

# FRANCHISE DISCLOSURE DOCUMENT



Amada Franchise, Inc.  
a Delaware corporation  
901 Calle Amanecer, Suite 350  
San Clemente, CA 92673  
(888) 99-AMADA or (949) 284-8036  
franchisedevelopment@  
amadaseniorcare.com  
www.AmadaSeniorCare.com/franchise

As a franchisee you will operate a business under the Amada Senior Care name and system for the provision of non-medical homemaker and homecare services for the elderly and others needing assistance in daily living, as well as placement services for seniors, administration and coordination of care under long-term insurance claims and, subject to certain qualifications, skilled nursing and staffing services.

The total investment necessary to begin operation of an Amada Senior Care franchise is \$116,765 to \$278,040 or, if you are a licensed nurse and you choose to offer to clients skilled care services, \$136,065 to \$312,940. This includes \$55,000 that must be paid to the franchisor or affiliate. ~~If you sign a Development Agreement, then, in addition to the total investment necessary to begin the operation of your first Amada Senior Care franchise, you must pay a development fee at the time you sign the Development Agreement equal to \$27,500 multiplied by the number of additional Amada Senior Care businesses to be developed. A minimum number of 2 Amada Senior Care businesses must be opened under the Development Agreement.~~ The total investment necessary to begin operation of the first of two Amada Senior Care businesses under the Development Agreement is \$144,265 to \$305,540 or, if you are a licensed nurse and you choose to offer to clients skilled care services, ~~\$163,565~~ \$134,450 to ~~\$340,440~~ \$305,100. This includes \$82,500 that must be paid to the franchisor or its affiliate.

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

The terms of your contract will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contract. Read all of your contract carefully. Show your contract and this disclosure document to an advisor, like a lawyer or 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, N.W., Washington, D.C. 20580. You can also visit the FTC's home page at [www.ftc.gov](http://www.ftc.gov) for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

**Issuance Date: April 5, 2024.**

## EXHIBITS

- A. Franchise Agreement
- B. Development Agreement
- C. Confidentiality, Non-Disclosure and Non-Competition Agreement
- D. State Addenda
- E. Statement of Franchisee
- F. Financial Statements
- G. Operations Manual Table of Contents
- H. Current Franchisees
- I. Company-Owned Outlets
- J. Franchisees Who Left the System During Past Fiscal Year or Who Have Not Communicated Within 10 Weeks of Issuance Date
- K. State Franchise Administrators and Agents for Service of Process
- L. Form of General Release

## ITEM 1

### THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language in this disclosure document, “we,” “us” and “our” refers to Amada Franchise, Inc., the franchisor. “You” means the person or entity that buys the franchise. If the franchisee is a corporation, partnership, or other entity, “you” also may mean its owners.

#### **The Franchisor, its Affiliates, Parents and Predecessors**

We were originally formed as a Wyoming corporation on January 27, 2012, and were converted to a Delaware corporation on April 27, 2022. Our principal place of business is 901 Calle Amanecer, Suite 350, San Clemente, CA 92673. We do business under the name “Amada Senior Care” in addition to our corporate name. We have offered franchises in this line of business since March 2012. We do not own or operate businesses of the type being offered. However, our subsidiary Amada OC, Inc. currently operates one Amada Senior Care business in San Clemente, CA. We do not engage in any other business activities and have not offered franchises in any other line of business.

Our agents for service of process are listed in **Exhibit K**. We do not have a parent or predecessor company. We have 4 affiliates that are required to be disclosed in this Item.

Our affiliate LTC Now, LLC (“**LTC Now**”) has a principal business address at 411 East Bonneville Ave., Suite 400, Las Vegas, NV 89101. LTC Now is the owner of proprietary software, RelyFy, which some of our franchisees may use in connection with their Amada Senior Care Business. LTC Now has never conducted a business of the type that you will operate and has never offered franchises in any line of business.

Our affiliate My Senior Care Finder, LLC (“**MSCF**”) has a principal business address at 4730 S. Fort Apache Road, Suite 300, Las Vegas, NV 89147. MSCF is the owner of proprietary software, Placed, which some of our franchisees may use in connection with their Amada Senior Care Business. MSCF has never conducted a business of the type that you will operate and has never offered franchises in any line of business.

Our affiliate Senior Care Ventures, LP (“**Senior Care Ventures**”), has a principal business address at 411 East Bonneville Ave., Suite 400, Las Vegas, NV 89101. Senior Care Ventures is the parent company of MSCF and LTC Now. Senior Care Ventures has never conducted a business of the type that you will operate and has never offered franchises in any line of business.

Our affiliate, SCV GP, Inc. (“**SCV**”), has a principal business address at 411 East Bonneville Ave., Suite 400, Las Vegas, NV 89101. SCV is the general partner of Senior Care Ventures. SCV has never conducted a business of the type that you will operate and has never offered franchises in any line of business.

#### **Description of the Franchise**

It is not necessary that you have experience in the health care industry prior to purchasing an Amada Senior Care franchise. If you are approved to purchase a franchise we will grant you the right to operate one Amada Senior Care business (the “**Amada Senior Care Business**”) according to formats, systems, standards and procedures we develop for use in connection with the Marks (the “**System**”). At a minimum, Amada Senior Care Businesses currently offer non-medical homemaker, companionship, personal care services, personal technology services, and equipment to the elderly and others who need

## Development Rights

Before signing or at the same time as signing a Franchise Agreement, we and you may sign a **“Development Agreement”** (Exhibit B) under which you and/or any company of which you own 80% of the ownership interests (a **“Controlled Affiliate”**) will sign franchise agreements for you and develop a specified number of Amada Senior Care Businesses to be located within a specifically described geographic area (the **“Territory”**). Before you sign the Development Agreement, we and you will agree to the Territory, the number of Amada Senior Care Businesses you must open in the Territory, and the timeframe within which you must sign franchise agreements for and open each Amada Senior Care Business (the **“Development Schedule”**). A minimum number of 2 Amada Senior Care businesses must be opened under the Development Agreement. We will grant Amada Senior Care Business franchises under the Development Agreement only to you or your Controlled Affiliates, and franchises that we grant to your Controlled Affiliates will count toward your Development Schedule. You (or your Controlled Affiliates) will sign our then current form of franchise agreement, which may differ from the Franchise Agreement included in this disclosure document, for each Amada Senior Care Business developed under the Development Agreement.

## The Market and Competition

Amada Senior Care Businesses compete with other national and local businesses and sole proprietors performing similar services. Disabled adults and seniors who are 65 years and older comprise the primary market for Amada Senior Care Businesses. A smaller portion of clients may be workers' compensation recipients and others who need extra assistance in daily living. There has been a recent increase in the number of competitors in the home and community-based care industry, providing services similar to those that Amada Senior Care Businesses offer and competing directly for clients, ranging from individual caregivers to large national competitors, including other franchised systems. Additionally, you may compete in some states with home care registries that operate under an independent contractor model.

## Regulations

You must comply with all federal, state, and local laws and regulations that apply to the operations of your Amada Senior Care Business, including those pertaining to the home and community based care industry, professional and facility licensing, workers' compensation, corporate, tax, environmental, sanitation, insurance, no smoking, EEOC, OSHA, non-discrimination, employment and sexual harassment laws.

~~You are solely responsible for investigating, understanding and complying with the laws, regulations and requirements applicable to you and your Amada Senior Care Business.~~ With our approval, you may obtain a Medicare and Medicaid provider number and provide non-medical Medicare and Medicaid services. Also, with our approval, you may obtain a state waiver and/or a home health care license. You may also furnish services to Department of Veterans Health Administration beneficiaries as described more fully in the Operations Manual.

a. **Licensure; Record Keeping:** Before you can begin operating your Amada Senior Care Business, you must obtain and maintain any home health care, personal attendant / care services or employment related permits, licenses, certifications or other indications of authority necessary for the operation of your Amada Senior Care Business, including but not limited to a home health care license, personal attendant / care services license, senior placement services license, nurse staffing and/or employment agency license; you must also comply with the applicable screening requirements of home care workers. If you operate in multiple states, you must comply with the license requirements of each state. Some jurisdictions may also require that you obtain a Certificate of Need. Some states may require

Jefferson and Mr. Fotheringham between May 22, 2019 and December 19, 2019. ~~The Consent Order does not itself create any third-party liability.~~

*David Steffy v. Jeffrey A. Goffman and Grant Ingersoll*, Case No. 30-2019-01051963-CU-BC-CJC, Superior Court of the State of California, County of Orange. Mr. Steffy filed a complaint in state court on February 14, 2019. The complaint alleged claims of breach of contract, promissory estoppel and false promise in connection with Mr. Steffy's investment in Mammoplan, LLC doing business as Team Better based on the purported representation that Mr. Ingersoll would act as chief executive officer of the company. Mr. Steffy alleged that he told Mr. Goffman that he would not have invested in Mammoplan had he known that Mr. Ingersoll was not going to be the chief executive officer. In response, Mr. Steffy claimed that Mr. Goffman orally promised to purchase Mr. Steffy's shares in Mammoplan for \$100,000. Mr. Steffy sought relief for his claims of actual damages, punitive damages and his attorneys' fees and costs. The parties entered into a settlement agreement on March 11, 2020. Under the settlement agreement, Mr. Steffy received a \$55,000 settlement payment, the case was to be dismissed and all parties signed a general release. The case was subsequently dismissed on May 26, 2020.

*In the Matter of The Commissioner of Business Oversight v. Amada Franchise, Inc.*, FIL Org Id.: 92090, before the California Department of Business Oversight, January 16, 2019. On January 16, 2019, we entered into a Consent Order with the Commissioner regarding certain disclosures that were not included in this disclosure document at some or all times between 2012 and 2018. These include litigation and bankruptcy matters that are no longer required to be disclosed in this Item, and the *Brooker* bankruptcy matter disclosed in Item 4 of this disclosure document. In the Consent Order we agreed to (a) desist and refrain from violating the California Franchise Investment Law, (b) waive rights to a hearing, (c) pay a \$30,000 administrative penalty to the Commissioner, (d) pay to the Commissioner \$6,000 for investigative costs, (e) require certain individuals to complete educational training, (f) serve an amended notice of violation (amending the notice violation that was ordered but never approved by the Commissioner or delivered to franchisees in 2016) and make a payment of \$6,000 to our California franchisees who received a disclosure document from us that did not include all of the disclosures that are the subject of the Consent Order, and (g) waive the limitation period in Corporations Code section 31303, or any other provision of law, as a defense to a claim in a private action by a franchisee that alleges or seeks equitable relief as a result of any of the violations referred to in the notice of violation so long as such claim is filed by the franchisee in a private action within 90 days of delivery of the notice of violation to the franchisee. ~~The Consent Order does not itself create any third-party liability for us and it contains a statement that we maintain that in preparing the disclosures at issue in the Consent Order, we relied on the advice of our prior franchise counsel.~~

*Hamarock Consultants, Inc. v. Amada Home Care, Inc. and Fourth and Inches, LLC*, Demand for Arbitration before JAMS, filed March 15, 2016 (the "Initial Demand"). Hamarock Consultants, Inc. ("Hamarock"), a former franchisee in our system which did business as Amada Senior Care of Orange County, filed with JAMS an arbitration demand in March 2016 against Amada Home Care, Inc. and Fourth and Inches, LLC. The demand alleged breach of contract and breach of warranty in connection with Hamarock's purchase of assets from the defendants relating to the Amada Senior Care business in Orange County, California, which was previously owned and operated by our affiliate, Amada Home Care, Inc. (the "Hamarock Acquisition"). Hamarock's Initial Demand sought \$1,150,000 as relief for its claims.

