj.:Putte 4 MranA SsKi#y r# Pif#r:Aira>inter#i

~~In performing an audit in accordance with generally accepted auditing standards, we:~~

- ~~• Exercise professional judgment and maintain professional skepticism throughout the audit.~~
- ~~• Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.~~
- ~~• Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Senior Care Authority, EEC'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 the Senior Care Authority, EEC'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.~~

~~LtC-~~

March 29, 2022 Las Vegas, Nevada

**SENIOR CARE AUTHORITY, EEC
BALANCE SHEETS DECEMBER
31, 2021 AND 2020**

SENIOR CARE AUTHORITY, EEC
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2022 AND 2021

	2021	2020
ASSETS		
Current Assets:		
Cash	\$ 105,249	\$ 28,870
Accounts receivable, net	14,961	4,508
Prepaid expenses	16,525	-
Total Assets	\$ 136,735	\$ 33,378
LIABILITIES AND MEMBER'S DEFICIT		
Current Liabilities:		
Accounts payable	\$ 157,152	\$ 7,889
Accrued expenses	242,987	268,246
Deferred revenue	23,200	-
Current maturities of deferred franchise fees	253,437	264,888
Current maturities of long-term debt	10,673	59,989
Total current liabilities	687,449	601,012
Long-Term Liabilities:		
Deferred franchise fees, net of current	1,448,904	1,640,624
Long-term debt, net of current	584,906	184,644
Total long-term liabilities	2,033,810	1,825,268
Total Liabilities	2,721,259	2,426,280
Members' Deficit	(2,584,524)	(2,392,902)
Total Liabilities and Members' Deficit	\$ 136,735	\$ 33,378

SENIOR CARE AUTHORITY, EEC

STATEMENTS OF INCOME AND MEMBERS' DEFICIT

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

SENIOR CARE AUTHORITY, EEC
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2022 AND 2021

	2021	2020
Revenue	\$ 1,539,022	\$ 941,914
Operating Expenses:		
Advertising	60,112	125,460
Auto	16,163	14,692
Bad debt expense	17,915	-
Brand advertising	398,614	293,200
Commissions	238,290	255,648
Insurance	13,271	10,773
Office expense and other	82,358	64,260
Professional fees	441,602	102,914
Salaries, wages and related	539,592	358,972
Taxes and licenses	13,834	7,889
Technology	13,205	67,436
Travel and meals	25,073	23,283
Total operating expenses	1,860,029	1,324,527
Loss from Operations	(321,007)	(382,613)
Other Income (Expense):		
PPP loan forgiveness	51,366	-
Other income	-	6,000
Interest expense	(14,483)	(55,301)
Loss on disposal of property	-	(2,425)
Total other income (expense)	36,883	(51,726)
Net Loss	(284,124)	(434,339)
Members' Deficit, Beginning of Year	(2,392,902)	(50,138)
Member contributions	700,183	141,297
Member distributions	(607,681)	(433,693)
Adoption of accounting standards	-	(1,616,029)
Members' Deficit, End of Year	\$ (2,584,524)	\$ (2,392,902)

**SENIOR CARE AUTHORITY, EEC STATEMENTS OF
CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

	2021	2020
Cash Flows From Operating Activities:		
Net loss	\$ (284,124)	\$ (434,339)
Adjustments to reconcile net loss to net cash provided by (used in) operating		
Accrued interest	11,859	2,657
Bad debt expense	17,915	-
Loss on disposal of property	-	2,425
PPP loan forgiveness	(51,366)	-
Changes in:		
(Increase) decrease in accounts receivable	(28,368)	4,128
(Increase) decrease in prepaid expenses	(16,525)	-
Increase (decrease) in accounts payable	149,263	7,889
Increase (decrease) in accrued expenses	(25,259)	212,423
Increase (decrease) in deferred revenue	23,200	-
Increase (decrease) in deferred franchise fees	(203,171)	289,483
Net cash provided by (used in) operating activities	(406,576)	84,666
Cash Flows From Financing Activities:		
Proceeds from debt borrowings	431,462	274,172
Principal debt payments	(41,009)	(55,196)
Member capital contributions	700,183	141,297
Member distributions	(607,681)	(433,693)
Net cash provided by (used in) financing activities	482,955	(73,420)
Net Change in Cash	76,379	11,246
Cash, Beginning of Year	28,870	17,624
Cash, End of Year	\$ 105,249	\$ 28,870
Supplemental disclosure of cash flow information:		
Cash paid for interest	\$ 2,624	\$ 52,644



NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Senior Care Authority, LLC (the “Company”) is presented to assist in understanding the Company’s financial statements. The financial statements and notes are representations of the Company’s management, which is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Nature of the Business

The Company was organized in April 2014 as a limited liability company under the laws of the state of California. The principal activity of the Company is the sale of franchises that operate a senior placement and consulting agency assisting families and seniors to find ideal locations for the seniors to live under the name “Senior Care Authority”.

Basis of Presentation

The financial statements are prepared on the accrual basis of accounting, which recognizes income when earned and expenses when incurred.

Use of Estimates in Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (“GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid investments available for current use with original maturity of three months or less to be cash equivalents.

Accounts Receivable

The Company’s receivables are primarily generated from ongoing business relationships with franchisees as a result of franchise agreements. Accounts receivable balances were not impacted by the adoption of Topic 606 (as defined in the revenue recognition policy).

Accounts receivable is stated at the amount the Company expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable (Continued)

SENIOR CARE AUTHORITY, EEC
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2022 AND 2021

As of December 31, accounts receivable consisted of the following balances:

	2021	2020	2019
Accounts receivable	\$ 14,961	\$ 4,508	\$ 8,636
Allowance for doubtful accounts			
Accounts receivable, net	\$ 14,961	\$ 4,508	\$ 8,636

Revenue Recognition

From 2014 through 2018, the Financial Accounting Standards Board (“FASB”) issued standards to provide principles within a single framework for revenue recognition of transactions involving contracts with customers across all industries (“Topic 606”). The Company adopted Topic 606 at the beginning of the year ended December 31, 2020 using the modified retrospective method. Below is a discussion of how the Company’s revenues are earned, accounting policies pertaining to revenue recognition prior to the adoption of Topic 606 (“Legacy GAAP”), accounting policies pertaining to revenue recognition subsequent to the adoption of Topic 606 and other required disclosures. Refer to Note 5 for information regarding the cumulative effect adjustment recorded to members’ deficit as of the beginning of the year ended December 31, 2020 to reflect the adoption of Topic 606. Also included in Note 5 is disclosure of the amount by which each balance sheet and income statement line item was impacted in the current reporting period as compared to Legacy GAAP.

The Company executes franchise agreements for each franchise which set out the terms of the agreement with the franchisee. Franchise agreements typically require the franchisee to pay an initial fee and continuing fees based upon a percentage of sales or a percentage fee for each franchise awarded. Subject to the Company’s approval and payment of a renewal fee, a franchisee may generally renew the franchise agreement upon its expiration.

Under Legacy GAAP, initial franchise fees were recognized as revenue upon the completion of initial training. Upon the adoption of Topic 606, the Company has determined that the services provided in exchange for these initial franchise fees are highly interrelated with the franchise right and are not individually distinct from the ongoing services the Company provides to its franchisees. As a result, upon the adoption of Topic 606, initial franchise fees are recognized as revenue over the term of each respective franchise agreement. Revenues for these initial franchise fees are recognized on the straight-line basis, which is consistent with the franchisee’s right to use and benefit from intellectual property.

The Company’s contract liabilities are comprised of unamortized initial franchise fees. As of December 31, deferred franchise fees consisted of the following:

	2021	2020
Deferred franchise fees	\$ 1,702,341	\$ 1,905,512
Less: current maturities	(253,437)	(264,888)
	\$ 1,448,904	\$ 1,640,624

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

SENIOR CARE AUTHORITY, EEC
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2022 AND 2021

As of December 31, the Company expects to recognize contract liabilities as revenue over the remaining term of the associated franchise agreements as follows:

2022	\$ 253,437
2023	253,437
2024	253,437
2025	253,437
2026	236,009
Thereafter	<u>452,584</u>

\$ 1,702,341

Under Legacy GAAP, continuing fees were recognized monthly, as they were earned. The timing and amount of revenue recognized related to continuing fees was not impacted by the adoption of Topic 606.

Upon adoption of Topic 606, the Company has determined that brand advertising provided to franchisees is highly interrelated with the franchise right and therefore not distinct. As a result, revenues for the brand advertising are recognized on a monthly basis, as they are billed, and reflected on the statements of loss and members' deficit under the caption "revenue". Expenses incurred to provide brand advertising services are presented on the statements of loss and members' deficit under the caption "brand advertising".

Advertising

Advertising costs are expensed when incurred or the first time such advertisement appears. For the years ended December 31, 2021 and 2020, total advertising costs were \$60,112 and \$125,460, respectively.

Income Taxes

As a limited liability company, the Company's taxable income or loss is allocated to the members. Therefore, no provision or liability for federal or state income taxes has been included in the accompanying financial statements.

As defined by Financial Accounting Standards Board Accounting Standards Codification (ASC) Topic 740, Income Taxes, no provision or liability for materially uncertain tax positions was deemed necessary by management. Therefore, no provision or liability for uncertain tax positions has been included in these financial statements.

As of December 31, 2021, the tax years that remain subject to potential examination by taxing authorities begin with the year ended December 31, 2018.

NOTE 2 - LONG TERM DEBT

As of December 31, long term debt consisted of the following:

On July 1, 2020, the Company was granted an Economic Injury Disaster Loan (EIDL) from a financial institution in the aggregate amount of \$150,000, pursuant to Section 7(b) of the Small Business Act, as amended. The loan was subsequently amended in June 2021 for an aggregate

2021-2020

SENIOR CARE AUTHORITY, EEC
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2022 AND 2021

amount of \$500,000. It matures in July 2050 and bears interest at a fixed rate of 3.75% per annum, payable monthly commencing in February 2023. The loan may be prepaid by the borrower at any time prior to maturity with no prepayment penalties. Funds from the loan may only be used as working capital to alleviate economic injury caused by the disaster occurring in the month of January 2020. The loan is collateralized by assets of the Company.

\$ 513,438 \$ 152,258

On February 16, 2021, the Company was granted a loan from a financial institution in the aggregate amount of \$81,462, pursuant to the Paycheck Protection Program (the "PPP") under Division A, Title I of the CARES Act, which was enacted March 27, 2020. The loan matures in February 2026 and bears interest at a fixed rate of 1% per annum, payable monthly commencing in July 2022. The loan may be prepaid by the borrower at any time prior to maturity with no prepayment penalties. Funds from the loan may only be used for payroll costs, costs used to continue group health care benefits, mortgage payments, rent, utilities, and interest on other debt obligations. The Company's intent is to use the entire loan amount for qualifying expenses. Under the terms of the PPP, certain amounts of the loan may be forgiven if they are used for qualifying expenses as described in the CARES Act.

82,141

On May 4, 2020, the Company was granted a loan from a financial institution in the aggregate amount of \$51,067, pursuant to the Paycheck Protection Program (the "PPP") under Division A, Title I of the CARES Act, which was enacted March 27, 2020. The loan was set to mature in May, 2022, but was

forgiven during 2021. - 51,366

Note payable to a business, with periodic payments based on a merchant financing arrangement. The loan was paid in full during 2021. - 33,009

Note payable to an individual, with monthly payments of \$1,000, maturing in August 2021, and bearing no interest, unsecured. 8,000

Total long-term debt		244,633
Less: current maturities	595,579 (10,673)	(59,989))
	\$ 584,906	\$ 184,644

SENIOR CARE AUTHORITY, EEC
 NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
 DECEMBER 31, 2022 AND 2021

NOTE 2—LONG TERM DEBT (CONTINUED)

As of December 31, long-term debt matures as follows:

2022	\$ 10,673
2023	2
2024	2
2025	5
2026	3
Thereafter	2
	5
	22,549 38,296 16,396 485,340
	\$ 595,579

NOTE 3—REVENUE RECOGNITION

For the years ended December 31, revenue sources were as follows:

	2021	2020
Initial franchise fees	731,924	268,390
Marketing and technology	398,614	293,200
Royalties	401,116	369,939
Other	7,368	10,385
	1,539,022	941,914

As of December 31, the timing and recognition of revenue was as follows:

	2021	2020
Services transferred at a point in time	\$ 807,098	\$ 673,524
Services transferred over time	731,924	268,390
	\$ 1,539,022	\$ 941,914

Various economic factors such as supply and demand, laws and policies and labor affect revenues and cash flows. The Company's revenue is derived from sources within the United States.

~~NOTE 4 - COMMITMENTS AND CONTINGENCIES~~

~~Management is currently responding to the existing effects of the global pandemic and planning for the potential future effects that the pandemic may have on the Company's operations, including the overall health of the economy and consumer spending. At the current time, management is unable to quantify the potential effects of this pandemic on the Company's future financial statements.~~

NOTE 5—ITEMS AFFECTING COMPARABILITY OF NET INCOME AND CASH FLOWS

As discussed in Note 1, the Company adopted Topic 606 at the beginning of the year ended December 31, 2020, using the modified retrospective method. Topic 606 was applied to all contracts with customers as of January 1, 2020 and the cumulative effect of this transition was recorded as an adjustment to members' deficit as of this date. As a result, the following adjustments were made to the balance sheet as of January 1, 2020:

Balances with	As Reported 12/31/19	Adjustments	Adoption of Topic 606 1/1/20
ASSETS			
Current Assets:			
Cash	\$ 17,624	\$ -	\$ 17,624
Accounts receivable, net	8,636	-	8,636
Total current assets	26,260	-	26,260
Property and Equipment, net	2,425	-	2,425
Total Assets	\$ 28,685	\$ -	\$ 28,685
LIABILITIES AND MEMBER'S DEFICIT			
Current Liabilities:			
Accrued expenses	\$ 55,823	\$ -	\$ 55,823
Current maturities of deferred franchise fees	-	264,889	264,889
Current maturities of long term debt	15,000	-	15,000
Total current liabilities	70,823	264,889	335,712
Long Term Liabilities:			
Deferred franchise fees, net of current	-	1,351,140	1,351,140
Long term debt, net of current	8,000	-	8,000
Total Liabilities	78,823	1,616,029	1,694,852
Member's Deficit	(50,138)	(1,616,029)	(1,666,167)
Total Liabilities and Member's Deficit	\$ 28,685	\$ -	\$ 28,685

The Company recorded an increase in the deferred franchise fees liabilities of \$1,616,029 as part of the cumulative adjustment related to unamortized initial franchise fees, with a corresponding adjustment in the same amount to members' deficit.

NOTE 5—ITEMS AFFECTING COMPARABILITY OF NET INCOME AND

~~CASH FLOWS (CONTINUED)~~

~~The following tables reflect the impact of Topic 606 on the Company's balance sheet as of December 31, 2020 and on the Company's statement of income (loss) for the year ended December 31, 2020:~~

~~BALANCE SHEET~~

~~The significant impact resulting from the adoption of Topic 606 on the Company's balance sheet as of December 31, 2020, is consistent with those recorded as of January 1, 2020, as described previously.~~

SENIOR CARE AUTHORITY, EEC
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2022 AND 2021

~~NOTE 5 — ITEMS AFFECTING COMPARABILITY OF NET INCOME AND CASH FLOWS~~

~~STATEMENT OF INCOME
(LOSS)
(CONTINUED)~~

	Year ended 12/31/20		
	As Reported	Impact	Balances under Legacy GAAP
	\$	\$	\$
	941,914	432,986	1,374,900
Revenue	125,460		125,460
Operating Expenses:	14,692	-	14,692
Advertising	293,200	(231,075)	62,125
Auto	255,648		255,648
Brand advertising	10,773	-	10,773
Commissions	64,260	-	64,260
Insurance	102,914	-	102,914
Office expense and other	358,972	-	358,972
Professional fees	7,889	-	7,889
Salaries, wages and related	67,436	-	67,436
Taxes and licenses	23,283	-	23,283
Technology			
Travel and meals			
Total operating expenses	1,324,527	(231,075)	1,093,452
Income (Loss) from Operations	(382,613)	664,061	281,448
Other Income (Expense):	6,000		6,000
Other income	(55,301)	-	(55,301)
Interest expense	(2,425)	-	(2,425)
Loss on disposal of property	(51,726)	-	(51,726)
Total other income (expense)	\$ (434,339)	\$ 664,061	\$ 229,722

~~Net Income (Loss)~~

Upon the adoption of Topic 606, the timing and amount of revenue recognized from initial franchise fees changed from upfront recognition under Legacy GAAP to recognition over the term of the franchise agreement to which the fees relate. Upon the adoption of Topic 606, brand advertising requires gross presentation in the statement of income (loss).

~~NOTE 6 — MANAGEMENT'S REVIEW OF SUBSEQUENT EVENTS~~

Management has evaluated subsequent events through March 29, 2022, the date on which the financial statements were available to be issued. No other events were identified that required adjustment or disclosure in

**SENIOR CARE AUTHORITY, EEC
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2022 AND 2021**

~~the financial statements.~~

Senior Care Authority, LLC

EXHIBIT D

Operations Manual Table of Contents

THE SENIOR CARE AUTHORITY
TABLE OF CONTENTS
OF CONFIDENTIAL OPERATIONS MANUAL

Total Number of Pages in Operations Manual: 180

SECTION A: FRANCHISE OPERATIONS MANUAL

Preface:

Contents of Operations Manual	4
Correspondence and Communication	7
Mission Statement	8
Gender Statement	9
How the Manual is Organized	10
Statement of Confidentiality	12
Manual Revisions.....	14
Sample Notice of Policy / Procedure Change	15
Submitting Suggestions to the Franchisor	17
Suggested Policy or Procedure Change	18
Limitations of the Manual	19

Introduction:

Welcome Letter from Senior Care Authority Founder and CEO	A-1
Senior Care Authority, LLC., Quality Assurance	A-3
Services of the Franchise Organization	A-3
Responsibilities of a Senior Care Authority Franchise Owner	A-7
The Monthly Sales Report	A-9
Site Visit With Corporate Office Personnel	A-9
Corporate Support	A-9
The Client Survey	A-11
Sample Client Survey Form	A-11