*Hamarock Consultants, Inc. v. Amada Franchise, Inc., Amada Home Care, Inc., Fourth and Inches, LLC, Tafa Jefferson, Chad Fotheringham, Jared Turner, Jeff Putnam, Crossroads Business Brokers, Inc. and Vasilis Georgiou*, Case No. 30-2016-00894414-CU-FR-CJC, Superior Court of the State of California, County of Orange. After the Initial Demand, Hamarock filed a complaint in state court on December 27, 2016. The complaint alleged the same facts and causes of action that are contained in the Amended Statement, summarized in the next paragraph of this Item (the "State Court Action"). By order of the

amendment; (iv) to disclose the Trade2Save litigation in Amada's April 16, 2014 renewal application; and (v) to disclose the Trade2Save litigation in Turner's Franchise Seller Disclosure Form, attached to Amada's April 16, 2014 renewal application. ~~The Stipulation does not itself create any third party liability for us and it contains a statement that we maintain that in preparing the disclosures at issue in the Stipulation, we relied on the advice of our prior franchise counsel.~~

Other than the matters described above, no litigation is required to be disclosed in this Item.

#### **ITEM 4 BANKRUPTCY**

On May 13, 2014, Jeremy Brooker, our Director of Franchise Marketing, filed for bankruptcy under Chapter 7 of the U.S. Bankruptcy Code (U.S. Bankruptcy Court for the Central District of California, Case 8:14-bk-13291-MW). On September 15, 2014, the court granted a discharge of debt to Mr. Brooker. Mr. Brooker is located in our San Clemente offices.

Other than the bankruptcy disclosed above, no bankruptcy information is required to be disclosed in this Item.

#### **ITEM 5 INITIAL FEES**

##### **Initial Franchise Fee**

If you sign a Franchise Agreement and we grant you the right to operate an Amada Senior Care Business within an exclusive territory ("**Designated Territory**"), you must pay us an initial franchise fee ("**Initial Franchise Fee**") of \$55,000, less any amount credited toward the initial franchise fee under a Development Agreement between us and you or your affiliate. The Designated Territory generally includes a population of approximately 40,000 to 50,000 people aged 65 or older, as discussed further in Item 12.

You must pay us the Initial Franchise Fee upon signing the Franchise Agreement. The Initial Franchise Fee is paid in a lump sum and is fully earned upon receipt by us and is non-refundable under any circumstances. The Initial Franchise Fee is imposed uniformly on all Franchisees with 2 exceptions: we reserve the right to offer additional location discounts and the right to offer a 10% discount to veterans of the United States Armed Forces. The veteran discount is only available for franchisees when they enter into their first Franchise Agreement with us.

In our most recently completed fiscal year, the range of Initial Franchise Fees we collected was \$16,000 to \$55,000. Discounts were given to franchisees that purchased rights to more than one franchise at the same time and for territories with low population density.

##### **Development Agreement**

If you sign a Development Agreement, you must pay us a development fee equal to \$27,500 multiplied by the number of Amada Senior Care Businesses you will develop within the Territory. A minimum number of 2 Amada Senior Care businesses must be opened under a Development Agreement. You must pay us this fee in a lump sum when you sign the Development Agreement. We will not refund the development fee under any circumstances, but we will apply \$27,500 of the development fee toward the initial franchise fee owed under each Franchise Agreement that the Development Agreement covers.

**ITEM 6  
OTHER FEES**

<b>Type of Fee<sup>1</sup></b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
Royalty Fee for Senior Care, Skill Care, Administration Services and Staffing Services Accounts <sup>2</sup>	The greater of the Minimum Royalty Fee or 5% of monthly Gross Billings <sup>3</sup> for Senior Care, Skilled Care, Administration Services and Staffing Services Accounts	Deducted from your bank account via electronic funds transfer on the 7 <sup>th</sup> day of each month or as determined by us.	No Minimum Royalty Fee for the first 2 months. We have the right to terminate the Franchise Agreement if you fail to pay the Minimum Royalty Fee. We reserve the right to collect the Royalty Fee more frequently than monthly upon 30 days' prior written notice to you.
Royalty Fee for National Accounts <sup>2</sup>	6% of monthly Gross Billings generated from National Accounts.	Deducted from your bank account via electronic funds transfer on the 7 <sup>th</sup> day of each month or as determined by us.	We reserve the right to collect the Royalty Fee more frequently than monthly upon 30 days' prior written notice to you.
Senior Placement Fee	10% of commission received for senior placement or 15% of commission received for senior placement for National Accounts.	Payable at the same time, in the same manner as, and in addition to, the Royalty Fee.	There are no minimum sales requirements for Senior Placement Services
Encroachment Fee	The greater of \$2,500 for each client serviced or the net profit realized from the clients serviced.	Upon Demand	Payable if you provide Senior Care services to clients in another franchisee's Designated Territory without permission.
Investigative Fee	Currently, \$150 per hour, plus <b>reasonable</b> attorneys' fees and costs, if applicable.	Upon demand.	Payable to us for our costs in investigating whether you have been servicing clients in another franchisee's Designated Territory without permission.
Advertising Fund	1% of Gross Billings for the previous month  0.25% of Gross Billings for Skilled Care services for the previous month	Payable at the same time, in the same manner as, and in addition to, the Royalty Fee.	We reserve the right to increase the Advertising Fund contribution applicable to Gross Billings from Skilled Care services up to 1% upon 30 days' notice
Software Bundle Fee*	\$295 - \$2,700 per month.	Payable at the same time, in the same manner as, and in addition to, the Royalty Fee.	See Item 11 for a summary of what the Software Bundle Fee covers. You may also be charged applicable sales tax.



Type of Fee <sup>1</sup>	Amount	Due Date	Remarks
Insurance Service Charge	The costs we incurred to secure such insurance for you, but not to exceed 18% of the policy premium.	Within 5 days of the date we deliver an invoice detailing our costs and expenses for obtaining the required insurance on your behalf.	If you fail to obtain the required insurance and to keep the same in full force and effect, we may, but are not 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, along with a service charge (not to exceed 18% of the policy premium).
Indemnification	All costs including attorneys' fees.	Upon settlement or conclusion of claim or action.	You must defend suits at your own cost and hold us harmless against suits involving damages resulting from your operation of your Amada Senior Care Business under the Franchise Agreement and Development Agreement.
Cost of Enforcement or Defense	All costs, including reasonable accounting and legal fees.	Upon settlement or conclusion of claim or action.	You must reimburse us for all costs we incur in enforcing our obligations under the Franchise Agreement and Development Agreement if we prevail.
Audit	Cost of audit plus maximum allowable by law or, if no limit, 2% per month on underpayment of any amount due to us or, if the audit shows that you have failed to submit timely reports and/or remittances for any 2 reporting periods within any 12-month period, you will pay the cost of audit plus maximum allowable by law or, if no limit, a penalty of 25% of misreported amounts.	When discrepancy is discovered.	Payable only if our audit shows an understatement of at least 2% of Gross Billings or that you have failed to submit timely reports and/or remittances for any 2 reporting periods within any 12-month period.
Deadline extension fee under Development Agreement	\$2,500	Before the deadline for signing a franchise agreement or opening an Amada Senior Care Business.	If we deny the 90-day extension, we will refund this fee.
Late Fees	Maximum allowable by law or, if no limit, then 2% per month.	Accrues immediately after due date if you fail to pay your full obligation.	Applies to Royalty Fee and Advertising Fund payments and any other amounts due to us.



Type of Fee <sup>1</sup>	Amount	Due Date	Remarks
Telephone Access Fee	<del>Fee is based on the number of telephone lines that you use. Depending on the total number of lines that the System collectively uses, this fee may include a small administrative cost for our management of this process for the entire System. Currently, none.</del>	Monthly	You must use our designated telephone provider and have at least 2 separate telephone lines. Currently, we do not require you to pay to us a Telephone Access Fee but reserve the right to do so if we elect to contract directly with a communications company and establish a centralized account through which we pay for the telephone services provided to our franchisees.
<del>Guarantee<sup>5</sup></del>	<del>Varies.</del>	<del>Upon breach of the Franchise Agreement.</del>	<del>You must personally guarantee and comply with all terms of the Franchise Agreement including payment of all obligations of Franchisee under the Franchise Agreement.</del>

## NOTES

\*We reserve the right to increase this amount once during any calendar year.

(1) Type of Fee. Unless otherwise indicated below, the fees listed in this Item 6 are non-refundable (except for the deadline extension fee under the Development Agreement), uniformly imposed by and are payable to us unless otherwise stated.

(2) Royalty Fee. For non-national Senior Care, Skilled Care and Staffing Services accounts, you are required to pay to us a royalty fee (“**Royalty Fee**”) equal to the greater of (i) 5% of Gross Billings or (ii) the minimum Royalty Fee (“**Minimum Royalty Fee**”), as outlined below. The Minimum Royalty Fee starts following the opening date of your Amada Senior Care Business. The Royalty Fee you are required to pay us on Senior Care, Skilled Care, Administration Services and Staffing Services accounts generated from National Accounts is 6% of Gross Billings. Additionally, we reserve the right to offer promotional programs from time to time to existing franchisees who meet certain criteria established by us. Such programs may involve certain market segments and may include modified Royalty Fees as determined solely by us.

(3) Gross Billings. The term “**Gross Billings**” means the aggregate of all revenues and other income from whatever source derived (whether in the form of cash, credit, agreements to pay or other consideration and whether or not payment is received at the time of sale or any of these amounts prove uncollectible), which arise from or are derived by you or by any other person from business conducted by, or which originated from the business. Gross Billings also include all proceeds from any business interruption insurance. Excluded from Gross Billings are: (i) sales taxes and other taxes separately stated that you collect from clients and pay to taxing authorities; (ii) refunds and credits made in good faith to arms’ length clients in accordance with our standards and specifications for issuing such refunds or deposits; and (iii) the discount value of any coupon, voucher or other allowance that we authorize at the time you redeem the client’s coupon, voucher or allowance. The Minimum Royalty Fee is determined as follows:

### Minimum Royalty Fee Chart

Months in Operation	Minimum Royalty Fee
1-2 months	No Minimum Royalty Fee
3-12 months	\$500/month
13-24 months	\$1,000/month
25-36 months	\$1,800/month
37-48 months	\$2,500/month
49-60 months	\$3,200/month
61 and all months thereafter	\$4,000/month

First month starts the earlier of the first month after the month in which your home care license is obtained, or 60 days from signing the Franchise Agreement (in states where no license is required).

The Senior Placement Fee (“**Senior Placement Fee**”) is a percentage of the commission received for placing a senior at a boarding care facility. There is no Minimum Royalty Fee for Senior Placement Services.