SECTION B: ESTABLISHING A SENIOR CARE AUTHORITY FRANCHISE BUSINESS

Introduction	B-1
Selecting Your Business Entity	B-2
Your Status as a Franchisee	B-7
Business Name	B-7
Required Bank Accounts	B-8
Accounts to Open	B-8
Special Licenses and Permits	B-9
Required Insurance Coverage	B-10
Abuse Policy	B-13

Selecting a Space	B-16
Leasing Office Space / Required Lease Inclusions	B-16
Signage	B-17
Contracting Utilities and Services	B-18
Phone Service	B-20
A Business Phone Service	B-20
Voicemail	B-21
Standard Phone Protocol	B-21
Mobile Phones	B-22
The Senior Care Authority Logo Specifications	B-23
Checks, Stationary and Business Forms	B-24
Email Signature	B-26
Countdown-to-Opening Schedule	B-27
Required Hardware and Software	B-30
Recommended Equipment, Supplies and Furnishings	B-31
Paying Taxes	B-34
Employer Identification Number (EIN)	B-34
How to Get an EIN	B-34
When to Apply	B-35
IRS-Required Reports	B-35
Types of Federal Taxes	B-36
Income Tax	B-37
Self-Employment Tax	B-37
Social Security, Medicare, and Withheld Income Taxes	B-38
Federal Taxes: Withholding	B-38
Unemployment Taxes	B-38
Excise Taxes	B-39
State Income Tax	B-39
State Unemployment Tax	B-39
County or Town Sales Tax	B-39
Personal Property Tax	B-40
County or Town Business Tax	B-40
Federal Tax Filing Checklist	B-41
Paying Additional Fees	B-42
Late Payments	B-42
Audits	B-42
Insurance Policies	B-43
Transfer Fees	B-43
Training	B-43
Legal Fees	B-44
Emergency Operating Fees	B-44
Relocation Fees	B-44
Alternate Suppliers	B-44
FDD: Fees, Item 6	B-46
Notes	B-48
Modifications	B-49
SECTION C: SENIOR CARE AUTHORITY PERSONNEL	
Introduction	C-1

Contacting the U. S. Department of Labor and Local State Labor Bureaus	C-2
Complying with the Department of Homeland Security	C-3
The Senior Care Authority, LLC. Policy on Sexual Harassment	C-5
Creating Your Senior Care Authority Staff Database	C-6
Recruiting Candidates	C-6
Interviewing Potential Senior Care Authority Staff	C-6
Maintaining Your Staff's Compliance	C-6
Job Descriptions	C-8
Senior Care Advisor	C-8
Community Relations Manager	C-8
Bookkeeper	C-8
The Recruitment and Selection Process	C-9
Sample Application for Employment	C-12
Sample Background Investigation Consent Form	C-15
Sample Letter of Acceptance	C-17
Protecting the Senior Care Authority, LLC. System	C-19
Sample Employment, Confidentiality and Non-Solicitation Agreement	C-20
Opening Personnel Files	C-25
Employee Personal Information Sheet	C-26
Orientation and Training of Personnel	C-27
Steps for New Employees	C-27
Sample Employee Training Outline	C-30
The Senior Care Authority, LLC. Uniform/Dress Code	C-31
Establishing Personnel Policies	C-32
Sample Personnel Policy Worksheet	C-33
Evaluating Employees	C-39
Sample Employee Performance Review	C-40
Sample Employee Progress Report	C-42
Discipline and Termination	C-44
Sample Statement of Warning	C-47
Sample Separation Notice	C-49
Sample Termination Notice	C-50

SECTION D: ADMINISTRATIVE PROCEDURES

Introduction	D-1
Suggested Business Hours	D-2
Franchise Reporting and Procedures	D-3
Monthly Reports	D-3
Client Service	D-4
Handling Client Complaints	D-5
Pricing Senior Care Authority Services	D-7
Ordering Equipment and Supplies	D-8
Using Vendors	D-8
Approved Vendor List	D-8

SECTION E: DAILY PROCEDURES

Introduction	E-1
--------------------	-----

Daily Procedures for a Senior Care Authority Franchise Owner	E-2
How to Set Up New Clients	E-3
Conducting Client Service	E-3
Job Safety	E-4
Safety and Health Requirement/Safety Hazard Citation	E-4
Sample Safety Hazard Citation	E-5
Accident and Incident Reporting	E-7
Minor First Aid Treatment	E-7
Emergency Medical Treatment	E-7
Emergency Phone Numbers	E-7
First Aid Training	E-9
Workers' Compensation	E-11
Safety Rules	E-12

SECTION F: MARKETING

Introduction	F-1
Senior Care Authority Services	F-2
Generating Business	F-3
The Senior Care Authority Marketing Program	F-5
Marketing and Technology Fee	F-5
Market Launch	F-5
Planning Your Market Launch	F-6
Business Opening Activities	F-7
Developing Your Online Marketing Program	F-7
Internet	F-7
Corporate Website	F-8
Word of Mouth.....	F-9
Publicity	F-10
Sample Press Release	F-11
Marketing Collateral	F-12
The Senior Care Authority Process	F-13
Phone Protocol	F-13
Guidelines for Using Senior Care Authority Marks.....	F-14
Sample Senior Care Authority Mark	F-15
Obtaining Approval for Advertising Concepts and Materials	F-16
Referrals From Other Senior Care Authority Business Owners	F-17

Senior Care Authority, LLC

EXHIBIT E

Form of General Release

GENERAL RELEASE

As a condition to Senior Care Authority, LLC’s (“Franchisor”) consent to **[grant a Successor Franchise Agreement to] [the proposed transfer of the Franchise Agreement]** by **[name of franchisee]** (“Franchisee”) under the Franchise Agreement dated _____ **[date of Franchise Agreement]**, the undersigned, and each of their respective corporate parents, subsidiaries, Affiliates, successors in interest, heirs and assigns, and each of their respective owners, Managers, directors, officers, agents, servants, and employees, as applicable, whether specifically mentioned herein or not, do hereby release, acquit and forever discharge Franchisor and its respective parents, subsidiaries, Affiliates, and successors in interest, and each of their respective directors, officers, agents, servants, employees, whether specifically mentioned herein or not, of and from any and all liability, actions, causes of action, Claims, debts, demands, damages and liabilities to person(s) or property, costs, expenses and compensation of every nature, kind and character whatsoever, whether known or unknown, foreseen or unforeseen, direct, indirect, contingent or actual, liquidated or unliquidated, whether statutory, contract, or in tort on account of or in any way connected with or related to Franchisor’s, or Franchisor’s Affiliate’s, offer, sale, grant of, construction, subleasing, operation of, assistance with operation of, or development of franchises or franchise rights in any and all franchise locations awarded at any time to the undersigned and from the inception of any contact with Franchisor to the date of this Release. It is the express intention of the undersigned that this Release be as broad as permitted by law.

The general release does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

Undersigned represents and warrants that execution hereof is free and voluntary; that no inducements, threats, representations, or influences of any kind were made or exerted by or on behalf of Franchisor; and that, prior to the execution hereof, undersigned was given the opportunity, if desired, to consult with counsel. This Release shall be binding upon the undersigned, their heirs, successors and legal representatives. Whenever the text hereof requires, the use of singular number shall include the appropriate plural number as the text of the within instrument may require. This Release may not be changed orally.

NOTE: IF THE RECIPIENT IS A CORPORATION, PARTNERSHIP, OR OTHER ENTITY, EACH OF ITS PRINCIPALS AND OWNERS / MANAGERS / SHAREHOLDERS AND A DULY AUTHORIZED OFFICER MUST EXECUTE THIS RELEASE (Attach Additional Sheets if Necessary).

By: _____

Name: _____

By: —

Name:

Senior Care Authority, LLC

EXHIBIT F

State-Specific Addendum to Franchise Disclosure Document and Agreements

EXHIBIT F

STATE-SPECIFIC ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT, ~~MULTI-UNIT FRANCHISE AGREEMENT,~~
~~AND UNIT~~
AND FRANCHISE AGREEMENT

The following modifications are to the Franchise Disclosure Document between Senior Care Authority, LLC (“Franchisor,” “we,” “us,” or “our”) and may supersede, to the extent then required by valid applicable state law, certain portions of the Franchise Agreement and ~~Multi-Unit Agreement~~ between Franchisor and you (“you,” “you,” or “your” dated __, 20__ .

The state-specific amendments of this State Law Addendum to Franchise Disclosure Document, and Franchise ~~Agreement, and Multi-unit Agreement~~ (“State Addendum”) apply only to those persons residing or operating Placement Agencies in the following states:

FOR THE STATE OF CALIFORNIA:

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE FRANCHISE DISCLOSURE DOCUMENT.

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION at www.dfpi.ca.gov.

The Franchise Disclosure Document is hereby amended as follows:

The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the commissioner.

The franchisor, any person or franchise broker in Item 2 of the FDD is not subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.

California Business and Professions Code 20000 through 20043 provide rights to the franchisee concerning termination, transfer, or non-renewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

The Franchise ~~Agreement and Multi-unit Agreement~~ provide for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).

The Franchise ~~Agreement and Multi-unit Agreement~~ contains a covenant not to compete, which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

The Franchise Agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form containing the information that the commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.

You must sign a general release of claims if you renew or transfer your franchise. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). Business and Professions Code Section 20010 Voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

Item 11 of the FDD is amended to state: You must open your Placement Agency within 90 days of signing the Franchise Agreement. If you do not open your Placement Agency within that time period, we have the right to terminate the Franchise Agreement. If we terminate the Franchise Agreement for this reason, we will refund to you 50% of the Initial Fee you paid us. (Franchise Agreement, Article 3).

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.

Any interest rate charged to a California franchisee shall comply with the California Constitution. The interest rate shall not exceed either (a) 10% annually or (b) 5% annually plus the prevailing interest rate charged to banks by the Federal Reserve Bank of San Francisco, whichever is higher.

The Franchise and Multi-unit Agreements Agreement are hereby amended as follows:

Despite anything to the contrary in the Franchise Agreement and Multi-unit Agreement, the following provisions will supersede and apply to all franchises offered and sold in the State of California:

1. Any condition, stipulation, or provision in the Franchise Agreement and Multi-unit Agreement which would result in your waiver of compliance with any provision of the California Franchise Relations Act is void to the extent that such provision violates such act.
2. California Business and Professions Code 20000 through 20043 provide rights to a franchisee concerning termination, transfer, or non-renewal of a franchise. If the Franchise Agreement or Multi-unit Agreement contains a provision that is inconsistent with the law, the law will control.
3. No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee's investment. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

For the purposes of Cal. Bus. & Prof. Code Section 20022, the parties agree as follows:

The parties agree that they will use the declining-balance depreciation method to calculate the value of Franchisee's inventory, supplies, equipment, fixtures, and furnishings (the "Assets") for the purposes of a purchase by us under Section 20022. The purchase price by us for the Assets will not include the cost of removal and transportation of those assets, which will be your responsibility.

The parties agree that for the purposes of Section 20022, you are not able to provide to us "clear title and possession" to your Assets if those Assets are subject to liens or encumbrances including: a)

purchase money security interest; b) blanket security interest; c) right of first refusal; d) lien by franchisee's landlord; or e) tax lien.

The parties agree that for the purposes of Section 20022(h), our right of offset will include the following amounts owed by you to us or our Affiliates: a) Royalty Fees; b) Marketing and Technology Support Fees; c) Liquidated Damages; d) Transfer Fees; and e) any other type of fee owed by you to us or our Affiliates.

For the purposes of Cal. Bus. & Prof. Code Section 20035, the parties agree as follows:

“Fair market value of the franchise assets” means the value of your Assets, valued according to the declining-balance method of depreciation. The purchase price by us for the Assets will not include the cost of removal and transportation of those assets, which will be your responsibility.

“Fair market value of the franchised business” means the “fair market value of the franchise assets” as defined above, plus goodwill. The parties agree that the value of goodwill is the amount of Royalty Fees paid by you to us within the 12-month period immediately before our termination or failure to renew you in violation of the California Franchise Relations Act.

The Franchise and Multi-unit Agreements and Franchise Disclosure Document are hereby amended as follows:

Due to our financial condition, the California Department of Financial Protection and Innovation has required us to defer all initial fees until your business is open and operating. All of your initial fees, including your initial franchise fee (if any) will be deferred our initial obligations to you are complete and your business is open and operating.

The Compliance Questionnaire is hereby amended as follows:

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.

FOR THE STATE OF CONNECTICUT:

The following statement is added to the cover page of the Franchise Disclosure Document:

The State of Connecticut does not approve, recommend, endorse or sponsor any business opportunity. The information contained in this disclosure has not been verified by the state. If you have any questions about this investment, see an attorney before you sign a contract or agreement.

The following statement is added to Item 3 of the Franchise Disclosure Document:

There are no pending or completed actions against us relating to Securities Laws; Business Opportunity Laws; Actions Brought by Present or Former Purchaser-Investors Involving Franchise; or Business Opportunity Relationships that are required to be disclosed in this Disclosure Document.

The FDD, ~~and Franchise and Multi-unit Agreements~~ Agreement are hereby modified to state that, if we require you to purchase products, equipment or supplies from us but fail to provide those products, equipment or supplies or fails to render the services necessary to begin substantial operation of the business within 45

days of the required opening date stated in your contract, you may notify us in writing and demand that the contract be canceled.

FOR THE STATE OF HAWAII:

The following is added to the Cover Page:

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

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO YOU OR SUBFRANCHISOR AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY YOU OR SUBFRANCHISOR OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY YOU, WHICHEVER OCCURS FIRST, A COPY OF THE FRANCHISE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

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

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.

FOR THE STATE OF ILLINOIS:

Illinois law governs the franchise agreements.

Payment of Initial Franchise/Development Fees will be deferred until Franchisor has met its initial obligations to franchisee, and franchisee has commenced doing business. This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to Franchisor's financial condition.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

Franchisees rights upon termination and non-renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

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

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.

FOR THE STATE OF INDIANA:

Item 8 of the Franchise Disclosure Document is amended to add the following:

Under Indiana Code Section 23-2-2.7-1(4), we will not accept any rebates from any person with whom you do business or associate in relation to transactions between you and the other person, other than for compensation for services rendered by us, unless the rebate is properly accounted for and submitted to you.

Item 17 of the Franchise Disclosure Document is amended to add the following:

17(e) is amended subject to Indiana Code 23-2-2.7-1(7), which makes it unlawful for us to unilaterally terminate your franchise agreement unless there is a material violation of the Franchise ~~and Multi-unit Agreements Agreement~~ and termination is not in bad faith.

17(m) is amended subject to Indiana Code 23-2-2.7-1(5), which prohibits us to require you to agree to a prospective general release of claims subject to the Indiana Deceptive Franchise Practices Act.

17(r) is amended subject to Indiana Code 23-2-2.7-1(9) to provide that the post-term noncompetition covenant will have a geographical limitation of the Territory granted to you.

17(v) is amended to provide that you will be permitted to begin litigation in Indiana for a cause of action under Indiana law.

~~17~~17(w) is amended to provide that if there is a conflict of law, Indiana Law governs any cause of action which arises under the Indiana Disclosure Law or Indiana Deceptive Franchise Practices Act.

Despite anything to the contrary in the Franchise ~~and Multi-unit Agreements Agreement~~, the following provisions will supersede and apply to all franchises offered and sold in the State of Indiana:

1. The laws of the State of Indiana supersede any provisions of the Franchise Disclosure Document, the Franchise ~~and Multi-unit Agreements Agreement~~, or California law, if such provisions are in conflict with Indiana law.
2. The prohibition by Indiana Code 23-2-2.7-1(7) against unilateral termination of the franchise without good cause or in bad faith, good cause being defined under law as including any material breach of the Franchise ~~and Multi-unit Agreements Agreement~~, will supersede the provisions of the Agreement to the extent the Agreement may be inconsistent with such prohibition.
3. Any provision in the Franchise ~~and Multi-unit Agreements Agreement~~ which would require you to prospectively assent to a release, or, novation, waiver or estoppel which purports to relieve any person from liability imposed by the Indiana Deceptive Franchise Practices Law is void to the extent that such provision violates such law.
4. The Franchise ~~and Multi-unit Agreements Agreement~~ will be modified to the extent necessary to comply with Indiana Code 23-2-2.7-1 (9).

5. The following provision will be added to the Franchise ~~and Multi-unit Agreements~~ Agreement:

No Limitation on Litigation. Any provision in the Agreement which limits in any manner whatsoever litigation brought for breach of the Agreement will be void to the extent that any such contractual provision violates the Indiana Deceptive Franchise Practices Law.

See the last page of this Exhibit F for your signature.

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.

FOR THE STATE OF IOWA

Any provision in the Franchise ~~and Multi-unit Agreements~~ Agreement or Compliance Questionnaire which would require you to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve any person from liability imposed by the Iowa Business Opportunity Promotions Law (Iowa Code Ch. 551A) is void to the extent that such provision violates such law.

The following language will be added to the Franchise ~~and Multi-unit Agreements~~ Agreement:

NOTICE OF CANCELLATION

_____ (enter date of transaction)

You may cancel this transaction, without penalty or obligation, within three business days from the above date. If you cancel, any property traded in, any payments made by you under the contract or sale, and any negotiable instrument executed by you will be returned within ten business days following receipt by the seller of your cancellation notice, and any security interest arising out of the transaction will be canceled.

If you cancel, you must make available to the seller at your residence or business address, in substantially as good condition as when received, any goods delivered to you under this contract or sale; or you may if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk.

If you do not agree to return the goods to the seller or if the seller does not pick them up within twenty days of the date of your notice of cancellation, you may retain or dispose of the goods without any further obligation.

To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice, or send a telegram, to Frank Samson at Senior Care Authority, LLC, 755 Baywood Drive, Suite 200, or email: frank@seniorcareauthority.com, not later than midnight of the third business day after the Effective Date.

I hereby cancel this transaction.