The Minimum Royalty Fee and revenue-based Royalty Fee structure described above are not a representation or suggestion as to what level of revenue a franchisee may, or is likely to, obtain.

(4) If the transferee is a person or entity who contacted us prior to you becoming aware of or being introduced to the person or entity (a “**Lead**”), you or the transferee must pay us our then-current Initial Franchise Fee that we would have collected if we had granted the right to establish and operate a new Amada Senior Care Business.,

The principals of the franchisee must guarantee to pay all obligations under the Franchise Agreement, whether for fees, expenses, interest, or otherwise, and pay any and all expenses (including attorneys’ fees and expenses) incurred by us in enforcing any rights under the Guarantee.

**ITEM 7**  
**ESTIMATED INITIAL INVESTMENT**

**YOUR ESTIMATED INITIAL INVESTMENT**

<b>Type of Expenditure<sup>*</sup></b>	<b>Amount</b>	<b>Method of payment</b>	<b>When Due</b>	<b>To Whom Payment is to be Made</b>
Initial Franchise Fee <sup>1</sup>	\$55,000	Installments if you sign Development Agreement, Lump Sum if not	Upon signing the Development Agreement/Franchise Agreement	Us
Lease or Rent <sup>2</sup>	\$4,000 - \$4,500	As Arranged	Upon Signing Lease	Landlord
Utility Deposits <sup>3</sup>	\$750 - \$1,200	As Arranged	As Arranged	Utility Companies
Furniture, Office Equipment and Supplies <sup>4</sup>	\$2,500 - \$6,000	As Arranged	As Arranged	Vendors and/or Approved Suppliers
Vehicle	\$0 - \$3,300	As Arranged	Within first sixty days of signing Franchise Agreement	Vendors (personal vehicle must be approved by us otherwise a leased vehicle is required)
Vehicle Wrap (Optional) <sup>5</sup>	\$0 - \$3,800	As Arranged	As Arranged	Approved Supplier
Required Technology <sup>6</sup>	\$2,740 - \$8,865	As Arranged	As Arranged	Vendors
Initial Training <sup>7</sup>	\$2,000 - \$9,000	As Arranged	As Incurred	Transportation Lines, Hotels, and Restaurants
Grand Opening Advertising <sup>8</sup>	\$1,500	As Arranged	As Incurred	Approved Suppliers
Marketing Materials & Business Development <sup>9</sup>	\$4,500 - \$7,500	As Arranged	As Incurred	Approved Suppliers
Insurance Excluding Workers' Compensation Insurance <sup>10</sup>	\$375 - \$750	As Arranged	As Arranged	Insurance Carrier (or Us only if you fail to maintain required insurance coverage and we elect to obtain coverage for you)

Type of Expenditure *	Amount	Method of payment	When Due	To Whom Payment is to be Made
Workers' Compensation Insurance <sup>11</sup>	\$250 - \$2,125	As Arranged	As Arranged	Insurance Carrier (or Us only if you fail to maintain required insurance coverage and we elect to obtain coverage for you)
Legal and Accounting Fees <sup>12</sup>	\$1,500 - \$5,000	As Arranged	As Arranged	Attorneys and/or Certified Public Accountants
Licenses and Permits <sup>13</sup>	\$1,650 - \$13,000	As Arranged	As Arranged	Local and/or State Government Agency; Supplier
Loan Packaging Fee <sup>14</sup>	\$0 - \$6,500	As Arranged	As Arranged	Source of financing
Wages and Compensation <sup>15</sup>	\$0 - \$70,000	As arranged	As Arranged	Employee
Additional Funds – 3 Months <sup>16</sup>	\$40,000 - \$80,000	As Incurred	As Incurred in First 3 Months	
<b>TOTAL</b>	<b>\$116,765 - \$278,040</b>			

## NOTES

\* Unless otherwise noted, all amounts listed above are uniformly imposed by us and are payable to us. Any fees paid to us are nonrefundable unless otherwise noted. Third party suppliers will decide if payments made to them are refundable. We do not offer direct or indirect financing to our franchisees. Other than payment of a development fee (see Item 5), no separate initial investment is required when you sign a Development Agreement. However, a minimum number of 2 Amada Senior Care businesses must eventually be opened under the Development Agreement.

(1) Initial Franchise Fee. The Initial Franchise Fee is collected by and payable to us. See Item 5 for additional information.

(2) Lease or Rent. You will need approximately 300 - 800 sq. ft. of office space. Rates may vary depending on different regions of the country. You may need to have 2 offices if your Designated Territory crosses into multiple states. This estimate includes rent for the first 3 months and a deposit of first and last month's rent. If a landlord is paying for some of the improvements to the leased space, they may be amortizing that expense in the form of additional rent. Payments will be made directly to the landlord according to the terms of the lease. The site for your Amada Senior Care Business is subject to our approval. You should consult with your own attorney regarding the lease and related matt

(3) Utility Deposits. This item includes utility deposits paid to various communications and utility companies.

(4) Furniture, Office Equipment, and Supplies. The low estimate includes the cost of 1 desk, 1 office chair, 2 guest chairs, telephone equipment, office supplies, and other items necessary for furnishing your site. The high estimate includes the cost of 2 desks, 2 office chairs, 4 guest chairs, a conference room table, 6 conference room chairs, telephone equipment, office supplies, and other items necessary for furnishing your site.

(5) Vehicle wrap. If you choose to place signage on the vehicle you use in connection with your amada senior care business, it is subject to our approval and design standards.

(6) Required Technology. This estimate includes the cost associated with our current requirements, which include one computer, monitor, router and other network accessories, printer, fax, scanner, basic software, virus software, and firewall software as detailed in Item 11. The cost of the software accompanying the hardware purchase is included in this estimate.

~~(6)~~

~~(7)(5) The cost of the software accompanying the hardware purchase is included in this estimate.~~

~~(8)~~(7) Initial Training. The initial training program is tuition-free for you and 2 other people associated with your Amada Senior Care Business and includes the Start-up Business Training Program and the Pre-opening Training Program (as both defined in Item 11). We currently anticipate the expenses you will incur in connection with attending the initial training program to be between \$2,000 and \$3,000 per day per person in attendance, with a minimum spent of \$800. The amount may vary based on the type of accommodations you select, dining preferences, travel preference, and differences in compensation arrangements with your employees.

~~(9)~~(8) Grand Opening Advertising. In connection with opening your business, you must spend at least \$1,500 on grand opening promotion and advertising before and during the first 60 days following the opening date of your Amada Senior Care Business.

~~(10)~~(9) Marketing Materials and Business Development. This estimate includes a 3 to 6-month supply of brochures, business cards, and other marketing materials. Regardless of where you operate your Amada Senior Care Business, we anticipate that you will spend approximately \$3,500 to \$5,000 on non-customizable pre-opening marketing materials. We also estimate that you will spend between \$500 and \$2,000 on networking with potential client referral sources.

~~(11)~~(10) Insurance Excluding Workers' Compensation Insurance. This estimate represents your estimated insurance costs (excluding workers' compensation insurance) for the first 3 months you operate your Amada Senior Care Business. This estimate assumes that you will pay your premiums in monthly installments; some insurers may require the full annual premium to be paid up front, particularly if the annual premium is relatively low. As outlined in Section 16 of the Franchise Agreement, you must procure and keep in force insurance policies in such amounts and on such terms, as prescribed by us in the Operations Manual, by an insurance company acceptable to us at all times during the term of the Franchise Agreement. We reserve the right to adjust these coverages and amounts at any time by amending the Operations Manual. You must also procure and keep in force insurance policies in such amounts and on such terms as may be required by statute or rule of the state and county in which the Amada Senior Care Business is located. You must obtain such policies within 30 days after signing the Franchise Agreement. Your failure to obtain insurance constitutes a material breach of the Franchise Agreement entitling us to terminate the Franchise Agreement or exercise any or a combination of the other default remedies provided in Section 13 of the Franchise Agreement. You shall also procure and pay for all other insurance required by state or federal law, including, without limitation, workers' compensation and unemployment insurance.

(17)(16) Additional Funds. This estimate is based on our survey of franchisees regarding additional funds expended during their pre-opening phase and initial 3 months of operations. The low estimate represents estimated expenses to maintain minimal operations without any sales during the initial 3-month period. The high estimate represents the estimated expenses needed to support operations functioning at high capacity. Your costs will depend on how closely and quickly you follow our recommended methods and procedures to get your Amada Senior Care Business fully operating and serving clients, and at what the level of capacity you are operating during the pre-opening phase and initial 3-month period of operations. In formulating this estimate, we found the following factors, basis and experience relevant to where you may fall on this range: costs you incur as a result of staffing positions prior to having clients to serve; and the number of staff you choose to hire and the compensation you choose to provide them. These estimates do not include: any allowance for a draw or salary to you or other owners of the franchise; payments of fees; or payments to a bank or financing company on any loan that you may obtain to finance the cost of purchasing the franchise or other development-related costs.

### YOUR ESTIMATED INITIAL INVESTMENT SKILLED CARE SERVICES<sup>1</sup>

Type of Expenditure	Amount	Method of payment	When Due	To Whom Payment is to be Made
Third Party Consulting Firm	\$5,000 - \$8,000	As Arranged	Upon signing the Franchise Agreement	Approved Suppliers
Licenses, Permits and Accreditations	\$6,000 - \$8,000	As Arranged	As Arranged	Local and/or State Government Agency; Supplier
Facility Modifications	\$2,000 - \$5,000	As Arranged	As Arranged	Vendors and/or Approved Suppliers
Required Technology	\$300 - \$900	As Arranged	As Arranged	Vendors and/or Approved Suppliers
Insurance	\$2,000 - \$5,000	As Arranged	As Arranged	Insurance Carrier (or Us only if you fail to maintain required insurance coverage and we elect to obtain coverage for you)
Legal and Accounting Fees	\$4,000 - \$8,000	As Arranged	As Arranged	Attorneys and/or Certified Public Accountants

Type of Expenditure	Amount	Method of payment	When Due	To Whom Payment is to be Made
<b>TOTAL (Skilled Care Services Only)</b>	<b>\$19,300 - \$34,900</b>			
<b>TOTAL (Estimated Initial Investment Including Skilled Care Services)</b>	<b>\$134,450 - \$305,100</b>			

(1) Skilled Care Services. These estimates represent the initial investment required to begin offering Skilled Care services. We based these estimates on information we gathered from third-party vendors and suppliers who provide the items required to begin offering Skilled Care services. If you have previous experience offering Skilled Care or similar services before purchasing a franchise then you may not incur some or all of these expenses.

## ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

### Approved Supplies and Approved Suppliers

You must operate your business according to methods, standards, and specifications of our System. You may only offer approved services and products necessary to operate an Amada Senior Care Business (“**Approved Supplies**”). We will provide you with a list of the Approved Supplies (“**Approved Supplies List**”). We will also provide you with a list of approved manufacturers, suppliers, and distributors authorized to supply Approved Supplies used to operate an Amada Senior Care Business or offer for sale to clients of an Amada Senior Care Business (“**Approved Suppliers List**”). We reserve the right to revise the Approved Supplies List and the Approved Suppliers List from time to time. We do not issue specifications or standards to our franchisees or Approved Suppliers, and we do not make available our criteria for supplier approval, other than what is generally disclosed in this Item.