Franchisee: _____

By: _____

Print Name: _____

Its: _____

Date: _____

FOR THE STATE OF MARYLAND

Pursuant to COMAR 02.02.0.8.16L, the general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability arising under the Maryland Franchise Registration and Disclosure Law. 17(c) and 17(m) of the Franchise Disclosure Document and sections of the Franchise ~~and Multi-unit Agreements Agreement~~ requiring that you sign a general release, estoppel or waiver as a condition of renewal and/or assignment, shall not apply to liability under the Maryland Franchise Registration and Disclosure Law and those documents are hereby amended consistent with Maryland law.

The Compliance Statement (Exhibit H to the Franchise Disclosure Document) is hereby amended by stating that all representations requiring prospective franchisees to assent to a release, estoppel, or waiver of any liability are not intended to nor shall they act as a release, estoppel, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

17(v) of the Franchise Disclosure Document and Franchise ~~and Multi-unit Agreements Agreement~~ are amended to state that you may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration & Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.

Section 17(w) of the Franchise Disclosure Document is hereby amended to the extent required under the Maryland Franchise Registration and Disclosure Laws.

The Franchise ~~and Multi-unit Agreements Agreement~~ provide for termination upon bankruptcy. This provision may not be enforceable under Federal Bankruptcy Law (11 U.S.C.A Sec. 101 ~~et seq et seq.~~).

The Franchise ~~and Multi-unit Agreements Agreement~~ and Franchise Disclosure Document are hereby amended as follows:

Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement and the outlet is opened. ~~In addition, all development fees and initial payments by Multi-Unit franchisees shall be deferred until the first franchise under the Multi-Unit Agreement is opens.~~

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.

Senior Care Authority, EEC

vou:

Bv:

Bv:

Print Name:

Print Name:

Its:

Its:

Date:

Date:

FOR THE STATE OF MICHIGAN

THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU.

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

A prohibition on the right of a franchisee to join an association of franchisees.

A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This will not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.

A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause will include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice of the failure and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.

A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) The term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of our intent not to renew the franchise.

A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

A provision requiring that arbitration or litigation be conducted outside this state. This will not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause will include, but is not limited to:

- (i) The failure of the proposed transferee to meet our then current reasonable qualifications or standards.*
- (ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.*
- (Hi) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.*
- (iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.*

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

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

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

Any questions regarding this notice should be directed to:

State of Michigan Department of Attorney General
Consumer Protection Division
Attn: Franchise
670 Law Building
Lansing, Michigan 48913
Telephone Number: (517) 373-7117

FOR THE STATE OF MINNESOTA:

Despite anything to the contrary in the Franchise and Multi-unit Agreements Agreement, the following provisions will supersede and apply to all franchises offered and sold in the State of Minnesota:

1. Any provision in the Franchise ~~and Multi-unit Agreements~~ Agreement that would require you to assent to a release, assignment, novation or waiver that would relieve any person from liability imposed by Minnesota Statutes, Sections 80C.01 to 80C.22 will be void to the extent that such contractual provision violates such law.

2. Minnesota Statute Section 80C.21 and Minnesota Rule 2860.4400J prohibit the franchisor from requiring litigation to be conducted outside of Minnesota. In addition, nothing in the Franchise Disclosure Document or Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of Minnesota.

3. Minn. Rule Part 2860.4400J prohibits a franchisee from waiving his rights to a jury trial or waiving his rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction, or consenting to liquidated damages, termination penalties or judgment notes. Any provision in the Agreement which would require you to waive your rights to any procedure, forum or remedies provided for by the laws of the State of Minnesota is deleted from any Agreement relating to franchises offered and sold in the State of Minnesota; provided, however, that this paragraph will not affect the obligation in the Agreement relating to arbitration.

4. With respect to franchises governed by Minnesota law, we will comply with Minnesota Statute Section 80C. 14, Subds. 3,4 and 5, which require, except in certain specified cases, that you be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the Agreement; and that consent to the transfer of the franchise will not be unreasonably withheld.

5. Item 13 of the FDD is hereby amended to state that we will protect your rights under this Agreement to use the Marks, or indemnify you from any loss, costs, or expenses arising out of any third-party claim, suit or demand regarding your use of the Marks, if your use of the Marks is in compliance with the provisions of the Agreement and our System standards. Notwithstanding anything to the contrary in the Franchise ~~and Multi-unit Agreements~~ Agreement, we will protect your rights under this Agreement to use the Marks, or indemnify you from any loss, costs, or expenses arising out of any third-party claim, suit or demand regarding your use of the Marks, if your use of the Marks is in compliance with the provisions of the Franchise ~~and Multi-unit Agreements~~ Agreement and our System standards.

6. Minnesota Rule 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release. As a result, the provisions of the Franchise ~~and Multi-unit Agreements~~ Agreement that require you to sign a general release prior to renewing or transferring your franchise are hereby deleted from the Franchise ~~and Multi-unit Agreements~~ Agreement.

7. The following language will be added to the Franchise ~~and Multi-unit Agreements~~ Agreement:

No Abrogation. Pursuant to Minnesota Statutes, Section 80C.21, nothing in this Agreement will in any way abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80.C.

9. Minnesota Statute Section 80C. 17 states that no action for a violation of Minnesota Statutes, Sections 80C.01 to 80C.22 may be commenced more than three years after the cause of action accrues.

Items 5 and 7 of the Franchise and Multi-unit Agreements Agreement and Franchise Disclosure Document are hereby amended as follows:

Due to our financial condition, the Minnesota Department of Commerce has required us to defer all initial fees until your business is open and operating. All of your initial fees, including your initial franchise fee (if any) will be deferred our initial obligations to you are complete and your business is open and operating.

No statement, questionnaire, or ~~acknowledgment~~ acknowledgement 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~~ 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 with the franchise.

FOR THE STATE OF NEW YORK:

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

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NEW YORK 10005. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

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

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

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive

practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

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

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the ~~non-non-~~waiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied.

4. The following language replaces the “Summary” section of Item 17(d), titled **“Termination by franchisee”**: You may terminate the agreement on any grounds available by law.

5. The following is added to the end of the “Summary” sections of Item 17(v), titled **“Choice of forum”**, and Item 17(w), titled **“Choice of law”**:

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

6. ~~No Franchise Questionnaires and Acknowledgements—~~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.

7. Receipts—Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 et seq.), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

FOR THE STATE OF NORTH DAKOTA:

Sections of the Franchise Disclosure Document, ~~or Franchise and Multi-unit Agreements Agreement~~ requiring that you sign a general release, estoppel or waiver as a condition of renewal and/or assignment may not be

enforceable as they relate to releases of the North Dakota Franchise Investment Law.

The Franchise ~~and Multi-unit Agreements~~ Agreement and Confidentiality / Non-Competition Agreement contain a covenant not to compete which may not be enforceable under North Dakota law.

Sections of the Franchise Disclosure Document and Franchise ~~and Multi-unit Agreements~~ Agreement requiring resolution of disputes to be outside North Dakota may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Sections of the Franchise Disclosure Document and Franchise ~~and Multi-unit Agreements~~ Agreement relating to choice of law may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Sections of the Franchise Disclosure Document and Franchise ~~and Multi-unit Agreements~~ Agreement requiring you to consent to liquidated damages and/or termination penalties may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Sections of the Franchise Disclosure Document and Franchise ~~and Multi-unit Agreements~~ Agreement requiring you to consent to a waiver of trial by jury may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Section of the Franchise Disclosure Document and Franchise ~~and Multi-unit Agreements~~ Agreement requiring you to consent to a waiver of exemplary and punitive damages may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

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.

FOR THE STATE OF OHIO:

The following language will be added to the Franchise ~~and Multi-unit Agreements~~ Agreement:

You, the purchaser, may cancel this transaction at any time prior to midnight of the fifth business day after the date you sign this agreement. See the attached notice of cancellation for an explanation of this right.

NOTICE OF CANCELLATION

_____ (enter date of transaction)

You may cancel this transaction, without penalty or obligation, within five business days from the above date. If you cancel, any payments made by you under the agreement, and any negotiable instrument executed by you will be returned within ten business days following the seller's receipt of your cancellation notice, and any security interest arising out of the transaction will be cancelled. If you cancel, you must make available to the seller at your business address all goods delivered to you under this agreement; or you may if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and

risk. If you do make the goods available to the seller and the seller does not pick them up within twenty days of the date of your notice of cancellation, you may retain or dispose of them without further obligation. If you fail to make the goods available to the seller, or if you agree to return them to the seller and fail to do so, then you remain liable for the performance of all obligations under this agreement. To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice, or send a telegram, to Frank Samson at Senior Care Authority, LLC, 755 Baywood Drive, Suite 200, or email: frank@seniorcareauthority.com, not later than midnight of the fifth business day after the Effective Date.

I hereby cancel this transaction.

By: _____

Print Name: _____

Its: _____

Date: _____

FOR THE STATE OF RHODE ISLAND:

§ 19-28.1-14 of the Rhode Island Franchise Investment Act provides that “A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.” The Franchise Disclosure Document and Franchise ~~and Multi-unit Agreements~~ Agreement are amended accordingly to the extent required by law.