As of the Issuance Date of this Disclosure Document, we are not an Approved Supplier of any Approved Supplies that you must purchase or lease for your Amada Senior Care Business. Our affiliate, LTC Now, is currently an Approved Supplier of proprietary software called RelyFy that may be used in connection with your Amada Senior Care Business. Certain officers and principals of ours own an interest in LTC Now. During its 2023 fiscal year, LTC Now did not derive any revenue from software purchases or leases made by Amada franchisees. Our affiliate, MSCF, is currently an Approved Supplier of a proprietary software called Placed that may be used in connection with your Amada Senior Care Business. Certain officers and principals of ours own an interest in MSCF. During its 2023 fiscal year, MSCF derived \$39,758 in revenue from software purchases and leases made by Amada Franchisees. This information was obtained from MSCF’s unaudited financial statements for the 2023 fiscal year.

We and our affiliates reserve the right to become Approved Suppliers or the only Approved Supplier of any Approved Supplies that you must purchase or lease for your Amada Senior Care Business without notice to you. We and our affiliates also reserve the right to develop certain proprietary products which we may require you to purchase or lease from us or our affiliates and offer for sale at your Amada Senior Care Business. We and our affiliates reserve the right to earn fees on franchisee purchases and leases from suppliers.



<b>Obligation</b>	<b>Section in Agreement</b>	<b>Disclosure Document Item</b>
k. Territorial development and sales quotas	1.4 of Franchise Agreement and 2, 5 and Exhibit B of Development Agreement	Item 12
l. Ongoing product/service purchases	6.10 of Franchise Agreement	Item 8 and Item 11
m. Maintenance, appearance, and remodeling requirements	6.7, 9.2 and 9.3 of Franchise Agreement	Item 6 and Item 8
n. Insurance	16 of Franchise Agreement	Item 6, Item 7, and Item 8
o. Advertising	8 of Franchise Agreement	Item 6 and Item 11
p. Indemnification	19.1 of Franchise Agreement and 15 of Development Agreement	Item 6
q. Owner's participation/management/staffing	6.6 of Franchise Agreement	Item 15
r. Records and reports	10 of Franchise Agreement	Item 8 and Item 11
s. Inspections and audits	6.16 and 10 of Franchise Agreement	Item 6, Item 11 and Item 13
t. Transfer	12 of Franchise Agreement and 13 and 14 of Development Agreement	Item 6 and Item 17
u. Renewal	2.2 of Franchise Agreement	Item 17
v. Post-termination obligations	14 of Franchise Agreement	Item 17
w. Non-competition covenants	11 of Franchise Agreement and 9 of Development Agreement	Item 17
x. Dispute resolution	15 of Franchise Agreement and 15 of Development Agreement	Item 17
y. Guaranty	17.3 of Franchise Agreement	Item 22

## **ITEM 10 FINANCING**

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

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

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

**If you sign the Development Agreement, then before you begin operating your business under that agreement, we will:**

1. Determine the Territory within which you will develop Amada Senior Care Businesses. (See Development Agreement, Section 2).

2. Determine the number of Amada Senior Care Businesses that you (or your Controlled Affiliates) must open in the Territory under the Development Schedule attached to the Development Agreement. (See Development Agreement, Section 2).

6. Provide you with an Approved Supplies List and Approved Suppliers List (as defined in Franchise Agreement, Section 6.10) and assistance regarding your purchase of initial recruiting materials, marketing materials, and business office supplies (See Franchise Agreement, Section 3.1.6). We do not provide any Approved Supplies or other items for the Amada Senior Care Business's development directly or deliver or install items, nor do we provide written specifications for these items. We will provide the names of approved suppliers, manufacturers, suppliers and distributors.

7. Provide you with sample advertisements regarding the opening of your Amada Senior Care Business and your recruitment of staff (See Franchise Agreement, Section 3.1.9).

### **Typical Length of Time Before Operation**

The typical length of time between the signing of the Franchise Agreement and the opening of the Amada Senior Care Business is approximately 60 days. The actual length of time it will take you to open your Amada Senior Care Business will depend upon certain critical factors such as your ability to obtain a mutually acceptable site and the lease for your business premises; the timely installation of equipment and furniture; your ability to obtain acceptable financing; your satisfactory completion of our initial training program; your ability to timely obtain required permits and licenses; the timely production of pre-opening recruiting and marketing materials; and the amount of time necessary to hire and train personnel. Unless we agree to an extension in writing or licensing has prevented your Amada Senior Care Business from opening, we may terminate your Franchise Agreement if you do not open your business within 60 days of the signing of the Franchise Agreement (See Franchise Agreement, Section 6.2).

### **Our Obligations During the Operation of the Franchised Business**

After you open your Amada Senior Care Business we will:

1. Provide you, your Primary Contact, or branch manager/operations manager with training at our headquarters in San Clemente, California, or another location designated by us, which may include a hotel, conference center, or resort adjacent to AFI's headquarters that provides the necessary space and functions for such a training program. In this component of the training program, we will generally discuss the operations roles, the sales roles, and recruitment of staff for your Amada Senior Care Business ("**Senior Care Training Program**") We may provide the Senior Care Training Program remotely by webinar ~~if travel restrictions or shelter in place orders are still in effect due to Coronavirus (COVID-19).~~ (See Franchise Agreement, Section 3.1.7).

2. Provide you, your Primary Contact, and branch manager/operations manager with additional training at your location in or near your Designated Territory (as defined in Item 11). In this component of the training program, we will conduct field training which includes sales mapping, establishing contact with key referral sources, in-field sales training, office setup, and other relevant topics ("**Field Training**") (See Franchise Agreement, Section 3.1.8).

2. Provide you with tuition-free on-site training for up to 3 days. We will also provide you with ongoing consultation and advice in response to your inquiries about specific administrative and operating issues. We may decide how best to communicate this consultation and advice to you, whether by telephone, in writing, electronically, or in person. The method chosen by us may be different than the methods used by us to communicate with other franchisees (See Franchise Agreement, Section 3.2.1).

3. Administer the Advertising Fund (described below) and approve or disapprove of any advertising that you create for use in your local market (See Franchise Agreement, Section 3.2.2).

4. We may update the Approved Supplies List and Approved Suppliers List from time to time as we deem necessary (See Franchise Agreement, Section 3.2.3).

5. While not currently in place, we may develop an advanced training program for your key personnel, as designated by us, which will be held at our headquarters in San Clemente, California, or another location designated by us, which may include a hotel, conference center, or resort adjacent to AFI's headquarters that provides the necessary space and functions for such a training program, as determined by us. We may provide any advanced training program remotely by webinar ~~if travel restrictions or shelter in place orders are still in effect due to Coronavirus (COVID-19)~~. We may charge you a fee for this advanced training, and you must pay all of the travel expenses, such as transportation, lodging, meals, and any related payroll expenses for anyone who attends. If you hire a replacement manager, he or she must meet our applicable training requirements at the time of hire (See Franchise Agreement, Section 3.2.4).

6. Maintain the Amada Website (as defined below). (See Franchise Agreement, Section 3.2.5).

7. We may change or modify the System including the adoption and use of new or modified trade names, trademarks, service marks, or copyrighted materials, new computer programs and systems, new types of inventory, supplies, products, services, equipment, or techniques (See Franchise Agreement, Section 3.2.6).

8. Provide you with information regarding any modifications, improvements, or developments within or to the System in the form of periodic announcements via main menu page or website and email bulletins (See Franchise Agreement, Section 3.2.7).

9. Provide you with assistance regarding staffing matters, which may include providing you with recommended organizational charts, position descriptions for office and field positions, and interviewing guidelines for various positions (See Franchise Agreement, Section 3.2.8).

10. Provide you with additional optional training on an as-needed basis for an additional fee of \$500 per day per trainer plus travel, room and board expenses for each trainer (See Franchise Agreement, Section 3.2.9).

### **Factors Used for Selecting Location of the Amada Senior Care Business**

You must investigate and evaluate potential office space sites for their overall suitability and compatibility with our site selection criteria that we have established as of the approval date (See Franchise Agreement, Section 6.1). Your Amada Senior Care Business ~~may not be located in any person's home~~. Based on the requirements of the Franchise Agreement, the factors we generally consider for approving or disapproving of the proposed site of your Amada Senior Care Business are whether it is located in your Designated Territory; its proximity to any large hospital located within the Designated Territory; its accessibility to public transportation; the demographics and concentration of the surrounding population; its accessibility to a large pool of potential staff members; its proximity to schools that offer nursing programs; its proximity to potential competitors; its physical appearance; its total square footage; its interior space plan and floor layout; and building, sign and other applicable codes, ordinances, regulations and restrictions. We do not generally own the premises or lease it to you.

Within 90 days after we both sign the Franchise Agreement, you must locate the site for the Amada Senior Care Business, which must be approved by us. We have 15 calendar days to approve or disapprove your site after you ask for approval. If you do not have an approved site within the 90-day period, we will provide you with an extension of 30 days to cure the default, or any longer time as may be

the market in which your Amada Senior Care Business is located, we will give you notice regarding such contemplated Dual Branding. You will then be required to implement Dual Branding in connection with your Amada Senior Care Business within the time period specified in the notice, and Franchisee must at its expense make the modifications necessary to implement the Dual Branding. However, we are not obligated to offer any Dual Branding opportunity available to you.

Vehicle. You are not required to purchase a vehicle; however, if you use a car in connection with your Amada Senior Care Business, all signage on that vehicle is subject to our approval and design standards.

Pricing. We do not currently restrict the prices at which you sell any products or services, but we reserve the right to establish minimum and/or maximum prices for any products or services, subject to applicable law. You must at all times maintain sufficient levels of care providers to adequately meet customer demand and to adequately service clients.

### Computer System

We require you to already have or purchase the hardware and software in accordance with the requirements set forth in the Operations Manual (“**Required Technology**”). For example, most of our franchisees already have a laptop, phone, and other equipment they will use in the Amada Senior Care business. We reserve the right to modify these requirements from time to time. The Required Technology currently consists of high speed business Internet, one computer (laptop or desktop with a minimum processor of Core i5 or Core i7, minimum 16GB of RAM, and current operating system of Windows 10 Pro, Windows 11 Pro, or Mac OS X 11 or higher), tablet which is compatible with current electronic signature software, firewall/router and wireless network technology (WiFi), printer (business class laser), electronic fax, scanner, business phone system, mobile phone, and basic software such as the current version of Microsoft Office Suite, security software (anti-virus, anti-malware, EDR, web filtering), and data backup. Additionally, in connection with the Required Technology you must obtain and maintain an Internet connection which meets the bandwidth specifications set forth in the Operations Manual. The Required Technology is used to record and analyze all business and accounting information for the operation of your Amada Senior Care Business.

You must install and commence using the Required Technology at the earlier of (1) the first servicing of a client; or (2) the obtaining of a home care license and completion of Pre-Opening Business Training; or (3) the completion of Pre-Opening Business Training where no home care licensure is needed. You must acquire the right to use hardware, software, peripheral equipment and accessories, and arrange for installation, maintenance and support services of the initial, changed, or enhanced Required Technology, all at your cost.