The above language has been included in this Franchise Disclosure Document as a condition to registration. The Franchisor and you do not agree with the above language and believe that each of the provisions of the Franchise ~~and Multi-unit Agreements~~ Agreement, including all choice of law provisions, are fully enforceable. The Franchisor and you intend to fully enforce all of the provisions of the Franchise ~~and Multi-unit Agreements~~ Agreement and all other documents signed by them, including but not limited to, all venue, choice-of-law, arbitration provisions and other dispute avoidance and resolution provisions and to rely on federal pre-emption under the Federal Arbitration Act.

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

FOR THE STATE OF VIRGINIA:

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for use in the Commonwealth of Virginia shall be amended as follows:

Additional Disclosure. The following statements are added to Item 17(h) of the Disclosure Document. 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 ground for default or termination stated in the Franchise ~~and Multi-unit Agreements~~ 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.

The following is added to the cover page of the Disclosure Document:

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

~~THIS IS A DEVELOPMENT STAGE COMPANY WHICH MAY ENTAIL ADDITIONAL RISK OF FINANCIAL LOSS.~~

~~WE WERE INCORPORATED ON JANUARY 26, 2015 AND HAVE A BRIEF OPERATING HISTORY FOR YOU TO REVIEW. BECAUSE WE HAVE BEEN OPERATING FOR ONLY A SHORT PERIOD OF TIME, WE HAVE LIMITED RESOURCES WITH WHICH TO SUPPORT THE FRANCHISE SYSTEM. YOU MAY WANT TO CONSIDER THESE FACTORS WHEN MAKING A DECISION TO PURCHASE THIS FRANCHISE OPPORTUNITY.~~

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.

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.

FOR THE STATE OF WASHINGTON:

Washington Addendum to the Franchise Disclosure Document, Franchise Agreement, Multi-Unit Franchise Agreement, Compliance Questionnaire, and related agreements

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

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may

supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

The State of Washington has imposed a financial condition under which the initial franchise fees due will be deferred until the franchisor has fulfilled its initial pre-opening obligations under the Franchise Agreement and the franchise is open for business. ~~Because the Franchisor has material pre-opening obligations with respect to each franchised business the Franchisee opens under the Multi Unit Agreement, the State of Washington will require that the franchise fees be released proportionally with respect to each franchised business.~~

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

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

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

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

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

Sections 17(q) and 17(r) of the Franchise Disclosure Document is hereby amended to provide that such provisions are subject to 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.

FOR THE STATE OF WISCONSIN

The Wisconsin Fair Dealership Law, Chapter 135 of the Wisconsin Statutes supersedes any provision of the Franchise ~~and Multi-unit Agreements Agreement~~ if such provision is in conflict with that law. The Franchise Disclosure Document and Franchise ~~and Multi-unit Agreements Agreement~~ are amended accordingly.

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.

ACKNOWLEDGMENT:

It is agreed that the applicable foregoing State-Specific Addendum, if any, supersedes any inconsistent portion of the Franchise ~~and Multi-unit Agreements Agreement~~ dated the _____ day of __, 20____, and of the Franchise Disclosure Document. The parties further acknowledge and agree that this ~~State~~ State-Specific Addendum is applicable only to those persons specifically subject to the protections of the state laws referenced in this State-Specific Addendum.

IN WITNESS WHEREOF, the parties hereto have duly executed this State Law Addendum as of the Effective Date of the Franchise ~~and Multi-unit Agreements Agreement~~ between the parties.

Senior Care Authority, LLC

you:

Bv: _____

Bv: _____

Print Name: _____

Print Name: _____

Its: _____

Its: _____

Date: _____

Date: _____

Senior Care Authority, LLC

Senior Care Authority, LLC

EXHIBIT G

Compliance Questionnaire

EXHIBIT G

COMPLIANCE QUESTIONNAIRE

As you know, Senior Care Authority, LLC and you are preparing to enter into a Franchise Agreement and, if applicable, Multi-unit Franchise Agreement (as applicable to you, the "~~Agreement~~" "Agreement"). In this questionnaire, Senior Care Authority, LLC will be referred to as "we" or "us." The purpose of this questionnaire is to determine whether any statements or promises were made to you that we did not authorize and that may be inaccurate. Please review each of the following questions carefully and provide honest and complete responses to each question. If the answer you give calls for a written explanation and there is not enough room in the space we provide on this questionnaire to give a complete written explanation, please attach additional pages as necessary. **Please answer "Yes" or "No" to each question.**

We will not ask you to complete this form, and we will disregard any answers from you, if you live or plan to operate your franchise in the states of California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, Wisconsin.

Question	Answer by writing "YES" or "NO"
----------	------------------------------------

1. Have you received, studied and reviewed carefully the Franchise Disclosure Document and Agreement(s)?

2. Do you understand that we are relying on your answers to this questionnaire to ensure that the franchise sale was made in compliance of state and federal laws?

3. Do you understand all of the information contained in the Agreement(s) and each Addendum, schedule, or exhibit attached to it or them?

4. Do you understand all of the information contained in the Franchise Disclosure Document and each addendum or exhibit attached to it?

If your answer to questions 2 or 3 is "no," please explain your answer here:

5. Have you discussed with an attorney, accountant, or other professional _____ advisor the benefits and risks of establishing and operating a business as a Senior Care Authority® franchise, or have you made the decision not to consult with one?

6. Have any of our employees or any other persons speaking on our behalf made _____ any statement, promise or agreement concerning the likelihood of success that you should or might expect to achieve from operating a Senior Care Authority® franchise?

If you answered "yes" to question 5, please tell us the statement, promise, or agreement made by our employee or person speaking on our behalf:

Question	Answer by writing "YES" or "NO"
----------	------------------------------------

7. Has any employee or other person speaking on our behalf made any statement or promise that is contrary to, or different from, the information contained in the Franchise Disclosure Document?

8. Have any of our employees or any other persons speaking on our behalf made _____ any statement, agreement or promise to you concerning the advertising, marketing,

training, support, service or assistance that we will furnish to you that is contrary to, or different from, the information contained in the FDD?

9. Have any of our employees or any other persons speaking on our behalf _____ any statement, agreement or promise to you concerning the costs you may incur in operating a Senior Care Authority® franchise that is contrary to, or different from, the information contained in the FDD?

10. Have we or any of our employees or any other persons speaking on our behalf _____ made any oral, written, visual or other promises, agreements, commitments, representation, understandings, "side agreements" or otherwise that expand upon or are inconsistent with FDD or the Agreement(s), or any attached written addendum signed by you and an officer of ours?

If you answered "yes" to questions 6, 7, 8, or 9, please tell us the statement, promise, or agreement made by our employees that differs from the information contained in the FDD:

11. Do you understand that the success or failure of your business will depend in large part upon your skills and experience, your business acumen, the hours you will work, your location, the local market for Senior Care Authority® products and services, interest rates, the economy, inflation, the prevailing wage rate, competition, and other economic and business factors? Further, do you understand that the economic and business factors that exist at the time you open your business may change?

12. Do you understand that there may be national, regional, state, or local laws or regulations applying to the operation of a Senior Care Authority® franchise (either specifically or generally), and that, as a franchisee, you are fully responsible as an independent business owner for learning about and complying with these laws?

13. Do you understand that any training, support, guidance or tools we provide to you as part of the franchise are for the purpose of protecting the Senior Care Authority brand and trademarks and to assist you in the operation of your business and not for the purpose of controlling or in any way intended to exercise or exert control over your decisions or day-to-day operations of your business, including your sole responsibility for the hiring, wages and other compensation (including benefits), training, supervision and termination of your employees and all other employment and employee related matters?

If you answered "yes" to questions 10,11, or 12, please explain your answer:

Question	Answer by writing "YES" or "NO"
----------	------------------------------------

14. Have we or any of our employees or any other persons speaking on our behalf made any statements to you regarding the financial condition of our parent company or any of our affiliated companies?

Which of our representatives have you met with?

By signing below, you are acknowledging that you understand that your answers are important and that we will rely on them, and that you have responded truthfully to the above questions.

NOTE: IF THE RECIPIENT IS A CORPORATION, PARTNERSHIP, OR OTHER ENTITY, EACH OF ITS PRINCIPALS MUST EXECUTE THIS ACKNOWLEDGMENT (Make Additional Copies if Necessary).

By: _____ Address: _____

Name: _____ Telephone: _____

By: _____ Address: _____

Name: _____ Telephone: _____

Senior Care Authority, LLC

EXHIBIT H

Confidentiality Agreement

EXHIBIT H
CONFIDENTIALITY AGREEMENT

THIS CONFIDENTIALITY AGREEMENT (“**Agreement**”) is made and entered into this _____ day of _____, 20 __, between (“**you**”); and _____ (“**Franchisee**”).

RECITALS

- A. Franchisee has entered into a franchise agreement with Senior Care Authority, LLC (“**Senior Care Authority**”).
- B. You are a Designated Manager, officer, director, or an entity affiliated with, or providing products or services to Franchisee.
- C. As a result of Franchisee’s relationship with you, you will have access to certain confidential and proprietary information of Senior Care Authority.