Currently the initial cost to purchase the Required Technology ranges from \$2,740 to \$8,865. You may purchase or lease the Required Technology from any vendor. We reserve the right to designate changes or enhancements to the Required Technology. At such time as we may require changes or enhancements to the Required Technology, you may be required to make certain payments to us, an affiliate, an Approved Supplier, or a third party vendor. All hardware and computer network maintenance and upgrades of other software are your responsibility and must be done in a timely manner. There are no contractual limitations on the frequency or cost of upgrades or changes in the Required Technology that we may impose. The approximate potential cost of maintenance, repairs and/or updates for the required computer hardware and software can range from \$0 to \$200 per month, depending on the size of your Amada Senior Care Business. We do not have any contractual obligation to maintain, repair, update or upgrade Required Technology.

## Technology Management

Software Bundle Fee. You must pay to us a monthly Software Bundle Fee ranging between \$295 to \$2,700 (“**Software Bundle Fee**”) for your right to use a Software Bundle that includes: operational, financial, and accounting software, CRM, cloud storage, intranet, digital signature, other systems and tools to assist you in internal and external communications, business metrics, social media, and the overall technological infrastructure for your Amada Senior Care Business, including but not limited to 2 email addresses and your microsite (collectively, the “**Business System**”). The Software Bundle Fee also covers costs related to the research, design, procurement and administration of software and equipment, related personnel and other departmental costs, any optional or required maintenance, support, customization, upgrades and updates to the proprietary software and equipment we may provide you. If we grant you the right to operate additional Amada Senior Care Businesses, you will be required to pay us a separate monthly Software Bundle Fee for each of them unless we determine, in our discretion, that you can effectively operate all of them using the same Business System.

We reserve the right to specify different hardware and software systems in the future, including proprietary software that we or our affiliates develop exclusively for the System. We may require that you directly pay an approved third-party vendor or affiliate for hardware and software systems in the future either for or to replace the hardware and software systems currently provided in the Software Bundle Fee. To the extent that the Software Bundle Fee no longer encompasses a previously provided item, your Software Bundle Fee will be reduced. We independently access all business records, accounts, books, data, licenses, reports, and contracts (“**Business Records**”) collected or compiled within any of your Business System software platforms and databases. However, we currently do not have access to any client protected health information and you remain responsible for complying with HIPAA and obtaining authorization prior to acquiring any client protected health information.

Email Fee. For any additional email addresses you request (in addition to the 2 email addresses which are included in the Software Bundle Fee), you must pay to us an email fee (“**Email Fee**”) of \$10 per month per email account. The inbox size for each email account is approximately 25 gigabytes. You are only permitted to provide Amada email addresses to your operations and sales staff, and not to your caregivers.

## Training

You and your management staff must attend and complete an initial training program to our satisfaction prior to your opening date. If you fail to do so, we may require you to undergo additional training at your expense; alternatively, we may terminate the Franchise Agreement. Our current training program has 4 components: Start-up Business Training Program, Senior Placement Training Program, Senior Care Training Program, and Field Training. All 4 components of the initial training program are tuition-free for you and 2 other people associated with your Amada Senior Care Business, such as the branch manager/operations manager and your sales manager. However, you must pay all travel, lodging, meal, and payroll expenses for your personnel, and we reserve the right to charge for additional training beyond the initial tuition-free sessions. The training programs were designed by Tafa Jefferson, Chad Fotheringham, and Matt Smith and are supervised by Mr. Smith. Mr. Jefferson is our Co-Founder & Chief Executive Officer, and has nearly 30 years of experience in this field and has been with us since our inception in 2012. Mr. Fotheringham is our Co-Founder & President, and also has been with us since our inception in 2012. Mr. Smith, who is our Vice President of Training and Support, has approximately 20 years of experience in this field and has been with us since 2018. Mr. Jefferson, Mr. Fotheringham, and Mr. Smith have extensive knowledge of the subject matter taught in the training programs. We reserve the right to include various subject matter experts or other experienced trainers to assist in the training program.

We may periodically conduct an annual branch leadership conference for all branch manager/operations managers and sales personnel to attend (“**Annual Branch Leadership Conference**”) and if we do, we will determine its duration, curriculum, and location. We reserve the right to charge a registration fee for such a conference and you will be responsible for all other expenses incurred in connection with any such meetings, including the costs of transportation, lodging, meals, and wages. We reserve the right to use contributions to the Advertising Fund for purposes related to the Annual Branch Leadership Conference, including costs related to productions, programs, and materials.

## ITEM 12 TERRITORY

### Franchise Agreement

The Franchise Agreement grants you the right and license to establish and operate one Amada Senior Care Business to be located within an exclusive Designated Territory at a site approved by us (“**Authorized Location**”) and identified in **Attachment A** to the Franchise Agreement. If you have not yet secured a site for your Amada Senior Care Business at the time you sign the Franchise Agreement, you will enter into our Site Selection Addendum, attached as **Attachment H** to the Franchise Agreement, which will govern the site selection process. You must locate and operate your Amada Senior Care Business at an Authorized Location within the specific geographic area we assign to you as described in **Attachment A** to the Franchise Agreement. You may not relocate your Amada Senior Care Business without our prior written approval.

A Designated Territory will generally have a residential population base of approximately 40,000 to 50,000 people who are aged 65 and older at the time that the Franchise Agreement is signed. We determine the population in a Designated Territory by using the most recent projection statistics released by the United States Census Bureau, including population estimates taken in between each decennial census. We currently use Map Business Online for demographic information, but we reserve the right to use the services of other demographic information resources.

We generally designate the boundaries of the Designated Territory by ZIP Codes. A list of the ZIP Codes for your Designated Territory will be provided in **Attachment A** to the Franchise Agreement. ZIP Codes are a system of postal codes used by the United States Postal Service (“**USPS**”) and are changed by the USPS from time to time. Changes by the USPS may affect the ZIP codes and the geographic area that comprises your Designated Territory, including the number of residents aged 65 or older in the Designated Territory.

The Designated Territory will be exclusive to you while the Franchise Agreement is in effect and you are in compliance with all of its terms and conditions, including complying with Minimum Gross Billings Standards for Senior Care services (described below). Exclusivity means we and our affiliates will not establish or operate, or authorize others to establish or operate, an Amada Senior Care Business in your Designated Territory.

Year	Gross Billings*
By the end of your First Year**	\$150,000
By the end of your Second Year	\$300,000



<b>Year</b>	<b>Gross Billings*</b>
By the end of your Third Year	\$500,000
By the end of your Fourth Year	\$750,000
By the end of your Fifth Year	\$900,000
By the end of your Sixth Year	\$1,200,000
By the end of your Seventh Year	\$1,200,000
By the end of your Eighth Year	\$1,200,000
By the end of your Ninth Year	\$1,200,000
By the end of your Tenth Year	\$1,200,000

\* Minimum Gross Billings Standards are not, and should not be considered to be, representations about the potential or likely financial performance of your Amada Senior Care Business.

\*\* “First Year” means the earlier of the first month after the month in which your home care license is obtained, or 90 days from signing the Franchise Agreement (in states where no license is required).

If you do not achieve your Minimum Gross Billings Standard for Senior Care services in your Designated Territory in any year during the term of the Franchise Agreement, we will have the right to reduce the size of your Designated Territory, operate or authorize others to operate Amada Senior Care Businesses in your Designated Territory, or terminate your Franchise Agreement upon 30 days’ written notice. Gross Billings obtained from Senior Care services outside of your Designated Territory (including in any Contiguous Area, as defined below) may not be used to meet the Minimum Gross Billings Standard for Senior Care services. Other than as disclosed in Item 19 of this disclosure document, we do not furnish or authorize our salespersons to furnish any oral or written information concerning the actual or potential sales, costs, income or profits of an Amada Senior Care Business. If you sign a successor Franchise Agreement, your Minimum Gross Billings Standards will be the Minimum Gross Billings Standards you were required to satisfy during the last year of your initial term unless our then-current form of Franchise Agreement specifically requires the satisfaction of a different set of Minimum Gross Billings Standards.

The following chart lists Minimum Gross Billings Standards that are applicable to Skilled Care services:

<b>Year</b>	<b>Gross Billings*</b>
By the end of your First Year**	\$37,500
By the end of your Second Year	\$75,000
By the end of your Third Year	\$125,000
By the end of your Fourth Year	\$187,500



<b>Year</b>	<b>Gross Billings*</b>
By the end of your Fifth Year	\$225,000
By the end of your Sixth Year	\$300,000
By the end of your Seventh Year	\$300,000
By the end of your Eighth Year	\$300,000
By the end of your Ninth Year	\$300,000
By the end of your Tenth Year	\$300,000

\* Minimum Gross Billings Standards are not, and should not be considered to be, representations about the potential or likely financial performance of your Amada Senior Care Business.

The Minimum Gross Billings Standards that are applicable to Skilled Care services commence upon the signing of the Skilled Care Services Addendum. Gross Billings obtained from Skilled Care services outside of the Designated Territory (including in any Contiguous Area) may not be used to meet the Minimum Gross Billings Standards for Skilled Care services. There are no minimum requirements applicable to Senior Placement Services or Staffing Services.

The franchise is limited to the right to develop and operate one Amada Senior Care Business at the Authorized Location located in the Designated Territory, and does not include (i) any right to market or sell products or services identified by the Marks at any location other than within the Designated Territory, or through any other channels or methods of distribution, including the Internet (or any existing or future form of electronic commerce including but not limited to social media websites and mobile communication devices), except in accordance with policies stated in the Operations Manual; (ii) any right to sell products or services identified by the Marks to any person or entity for resale or further distribution; or (iii) any right to exclude, control, or impose conditions on our development of future franchised, company or affiliate owned Amada Senior Care Business at any time outside of the Designated Territory.

We and our affiliates reserve the right to:

1. Establish or license others the right to establish an Amada Senior Care Business at any location outside the Designated Territory, as we deem appropriate, regardless of proximity to the Designated Territory, without compensation to you;
2. Establish and license others to establish businesses under other systems using the Marks or other proprietary marks, which businesses may be located within or outside the Designated Territory, provided, however, that, except as specifically provided in the Franchise Agreement, we not license or establish a business substantially similar to the Amada Senior Care Business within your Designated Territory;
3. Sell the services, products, materials and related equipment authorized for your Amada Senior Care Business under other trademarks, service marks and commercial symbols through similar or dissimilar channels of distribution and pursuant to terms we deem appropriate within and outside your Designated Territory, without compensation to you;

## 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 disclose 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 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 performance at a particular location or under particular circumstances.

The following historical financial performance representations are based on the past performance of the System's existing franchised outlets. As of December 31, 2023, there were 176 franchised Amada Senior Care businesses. The data in the tables below is based on Gross Billings reported by franchised outlets on a calendar year basis. For example, if an outlet opened in November of 2020, its first full calendar year would have been January 1, 2021 to December 31, 2021. Its second full calendar year would have been January 1, 2022 to December 31, 2022. And so on.