NOW, THEREFORE, in consideration of the foregoing and in order to induce Senior Care Authority to enter into, or to continue, a relationship with you, the parties hereby agree as follows:

1. Senior Care Authority Is Third Party Beneficiary. You and Franchisee acknowledge and agree that this Agreement is made for their mutual benefit and for the benefit and protection of Senior Care Authority, which is an intended third party beneficiary of this Agreement with rights to enforce the remedies provided herein.

2. Confidential Information. It is understood that as a result of your position or relationship with Franchisee, you will be afforded access to confidential and/or proprietary information of Senior Care Authority. In consideration of Senior Care Authority’s agreement to enter into and continue its business relationship with Franchisee and to continue to make available to you and Franchisee information, including confidential and/or proprietary information, relating to Senior Care Authority and its business and operations, you agree not to disclose, furnish, divulge, communicate, or otherwise directly or indirectly use any of the confidential and/or proprietary information of Senior Care Authority (including without limitation sales and marketing methods and data, operating and other business data, computer programs, trade secrets, business plans, advertising and promotional methods, financial information and data, product information, information regarding current or prospective customers and clients, other franchisees, agencies, Suppliers, and other related information) (hereinafter, “**Confidential Information**”), other than strictly incidental to, and solely in furtherance and within the scope of, your relationship with Senior Care Authority and your employment or business relationship with Franchisee, which obligation applies at all times during and following your employment or relationship with Franchisee, regardless of the manner in which such employment or relationship ends or the reason for it ending. “Confidential Information” shall not include information which: (a) at or prior to the time of receipt was in the public domain; (b) at or prior to the time of receipt by you or the signing of the Franchise Agreement, whichever occurred first, was known to you and in actual commercial use by you or generally within the industry, in the manner and combination disclosed; or (c) is subsequently received by you or Franchisee from an independent third party not in breach of any duty of nondisclosure, secrecy, nonuse or similar duty, but only to the extent and in the form, manner and combination so disclosed.

You agree not to make any copies of, reproductions of, or extracts of any Confidential Information of Senior Care Authority except strictly incidental to, and solely in furtherance and within the scope of, your relationship with Senior Care Authority and your employment or business relationship with Franchisee. Upon termination of the Franchise Agreement (or of Franchisee’s relationship with you, as the case may be), for any reason, you must return all lists, printouts, memoranda, reports, surveys, studies, notes, letters and all other documents then in your possession or under your control containing or relating to any Confidential Information, whether in paper, digital, or other form or medium, without retaining any copies or reproductions thereof in any form.

If you receive a subpoena or any other form of legal process seeking to compel the production of any Confidential Information, you will immediately provide Franchisee and Senior Care Authority with written notice of the receipt of

such subpoena or process and a copy thereof, and will cooperate with Franchisee and Senior Care Authority in any action they take to oppose the production of Confidential Information or to obtain a protective order. Written notice to Senior Care Authority shall be given to its President.

3. Non-solicitation. While you are employed by or associated with Franchisee, and for two (2) years after your employment or relationship ends, you must not, without prior written permission of Senior Care Authority, directly or indirectly:

(a) Employ or attempt to employ any person who at that time is employed, or within the prior six months has been employed by Senior Care Authority, Franchisee, or any affiliate of either of them.

(b) Induce or attempt to induce any person to leave employment with Senior Care Authority, Franchisee, or any affiliate of either of them, or any other franchisee of Senior Care Authority.

(c) Solicit or attempt to solicit any customers or clients for whom you provided services while you were employed by or affiliated with Franchisee.

4. Breach of Agreement. You acknowledge and agree that your violation or breach of the “disclosure of Confidential Information,” or the “Non-solicitation” provisions, as provided by this Agreement, will cause irreparable injury to Senior Care Authority for which there is no adequate remedy at law. Accordingly, you agree that in the event of any breach or violation of this Agreement, Senior Care Authority and/or Franchisee will be entitled to enforce this Agreement by injunctive and any other equitable relief in any court of competent jurisdiction. Such relief will be in addition to other remedies available at law, including without limitation, recovery of damages. You agree to comply with a judgment forbidding you from violating these provisions in the event there is a finding of breach. In addition, Senior Care Authority will be entitled to recover and obtain from you all costs including, without limitation, reasonable attorneys’ fees associated with any legal action arising out of your breach of any of the provisions of this Agreement.

If any phrase, clause or provision of this Agreement is declared invalid or unenforceable by a court of competent jurisdiction, such phrase, clause or provision shall be deemed severed from this Agreement, but will not affect any other provisions of this Agreement, all of which will otherwise remain in full force and effect.

You acknowledge and agree that the restrictions set forth herein are reasonable, in terms of scope, duration, geographic area, and otherwise that the protections afforded to Senior Care Authority hereunder are necessary to protect its legitimate business interests.

5. Choice of Law. This Agreement shall be governed by and construed and enforced in accordance with the laws of the state in which Franchisee’s business is located, without respect to its conflict of laws principles.

Senior Care Authority, LLC

You:

By: _____ By: _____

Print Name: _____ Print Name: _____

Its: _____ Its: _____

Date: _____ Date: _____

Senior Care Authority, LLC

EXHIBIT I

Franchise Relationship Acknowledgement

EXHIBIT I

FRANCHISE RELATIONSHIP ACKNOWLEDGEMENT

Welcome to the Senior Care Authority team. Because you are becoming a part of the Senior Care Authority franchise system, it is important that you understand and acknowledge who is your employer, and who is not.

You have been hired by _____ (Legal Name of Franchisee) (“Franchisee”), which is an independent franchise owner in the Senior Care Authority franchise system (which we call the “System”). Although Franchisee looks the same, has the same name, and is operated the same way as other placement agencies in the System, Franchisee is not part of the same company as those other placement agencies in the System. Senior Care Authority, LLC is a completely separate company that owns the name and created the System. Senior Care Authority, LLC has devised rules, systems of operation, and policies and procedures that all of its franchisees must follow, including Franchisee, which make each of the independent franchise placement agencies look and operate the same way as one another. This way, Senior Care Authority, LLC manages a System composed of many different franchisee owners, each of whom is independently responsible for operating its own Senior Care Authority placement agency.

It is important that you understand that Franchisee is your only employer. Franchisee gives you your paycheck, establishes your hours, and is responsible for all decisions relating to your employment relationship. Senior Care Authority, LLC is **not** your employer. If Senior Care Authority, LLC representatives ever give you direction, training, or advice, it is intended only to ensure that the experience of all clients and referral sources of Senior Care Authority is the same at your place of work as it is at other placement agencies in the Senior Care Authority system. The fact that you are trained, or given direction or advice, by Senior Care Authority, LLC representatives does not somehow mean that Senior Care Authority, LLC is your employer.

If you have any questions about your employment relationship or about this Franchise Relationship Acknowledgement, please direct them to your employer, Franchisee.

I have read this Franchise Relationship Acknowledgement and I understand it. I have had the opportunity to ask any questions that I have about this Franchise Relationship Acknowledgement, and those questions have been answered fully to my satisfaction.

SIGNED

DATE:

Senior Care Authority, LLC

EXHIBIT J-1

List of Franchisees

List of Franchisees

As of December 31, ~~2022~~2023

Last Name	First Name	Address	Suite No.	City	State	ZIP
Johnson*	David and Leigh	10 North Section Street	Suite151	Fairhope	AL	36532
Lynch*	Ronald and Debra	5630 W Gail Dr		Chandler	AZ	85226
Baskin	Marcy	775 Baywood Drive	Suite 200	Petaluma	CA	94954
Bharadwaj	Nilesh and Sree	5857 Pine Avenue	Suite B	Chino Hills	CA	91709
Blood	Jennifer	1519 Vista Del Mar Drive		Ventura	CA	93001
Johal*	Harp and BJ	145 S Fairfax Ave	Suite 200	Los Angeles	CA	90036
Piyanontalee	DD	1452 N. Vasco Road	#123	Livermore	CA	94551
Simmons	Maureen	2201 Francisco Dr.	Suite 140- 330	El Dorado Hills	CA	95762
Sunner	Roger and Kiran	2585 E. Perrin Ave.	Suite 111	Fresno	CA	93720
Villa	Steve	850 Columbine Ct.		Danville	CA	94526
Winkelman	Karl and Kathy	20 South Santa Cruz Avenue	Suite 300	Los Gatos	CA	95030
Wolff*	Mark and Karyn	6520 Lonetree Boulevard	Suite 1005	Rocklin	CA	95765
Hafenschel*	Kim	387 N Corona St	Suite 530	Denver	CO	80209
Randolph	Brandy	10754 Belle Creek Blvd.	Suite 109	Henderson	CO	80640
Dinicola	Melanie	139 Orange Street	Suite 401	New Haaven	CT	6510
Spitzfaden	Harold	Sound View Plaza, 1226 E Mian Street	Suite 700 R	Stamford	CT	6902
Bergman	Todd and Denise	2412 Irwin Street	Ste 39	Melbourne	FL	32901
Cassell	Laura and Sean	6901-A North 9th Avenue	#232	Pensacola	FL	32504
Glacer	Jodi	159 NW 70th St.	Unit 402	Boca Raton	FL	33487
Graves	Rocky and Jenny	1540 International Pkwy	Suite 2000	Lake Mary	FL	32746
Narducci*	James	4082 W Palm Aire Drive #7		Pompano Beach	FL	33069
Perthuis*	Cynthia	8805 Tamiami N	Suite 231	Naples	FL	10128
Lyboldt	Chris and Daryl	13010 Morris Road	Suite 600	Alpharetta	GA	30004
Rocco	Amnda & Dave	470 Commerce Drive		Peachtree City	GA	30269
Wright	William	3597 E Monarch Sky Ln.	#240	Meridian	ID	83646
Prouty	Randy	747 E. Boughton Road	Unit - 238	Bolingbrook	IL	60400

Last Name	First Name	Address	Suite No.	City	State	ZIP
Scheetz ³⁷	Christine	3014 Sugarmans Trail		Fort Wayne	IN	85254
Gavin	Eva	9418 W 11th Ter		Overland	KS	66210
Minter	Don and Elaine	22052 W 66th St.	Suite 179	Shawnee	KS	66226
Balyeat	Larry	9 Bear Creek Dr		New Orleans	LA	70131
LaCour	Andrew	345 Major Pkwy		New Roads	LA	70760
Singer	Mary Sue	100 West Road	Suite 300	Towson	MD	21204
Gripton	Tammi and Chuck	100 West Big Beaver Road	Suite 200	Troy	MI	48084
Hartlaub*	Ann	7455 France Ave S	STE 609	Edina	MN	55435
Dwyer	Erin Dwyer- Busch	100 Chesterfield Business Pkwy	Suite 200	Chesterfield	MO	63005
Kershaw	Patrick and Tina	1221 W. 103rd Street,	Suite 110	Kansas City	MO	64114
Mannion	Mike	6000 Fairview Rd	Suite 1200	Charlotte	NC	28210
Martin	Lisa	4940 O Street,		Lincoln	NE	68510
Salomone	Daniel	Mt Laurel Executive Center, 3000 Atrium Way	Suite 200	Mt Laurel	NJ	8054
Stamberg*	David	411 Hackensack Avenue,	Suite 200	Hackensack	NJ	7601
Flattau	Adam	105 Maxess Rd.	Suite 124	Melville	NY	11747
Kearney	Michael Kearney and David Schanz	144 Village Landing		Fairport	NY	14450
Perthuis*	Cynthia	1732 1st Avenue	Suite 322	New York	NY	10128
Healy*	Mark and Rachel	9378 Mason Montgomery Road	Suite 330	Mason	OH	45040
Molnar*	Mark and Mary	19120 Old Detroit Road, 2nd Floor		Rocky River	OH	44116
Allison-Riley	Renee	1240 Winnowing Way,	Suite 102	Mt Pleasant	SC	29466
Gale	Linda and Mike Calc	2131 Woodruff Rd	Suite 2100 #361	Greenville	SC	29607
Danesi	Steve	First Tennessee Plaza 800 South Gay Street,	Suite 700- #2102	Knoxville	TN	37929
Wenger	Kara	5543 Edmondson Pike,	Suite 83	Nashville	TN	37211
Alagood*	John	106 N. Denton Tap Road	Suite 210- 153	Coppell	TX	75019
Angel	Jack	610 N Loop 336 E	Suite 121	Conroe	TX	77301
Drake, Elliott	Travis and Marti	792E1550N		North Ogden	UT	84404

³⁷Denotes M4

Last Name	First Name	Address	Suite No.	City	State	ZIP
Isbell	Lisa	5324 Twin Hickory Road,		Glen Allen	VA	23059
Myers	Kelly	435 Merchant Walk Square	Ste. 300 #517,	Charlottesville	VA	22902

Senior Care Authority, LLC

EXHIBIT J-2

List of Franchisees With Agreements Signed,

Senior Care Authority, LLC

But Are Not Yet Open

List of Franchisees with Signed Agreements

That Have Not Yet Opened

As of December 31, ~~2022~~2023

As of December 31, ~~2022~~2023, there are no franchisees with agreements signed that have not opened.

Senior Care Authority, LLC

EXHIBIT J-3

List of Franchisees Who Left the System

List of Franchisees Who Have Left the System

As of December 31, ~~2022~~2023

Last	First Name	Phone	City / Area	State
Buonocore	Annamarie	(650) 358-9908	San Mateo	CA
Henry	John	407.917.9027	Orlando	FL
Cox	Dana and Dena	515-207-9993	Johnston	IA

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

Senior Care Authority, LLC

EXHIBIT K

State Effective Dates and Franchise Disclosure Document Receipts

SENIOR CARE AUTHORITY, LLC
 FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

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

State	Effective Date
California	June 21, 2023
Hawaii	
Illinois	April 28, 2023
Indiana	February 3, 2023
Maryland	July 06, 2023
Michigan	May 19, 2023
Minnesota	Pending
New York	Pending
North Dakota	
Rhode Island	
South Dakota	
Virginia	September 17, 2022 amended July 27, 2023
Washington	Pending
Wisconsin	May 11, 2023

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

SENIOR CARE AUTHORITY, EEC
FINANCIAL STATEMENTS

RECEIPT

~~DECEMBER 31, 2021 AND 2020.~~

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Senior Care Authority, 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. Under Iowa or New York law, if applicable, Senior Care Authority, LLC must provide this disclosure document to you at your 1st 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. Michigan requires Senior Care Authority, LLC to give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Senior Care Authority, 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 law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Exhibit A.

The name, principal business address and telephone number of each franchise seller offering the franchise: Frank Samson and Laura ~~Batts~~Alexander, 755 Baywood Drive, Suite 200, Petaluma, California 94954, (888) ~~809-809~~-1231, or email: frank@seniorcareauthority.com. We have inserted the name and address of any other franchise seller below (we attach additional pages if necessary):~~None~~

~~Issuance Date: April 27, 2023~~

See Exhibit A for Senior Care Authority, EEC’s registered agents authorized to receive service of process. I

- | | |
|--|--|
| A. State Administrators / Agents for Service of Process | <u>5. State Specific Addendum</u> |
| B-1. Unit Franchise Agreement | <u>6. Form of General Release</u> |
| B-2. Multi Unit Franchise Agreement | <u>7. Compliance Questionnaire</u> |
| <u>1. Financial Statements</u> | <u>8. Confidentiality Agreement</u> |
| <u>1. Operations Manual Table of Contents</u> | <u>9. Franchise Relationship Acknowledgement</u> |
| | <u>10. State Effective Dates; Receipts</u> |

Date	Signature	Printed Name
------	-----------	--------------

have received a disclosure document dated April ~~2730, 2023-2024~~ that included the following Exhibits:

- | | |
|--|--|
| <u>A. State Administrators / Agents for Service of Process</u> | <u>F. Form of General Release</u> |
| <u>B. Franchise Agreement</u> | <u>G. Compliance Questionnaire</u> |
| | <u>H. Confidentiality Agreement</u> |
| <u>C. Financial Statements</u> | <u>I. Franchise Relationship Acknowledgement</u> |
| <u>D. Operations Manual Table of Contents</u> | <u>J. State Effective Dates; Receipts</u> |

E. State-Specific Addendum

Date
Date

Signature
Signature

Printed Name
Printed Name

Please sign both copies of the receipt and date your signature. Please retain one copy for your records, and return the other copy to Frank Samson, 755 Baywood Drive, Suite 200, Petaluma, California 94954, (888) 809-1231, or email: frank@seniorcareauthority.com.

SENIOR CARE AUTHORITY, EEC
FINANCIAL STATEMENTS

RECEIPT

~~DECEMBER 31, 2021 AND 2020.~~
This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Senior Care Authority, 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. Under Iowa or New York law, if applicable, Senior Care Authority, LLC must provide this disclosure document to you at your 1st 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. Michigan requires Senior Care Authority, LLC to give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Senior Care Authority, 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 law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Exhibit A.

The name, principal business address and telephone number of each franchise seller offering the franchise: Frank Samson and Laura ~~Batts~~Alexander, 755 Baywood Drive, Suite 200, Petaluma, California 94954, (888) ~~809-809~~-1231, or email: frank@seniorcareauthority.com. We have inserted the name and address of any other franchise seller below (we attach additional pages if necessary):~~None~~

~~Issuance Date: April 27, 2023~~

See Exhibit A for Senior Care Authority, EEC's registered agents authorized to receive service of process. I

have received a disclosure document dated April ~~27~~30, ~~2023~~-2024 that included the following Exhibits:

- A. State Administrators / Agents for Service of F. Form of General Release Process
- B. Franchise Agreement
- C. Financial Statements
- D. Operations Manual Table of Contents
- E. State-Specific Addendum
- G. Compliance Questionnaire
- H. Confidentiality Agreement
- I. Franchise Relationship Acknowledgement
- J. State Effective Dates; Receipts

<u>Date</u>	<u>Signature</u>	<u>Printed Name</u>
Date	Signature	Printed Name

Please sign both copies of the receipt and date your signature. Please retain one copy for your records, and return the other copy to Frank Samson, 755 Baywood Drive, Suite 200, Petaluma, California 94954, (888) 809-1231, or email: frank@seniorcareauthority.com.

4888-7825-64804853-7317-0105, v. 21