The following table reflects the Gross Billings data, by territory, as reported by our franchised outlets that operated for the full calendar year for the most recent 3 years:

<b>Gross Billings From Franchised Outlets Open For Full Calendar Year<sup>1</sup></b>							
	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2022 YOY Change</b>		<b>2023 YOY Change</b>	
<b>Count</b>	<u>81</u>	<u>115</u>	<u>133</u>	<u>34</u>	<u>42.0%</u>	<u>18</u>	<u>15.7%</u>
<b>Average</b>	<u>1,447,890</u>	<u>1,304,921</u>	<u>1,396,199</u>	<u>(142,969)</u>	<u>-9.9%</u>	<u>91,278</u>	<u>7.0%</u>
<b>Median</b>	<u>1,135,292</u>	<u>939,244</u>	<u>1,011,449</u>	<u>(196,048)</u>	<u>-17.3%</u>	<u>72,205</u>	<u>7.7%</u>
<b>Max</b>	<u>10,534,850</u>	<u>10,553,726</u>	<u>8,670,849</u>	<u>18,876</u>	<u>0.2%</u>	<u>(1,882,877)</u>	<u>-17.8%</u>
<b>Min</b>	<u>4,646</u>	<u>1,056</u>	<u>37,678</u>	<u>(3,590)</u>	<u>-77.3%</u>	<u>36,622</u>	<u>3,468.0%</u>
<b>Number Above Average</b>	<u>31</u>	<u>44</u>	<u>49</u>				
<b>% Above Avg</b>	<u>38.3%</u>	<u>38.3%</u>	<u>36.8%</u>				

Note:

1 This table does not include data for outlets that operated during the year but for less than the full calendar year. There were 31 such outlets in 2021, 18 in 2022, and 16 in 2023.

~~From January 1, 2021 through December 31, 2023, 82 of our franchisees operated outlets continuously for all 12 months of each calendar year. The following table reflects their Gross Billings data over that time period:~~

All Locations Open Continuously from 1/1/21–12/31/23							
	2021	2022	2023	2022 YOY Change		2023 YOY Change	
Count	82	82	82	-	0.0%	-	0.0%
Average	1,451,491	1,596,085	1,788,980	144,594	10.0%	192,896	12.1%
Median	1,122,875	1,281,053	1,392,454	158,178	14.1%	111,401	8.7%
Max	10,534,850	10,553,726	8,670,849	18,876	0.2%	(1,882,877)	-17.8%
Min	31,178	20,253	37,678	(10,925)	-35.0%	17,425	86.0%
Number Above Avg	30	29	33				
% Above Avg	36.6%	35.4%	40.2%				

— The following tables reflect Gross Billings data for the top 30 and bottom 30 franchisees who operated outlets continuously from January 1, 2021 through December 31, 2023:

Top 30 Locations Open Continuously from 1/1/21–12/31/23			
	2021	2022	2023
Count	30	30	30
Average	2,414,744	2,702,658	3,114,402
Median	2,061,189	2,308,035	2,771,965
Max	10,534,850	10,553,726	8,670,849
Min	555,858	943,883	1,925,621

Bottom 30 Locations Open Continuously from 1/1/21–12/31/23			
	2021	2022	2023
Count	30	30	30
Average	739,827	686,932	690,223
Median	646,800	713,615	745,505
Max	1,953,990	1,261,894	1,131,470
Min	31,178	20,253	37,678

— Of the 82 franchisees that operated continuously from January 1, 2021 through December 31, 2023, 73 of them were the franchisee's first (or only) outlet. The following table reflects the Gross Billings data for these franchisees' first outlet over that time period:

First Territories Open Continuously from 01/01/21–12/31/23				
2021	2022	2023	2022 YOY Change	2023 YOY Change

<b>Count</b>	73	73	73	-	0%	-	0%
<b>Average</b>	1,544,033	1,682,501	1,871,266	138,468	9%	345,852	18%
<b>Median</b>	1,146,931	1,313,447	1,613,814	166,516	15%	362,536	26%
<b>Max</b>	10,534,850	10,553,726	8,670,849	18,876	0%	(2,673,212)	-24%
<b>Min</b>	223,177	357,257	224,772	134,080	60%	(132,590)	-34%
<b>Number Above Avg</b>	26	25	29				
<b>% Above Avg</b>	35.6%	34.2%	39.7%				

The following tables reflect the first outlet's Gross Billings data for the top 30 and bottom 30 franchisees who operated at least one outlet continuously from January 1, 2021 through December 31, 2023:

Top 30 First Territories Open Continuously from 1/1/21-12/31/23			
	2021	2022	2023
<b>Count</b>	30	30	30
<b>Average</b>	2,402,129	2,691,467	3,059,880
<b>Median</b>	2,061,189	2,308,035	2,768,129
<b>Max</b>	10,534,850	10,553,726	8,670,849
<b>Min</b>	555,858	943,883	1,867,151

Bottom 30 First Territories Open Continuously from 1/1/21-12/31/23			
	2021	2022	2023
<b>Count</b>	30	30	30
<b>Average</b>	804,529	815,156	814,847
<b>Median</b>	692,851	815,758	828,632
<b>Max</b>	1,953,990	1,417,334	1,297,925
<b>Min</b>	223,177	357,257	224,772

The following table reflects the Gross Billings data, by franchisee ownership group, for reported by our franchisees with at least one outlet operating who operated at least one outlet continuously from January 1, 2021 through December 31, 2023, and includes both data from their first outlet and data from any expansion territories that the same franchisee operated during that time period for the full calendar year, including data for all outlets owned by the ownership group:

<b>Territories Open Continuously from 01/01/21-12/31/23, Including Data for All Outlets Owned by the Same Franchisee</b>							
	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2022 YOY Change</b>		<b>2023 YOY Change</b>	
<b>Count</b>	73	73	73	-	0%	-	0%
<b>Average</b>	1,685,463	1,927,044	2,272,896	241,581	14%	345,852	18%
<b>Median</b>	1,290,866	1,395,245	1,757,781	404,379	8%	362,536	26%
<b>Max</b>	11,709,823	11,344,062	8,670,849	(365,761)	-3%	(2,673,212)	-24%
<b>Min</b>	223,177	392,149	259,559	168,972	76%	(132,590)	-34%
<b>Number Above Avg</b>	25	25	25				
<b>% Above Avg</b>	34%	34%	34%				

<b>Gross Billings From Franchisee Ownership Groups With At Least One Outlet Open For Full Calendar Year<sup>1</sup></b>			
	<b>2021</b>	<b>2022</b>	<b>2023</b>
<b>Avg</b>	\$1,475,869	\$1,760,256	\$1,952,613
<b>Median</b>	1,105,608	1,356,437	1,570,372
<b>Max</b>	11,709,823	11,344,061	8,670,850
<b>Min</b>	14,433	61,289	108,756
<b>Count</b>	84	86	96
<b>Number Above Avg</b>	33	30	34
<b>% Above Avg</b>	39.3%	34.9%	35.4%

Note:

1 This table does not include data for franchisee ownership groups that had no outlets operating for the full calendar year. There were 9 such outlets in 2021, 10 in 2022, and 8 in 2023.

———— The following tables reflect the Gross Billings data for the top 30 and bottom 30 franchisees who operated at least one outlet continuously from January 1, 2021 through December 31, 2023, and includes data from both their first outlet and data from any expansion territories that the same franchisee operated during that time period:

Top 30 Territories Open Continuously from 1/1/21 through 12/31/23, Including Data for All Outlets Owned by the Same Franchisee			
	2021	2022	2023
Count	30	30	30
Average	2,630,200	3,097,831	3,800,608
Median	2,189,311	2,632,451	3,234,595
Max	11,709,823	11,344,062	8,670,849
Min	555,858	943,883	2,001,479

Bottom 30 Territories Open Continuously from 1/1/21 through 12/31/23, Including Data for All Outlets Owned by the Same Franchisee			
	2021	2022	2023
Count	30	30	30
Average	880,792	931,256	958,049
Median	817,114	917,787	928,551
Max	2,534,267	1,536,954	1,481,962
Min	223,177	392,149	259,559

The following table reflects the Gross Billings data for reported by all of our franchisees who have been open at least one full calendar year from our inception in 2012 through 2023, during their first full calendar year (YR 1), their second full calendar year (YR 2), and their third full calendar year (YR 3):

First full calendar year 2012-2023			
	YR 1	YR 2	YR 3
High	3,455,247	3,952,751	4,761,934
Low	32,783	114,344	190,503
Median	391,774	759,266	1,009,813
Average	523,756	914,056	1,209,861
Count	168	135	91
Number			
Above Avg	62	51	37
% Above Avg	37%	38%	41%

The following tables reflect the Gross Billings data ~~for~~[reported by](#) all of our franchisees for 2021, 2022, and 2023, by payor source:

Revenue Stream by Payor Source							
Year <sup>1</sup>	Private Pay	Strategic (LTC Ins.)	Staffing	Placements/ Other	Medicaid	VA	TOTAL
2021	\$87,750,691	\$41,415,578	\$4,972,435	\$503,500	\$2,668,114	\$6,327,239	\$143,637,557
	61.1%	28.8%	3.5%	0.4%	1.9%	4.4%	100.0%
2022	\$100,256,180	\$46,164,728	\$5,068,064	\$634,310	\$4,243,151	\$8,063,085	\$164,429,518
	61.0%	28.1%	3.1%	0.4%	2.6%	4.9%	100.0%
2023	\$97,395,736	\$64,697,729	\$1,599,162	\$977,905	\$8,425,282	\$22,980,428	\$196,076,242
	49.7%	33.0%	0.8%	0.5%	4.3%	11.7%	100.0%

Revenue Stream by Payor Source - YOY Change							
Year <sup>1</sup>	Private Pay	Strategic (LTC Ins.)	Staffing	Placements/ Other	Medicaid	VA	TOTAL
2021	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2022	\$12,505,489	\$4,749,150	\$95,629	\$130,810	\$1,575,038	\$1,735,845	\$20,791,960
	14%	11%	2%	26%	59%	27%	14%
2023	-\$2,860,444	\$18,533,001	-\$3,468,902	\$343,595	\$4,182,131	\$14,917,343	\$31,646,724
	-3%	40%	-68%	54%	99%	185%	19%

Note:

1 There were 154 franchisees generating revenue in 2021, 158 in 2022, and 166 in 2023.

The following table reflects the Gross Billing data ~~for~~[reported by](#) all of our franchisees who were open during the full calendar year in 2018, 2019, 2020, 2021, 2022, and 2023:

Systemwide Revenue by Calendar Year			
Year	<u>Number of Outlets Generating Revenue# of Franchisees</u>	(\$) Revenue	% Growth YOY
2018	<u>89</u>	\$70,948,908	
2019	<u>97</u>	\$97,020,288	36.7%
2020	<u>117</u>	\$118,797,937	22.4%
2021	<u>140</u> <del>154</del>	\$143,637,557	20.9%
2022	<u>157</u> <del>158</del>	\$164,429,518	14.5%
2023	<u>165</u> <del>166</del>	\$196,076,244	19.2%

**Some Amada Senior Care Businesses have earned this amount. Your individual results may differ. There is no assurance that you'll earn as much.**



**Notes:**

1. The term “**Gross Billings**” means the aggregate of all revenues and other income from whatever source derived (whether in the form of cash, credit, agreements to pay or other consideration and whether or not payment is received at the time of sale or any of these amounts prove uncollectible), which arise from or are derived by ~~the franchisee~~~~you~~ or by any other person from business conducted by, or which originated from the business. Gross Billings also include all proceeds from any business interruption insurance. The following are excluded from Gross Billings: (i) sales taxes and other taxes separately stated that are collected from clients and paid to taxing authorities; (ii) refunds and credits made in good faith to arms’ length clients in accordance with our standards and specifications for issuing such refunds or deposits; and (iii) the discount value of any coupon, voucher or other allowance that we authorize at the time the franchisee redeems the client’s coupon, voucher or allowance.

2. Gross Billings disclosed in this Item are based upon reports that are generated by the reporting software used by Amada Senior Care Businesses throughout the System. ~~We have not audited or independently verified the data contained in the reports.~~

3. Written substantiation of the disclosures contained in this Item will be made available to you upon reasonable request.

Other than the preceding financial performance representation, Amada Franchise, Inc. does not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor’s management by contacting our Chief Executive Officer, Tafa Jefferson at 901 Calle Amanecer, Suite 350, San Clemente, California 92673 and telephone (949) 284-8036, the Federal Trade Commission, and the appropriate state regulatory agencies.

## ITEM 20

### OUTLETS AND FRANCHISEE INFORMATION

TABLE NO. 1  
System Wide Outlet Summary  
For Years 2021 to 2023

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2021	136	149	+13
	2022	149	160	+11
	2023	160	176	+16
Company-Owned	2021	1	1	0
	2022	1	1	0
	2023	1	1	0
<b>Total Outlets</b>	<b>2021</b>	<b>137</b>	<b>150</b>	<b>+13</b>
	<b>2022</b>	<b>150</b>	<b>161</b>	<b>+11</b>
	<b>2023</b>	<b>161</b>	<b>177</b>	<b>+16</b>

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlet in the Next Fiscal Year	Projected New Company-Owned Outlet in the Next Fiscal Year
South Carolina	0	1	0
South Dakota	0	1	0
Texas	2	2	0
Washington	1	1	0
Washington DC	0	1	0
Wisconsin	1	1	0
<b>Total</b>	<b>17</b>	<b>48</b>	<b>6</b>

The names, addresses and telephone numbers of our current Franchisees are listed in **Exhibit H**. A list of franchisees who signed a Franchise Agreement as of December 31, 2023, but their outlets are not operational as of December 31, 2023, is also included in **Exhibit H**. Our Company-owned outlets are listed in **Exhibit I**. The name, city and state, and current business telephone number (or if unknown, the last known home telephone number) of every franchisee of ours in the U.S. who has had a franchise terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under their franchise during the most recently completed fiscal year, or has not communicated with us within 10 weeks of the date of issuance of this disclosure document are listed in **Exhibit J**. If you buy this franchise, your contact information will be disclosed to other buyers when you leave the franchise system.

During the last three years, some current or former franchisees have signed confidentiality clauses. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with Amada Senior Care. You may wish to speak with current and former franchisees, but be aware that not all of those franchisees will be able to communicate with you.

If we offer to sell any previously-owned Amada Senior Care Business that we now own, specific information about that business will be provided to you in a separate supplement to this disclosure document.

We have formed a franchise advisory council from which we solicit information and feedback about issues that affect the franchise system as a whole.

No trademark-specific franchisee organization exists that is associated with this franchise system.

## ITEM 21 FINANCIAL STATEMENTS

Attached to this disclosure document as **Exhibit F** are our audited financial statements for fiscal years ending December 31, 2023, December 31, 2022, and December 31, 2021.

## **ITEM 22 CONTRACTS**

The following agreements are attached as exhibits to this disclosure document:

- Exhibit A. Franchise Agreement
  - Exhibits to the Franchise Agreement:
    - B. Authorization to Initiate Debit Entries
    - C. Collateral Assignment of Lease
    - E. Personal Guaranty and Assumption of Obligations
    - F. Spousal Guaranty
    - G. Collateral Assignment of Telephone Numbers and Telephone Listings and Internet Addresses
    - J. Skilled Care Services Addendum
    - K. Business Associate Agreement
    - L. Staffing Services Addendum
- Exhibit B. Development Agreement
- Exhibit C. Confidentiality, Non-Disclosure, and Non-Competition Agreement
- Exhibit D. State Addenda
- Exhibit E. Statement of Franchisee
- Exhibit L. Form of General Release

## **ITEM 23 RECEIPTS**

Attached at the end of this disclosure document, following the Exhibits, is a receipt. Please sign it, date it the date you receive the disclosure document, and return it to us. A duplicate of the receipt is attached for your records.

## EXHIBIT B

### DEVELOPMENT AGREEMENT

This DEVELOPMENT AGREEMENT (this “**Agreement**”) is made and entered into on \_\_\_\_\_, (“**Effective Date**”), by and between Amada Franchise, Inc., a Delaware corporation (“**Franchisor**”) and \_\_\_\_\_ (“**Developer**”) (collectively, Franchisor and Developer are referred to hereinafter as the “**Parties**”).

### RECITALS

WHEREAS, Franchisor and Developer (or its Controlled Affiliate, as defined below) are signing or have signed a Franchise Agreement dated as of \_\_\_\_\_, 20\_\_ (the “**Existing Agreement**”) under which Developer (or its Controlled Affiliate) operates or will operate an Amada Senior Care business (the “**First Developer Business**”) in or at \_\_\_\_\_.

- A. WHEREAS, Franchisor and Developer are signing this Agreement to provide Developer the right and obligation to develop a number of Amada Senior Care businesses within a specified geographic area set forth on **Exhibit A** (the “**Territory**”) over a certain period of time.
- B. WHEREAS, Franchisor is willing to grant Developer these development rights if Developer complies with the terms and conditions set forth in this Agreement.

### AGREEMENT

NOW, THEREFORE, in consideration of the mutual agreements, covenants and undertakings herein contained and other valuable consideration, the adequacy of which is acknowledged by all Parties, the Parties hereby covenant, promise, and agree as follows:

1. Recitals. The above Recitals are hereby incorporated into and made part of this Agreement. All capitalized terms used but not defined in this Agreement shall have the meanings set forth in the Existing Agreement. The term “**Controlled Affiliate**” means any corporation, limited liability company or other entity of which Developer owns eighty percent (80%) or more of the total authorized ownership interests.

2. Development Rights. Subject to Developer’s (and its affiliates’) compliance with this Agreement, the Existing Agreement, and all other franchise and other agreements between Franchisor (or its affiliate) and Developer (or its affiliate) (collectively, the “**Related Agreements**”), Developer hereby grants Developer and/or any of Developer’s approved Controlled Affiliates (defined below) the right, and Developer assumes the obligation, to sign Franchise Agreements (defined in Section 6) to develop and operate the number of Amada Senior Care businesses identified on Exhibit B (including the First Developer Business, collectively, the “**Developer Businesses**”) according to a development schedule identified on Exhibit B (the “**Development Schedule**”), and within the Territory identified on Exhibit A. “**Controlled Affiliate**” means any corporation, limited liability company or other entity of which Developer owns ninety percent (80%) or more of the total authorized ownership interests. Developer understands and acknowledges that in accepting the Territory referenced in **Exhibit A**, Franchisor does not in any way endorse, warrant or guarantee either directly or indirectly the suitability of such site or the success of the Franchise Business to be operated by Developer.

3. Territory. If Developer is complying with this Agreement, and Developer and its affiliates are fully complying with all of the Related Agreements, then during the term of this Agreement only, neither Franchisor nor its affiliates will operate, or authorize any other party to operate, an Amada Senior Care

business the physical premises of which is located within the Territory, except for franchises Franchisor grants to Developer and its approved Controlled Affiliates. Notwithstanding the foregoing, Franchisor or its affiliates may service, or authorize one or more third parties to service, clients located in any part of the Territory which is not, at the time Franchisor, its affiliate or the authorized third party begins providing services to the client, part of the designated territory of the Existing Agreement or any other Franchise Agreement signed pursuant to this Agreement (a “**Non-Designated Area**”). If Franchisor, its affiliate, or any other third party performs services for any client located in a Non-Designated Area, and Developer (or an approved Controlled Affiliate) subsequently signs a Franchise Agreement with a designated territory covering such Non-Designated Area, Franchisor, its affiliate or the third party, as applicable, may continue to provide services and products to such clients in the Non-Designated Area (each, a “**Legacy Client**”), until such time as the Legacy Client discontinues services. After a Legacy Client discontinues services, Franchisor, its affiliate, or the third party, as applicable, shall not resume servicing the Legacy Client without permission from Developer or the Controlled Affiliate, as applicable. Franchisor (and any affiliates Franchisor might have from time to time) shall at all times have the right to engage in any other activities Franchisor or they deem appropriate that are not expressly prohibited by this Agreement, whenever and wherever Franchisor or they desire, including, without limitation, those which Franchisor now reserves in Section 1.6 of the Existing Agreement. Upon expiration or termination of this Agreement, Franchisor (and its affiliates) may operate, and authorize any other parties to operate, Amada Senior Care businesses the physical premises of which are located within the Territory and engage, and allow others to engage, in any other activities Franchisor desires within and outside the Territory without any restrictions, subject only to Developer’s (or its Controlled Affiliate’s) rights under then existing franchise agreements with Franchisor.

4. — **Development Fee.** Simultaneously with signing this Agreement, Developer must pay Franchisor a development fee (the “**Development Fee**”) equal to \_\_\_\_\_ Dollars (\$ \_\_\_\_\_), which is equal to Twenty-Seven Thousand Five Hundred Dollars (\$27,500) multiplied by the number of Amada Senior Care businesses to be developed under this Agreement (excluding the First Developer Business). The Development Fee is fully earned by Franchisor when Franchisor and Developer sign this Agreement and is non-refundable, even if Developer does not comply with the Development Schedule, although Franchisor will apply the Development Fee as provided in Section 6.

3. —

4.5. **Development Obligations.** To maintain its rights under this Agreement, Developer (and/or approved Controlled Affiliates) must, for each Developer Business: (a) sign a Franchise Agreement on or before the applicable date set forth on the Development Schedule (the “**FA Signing Deadline**”); and (b) open and begin operating the Developer Business in accordance with the applicable Franchise Agreement on or before the applicable date set forth on the Development Schedule (the “**Business Opening Deadline**”). Time is of the essence under this Agreement. If Developer wants to request a ninety (90)-day extension of the FA Signing Deadline and/or Business Opening Deadline for any Developer Business, Developer must submit a written request and a Two Thousand Five Hundred Dollars (\$2,500) extension fee to Franchisor before the applicable deadline. If Franchisor grants the extension, the extension fee will be non-refundable. If Franchisor denies the extension, Franchisor will refund the extension fee. Nothing in this Section 5 requires Franchisor to grant any extension.

5. — **Form of Franchise Agreement.** The franchise agreement and related documents that Developer (or its Controlled Affiliate) signs for each Developer Business will be the form of franchise agreement and any ancillary agreements that Franchisor then customarily uses in granting franchises for Amada Senior Care businesses (collectively, the “**Franchise Agreement**”), any or all of the terms of which may differ substantially from the Existing Agreement. Franchisor will apply Twenty-Seven Thousand Five Hundred Dollars (\$27,500) of the Development Fee, as applicable, towards the initial franchise fee owed

under each Franchise Agreement. To retain Developer's rights under this Agreement, each Developer Business must operate continuously throughout the term of this Agreement.

6.

6.7. No Sublicensing Rights or Rights to Use Marks. This Agreement does not grant Developer any right to license others to operate Amada Senior Care businesses. Only Developer (and its approved Controlled Affiliates) may develop Amada Senior Care businesses pursuant to this Agreement and only under Franchise Agreements with Franchisor. This Agreement does not grant Developer any right to use, or authorize others to use, the Marks in any manner. Developer's right to use the Marks arises only under Franchise Agreements with Franchisor. Franchisor's affiliate owns all rights to the Marks, and Developer's unauthorized use of the Marks is an infringement of Franchisor's and its affiliate's rights and a breach of this Agreement.

~~7. ; a "Controlled Affiliate" is a corporation, limited liability company or other entity of which Franchisor owns eighty percent (80%) or more of the total authorized ownership interests~~

8. Grant of Franchises. Developer or its approved Controlled Affiliate (and Developer's or its owners) must sign a separate Franchise Agreement for each Developer Business developed pursuant to this Agreement. If Developer or its Controlled Affiliate (and Developer's or its owners) do not sign a separate Franchise Agreement within the time periods set forth in the Development Schedule, or do not open and begin operating the Developer Business under that Franchise Agreement within the time periods set forth in the Development Schedule, then Franchisor may terminate this Agreement according to Section 11. Except for the obligation to open the Developer Businesses on or before the Business Opening Deadlines, after Developer (or its Controlled Affiliate) signs the Franchise Agreement and related documents, their terms and conditions will control the development and operation of the Developer Business.

9. Confidentiality and Non-Competition. Section 11 of the Existing Agreement, entitled "Covenants Not to Compete and Maintain Confidentiality" is incorporated by reference in this Agreement as if fully restated within the text of this Agreement. Developer agrees to comply, and ensure that the Developer Owners (defined below) comply, with the provisions of Section 11 of the Existing Agreement applicable to Franchisee. "**Developer Owner**" means any individual or entity holding a direct or indirect ownership interest (whether of record, beneficially or otherwise) in Developer.

10. Term and Termination. The term of this Agreement begins on the Effective Date and ends on the date when the final Franchise Agreement under the Development Schedule has been signed or this Agreement otherwise is terminated under Section 11, whichever occurs first.

11. Termination. Without limiting Franchisor's termination and other rights under any other Related Agreement or applicable law, Franchisor may terminate this Agreement, effective upon delivery of written notice of termination to Developer, if:

- a. Developer or any of the Developer Owners breaches any provision of this Agreement, including, without limitation, any failure to comply with the Development Schedule;
- b. Developer or any of its Controlled Affiliates breaches any Related Agreement, if such breach would allow Franchisor to terminate the Related Agreement;
- c. any order, judgment or decree is entered adjudicating Developer bankrupt or insolvent;

or other obligations under this Agreement. Such an assignment shall constitute a release of Franchisor and novation with respect to this Agreement, and the assignee shall be liable to Developer as if it had been an original party to this Agreement.

14. Transfer by Developer. Developer acknowledges that the rights and duties this Agreement creates are personal in nature with respect to Developer and the Developer Owners and that Franchisor has granted the rights in reliance upon Franchisor's perceptions of the skills, qualifications, business ability and financial capacity of Developer and the Developer Owners. Therefore, Developer and the Developer Owners agree that neither Developer nor any of the Developer Owners may transfer this Agreement or any ownership interests in Developer (whether directly or indirectly) without Franchisor's prior written consent, which consent may be given or withheld in Franchisor's sole discretion. For purposes of this Section 14, a sale of stock, or any ownership interest in Developer, or a merger or other combination of Developer shall be considered a transfer of an ownership interest in Developer and prohibited hereunder.

15. Incorporation of Other Terms. Sections 15, 19 and 22 of the Agreement, entitled "Dispute Resolution and Corresponding Procedures," "Indemnification and Independent Contractor" and "Governing Law," respectively, are incorporated by reference in this Agreement and will govern all aspects of Franchisor's relationship and the construction of this Agreement as if fully restated within the text of this Agreement. Developer agrees to comply, and ensure that the Developer Owners comply, with the provisions of Sections 15, 19 and 22 of the Existing Agreement applicable to Franchisee.

~~15.~~ —

16. ~~16.~~ No Waiver. Franchisor may waive a provision of this Agreement only in writing executed by an authorized representative. No party shall rely upon any oral representations as to a waiver of any provision of this Agreement. No waiver by a party of a breach by another party of any provision of this Agreement shall operate or be construed as a waiver of any subsequent breach by the breaching party.

~~16.~~ —

17. ~~17.~~ Independent Contractor. This Agreement does not constitute Developer as an agent, legal representative, joint venture, partner, or employee of Franchisor for any purpose whatsoever, and it is understood between the Parties hereto that Developer shall be an independent contractor and is in no way authorized to make any contract, agreement, warranty, or representation on behalf of Franchisor. The Parties agree that this Agreement does not create a fiduciary relationship between them.

~~17.~~ —

18. ~~18.~~ Severance and Reformation. In case any one or more of the provisions or restrictions contained in this Agreement, or any part thereof, shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provisions or restrictions of this Agreement. In case any one or more of the provisions or restrictions contained in this Agreement shall, for any reason, be held to be unreasonable, improper, overbroad or unenforceable in any manner, it is agreed that they are divisible and separable and should be valid and enforceable to the extent allowed by law.

~~18.~~ —

19. ~~19.~~ Entire Agreement. No change, addition, deletion or amendment of this Agreement shall be valid or binding upon either party unless in writing and signed by the Parties. Insofar as matters within the scope of this Agreement are concerned, this Agreement, together with the Existing Agreement,



is the entire agreement between the Parties and replaces and supersedes all prior agreements and understandings pertaining to the matters addressed in this Agreement. There are no oral or other agreements or understandings between the Parties affecting this Agreement. Notwithstanding the foregoing, nothing in this Agreement shall disclaim or require Developer to waive reliance on any representation that Franchisor made in the most recent disclosure document (including its exhibits and amendments) that Franchisor delivered to Developer or its representative.

~~19.~~\_\_\_\_\_

~~20.~~ 20. ~~Counterparts.~~ This Agreement may be executed in any number of counterparts, all of which shall be deemed to constitute one and the same instrument, and each counterpart shall be deemed an original.

~~20.~~\_\_\_\_\_

~~21.~~ 21. ~~Further Assurance.~~ Each of the Parties will, upon reasonable request of the other, sign any additional documents necessary or advisable to fully implement the terms and conditions of this Agreement.

~~21.~~\_\_\_\_\_

22. ~~22.~~ No Waiver or Disclaimer of Reliance in Certain States. The following provision applies only to franchisees and franchises that are subject to state franchise registration/disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin:

No statement, questionnaire, or acknowledgement signed or agreed to by Developer 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 Franchisor, any franchise seller, or any other person acting on behalf of Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

[SIGNATURE PAGE FOLLOWS]

**IN WITNESS WHEREOF**, the Parties hereto affix their signatures and execute this Amendment as of the Effective Date.

**FRANCHISOR:**

AMADA FRANCHISE, INC.  
a Delaware corporation

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

Printed Name: \_\_\_\_\_

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

## EXHIBIT D

### STATE ADDENDA

The following modifications are to the Amada Franchise, Inc. Franchise Disclosure Document and may supersede, to the extent then required by valid applicable state law, certain portions of the Franchise Agreement dated \_\_\_\_\_, the Area Development Agreement, and Statement of Franchisee.

#### NO WAIVER OR DISCLAIMER OF RELIANCE IN CERTAIN STATES.

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

No statement, questionnaire, or acknowledgement signed or agreed to by 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 Franchisor, any franchise seller, or any other person acting on behalf of Franchisor, any franchise seller, or any other person acting on behalf of Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

It is agreed that this state law addendum supersedes any inconsistent portion of the Franchise Agreement dated \_\_\_\_\_, the Area Development Agreement, and of the Franchise Disclosure Document.

DATED: \_\_\_\_\_.

#### FRANCHISOR:

**Amada Franchise, Inc.**

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

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

#### FRANCHISEE:

\_\_\_\_\_

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

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

## **CALIFORNIA**

CALIFORNIA CORPORATIONS CODE, SECTION 31125 REQUIRES US TO GIVE YOU A DISCLOSURE DOCUMENT APPROVED BY THE COMMISSIONER OF FINANCIAL PROTECTION & INNOVATION BEFORE WE ASK YOU TO CONSIDER A MATERIAL MODIFICATION OF YOUR FRANCHISE AGREEMENT.

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 THE WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION at [www.dfpi.ca.gov](http://www.dfpi.ca.gov).

1. Item 1 is amended by the addition of the following language under the heading “Regulations”:

g. California Regulations: You may need to comply with the “Home Care Services Consumer Protection Act” of California, which provides for the licensure and regulation of home care organizations, as defined, by the State Department of Social Services, and the registration of home care aides.

2. Item 3 is amended by the addition of the following language:

Neither we, our affiliates, nor any person identified in Item 2 of the Franchise Disclosure Document is subject to any currently effective order of any national securities association or nation 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.

3. Item 17 is amended by the addition of the following language to the original language:

A. The following language is added as a second section before the chart/columns.

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). The Franchise Agreement requires Franchisee to execute a General Release of Claims upon renewal or transfer of the Franchise Agreement.

B. California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination, transfer, or non-renewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, and the law applies, the law will control.

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

D. The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

E. The Franchise Agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

4. Item 19 is amended by the addition of the following language to the original language:

“The ~~earnings-claims figures~~financial performance representations do not reflect the costs of sales, operating expenses or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your franchised business. Franchisees or former franchisees, listed in the ~~offering circular~~Franchise Disclosure Document, may be one source of this information.

5. No statement, questionnaire, or acknowledgement signed or agreed to by 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 Franchisor, any franchise seller, or any other person acting on behalf of Franchisor, any franchise seller, or any other person acting on behalf of Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

It is agreed that this state law addendum supersedes any inconsistent portion of the Franchise Agreement dated \_\_\_\_\_, and of the Franchise Disclosure Document.

DATED: \_\_\_\_\_.

**FRANCHISOR:**

**Amada Franchise, Inc.**

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

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

**FRANCHISEE:**

\_\_\_\_\_

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

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

## **ILLINOIS**

**Illinois law** shall apply to and govern the Franchise Agreement(s) and Development Agreement.

Payment of Initial Franchise and 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.

Section 19 of the Illinois Franchise Disclosure Act sets forth the conditions and notice requirements for termination of a franchise agreement.

Section 20 of the Illinois Franchise Disclosure Act sets forth the conditions of non-renewal of a franchise agreement, along with the compensation requirements.

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.

The Franchisor reserves the right to establish, identify and service "National Accounts" within your Exclusive Territory. You are required to participate in servicing National Accounts. If you elect not to participate, or are deemed "unable to fully service" a National Account - the Franchisor, an affiliate or another franchisee will service the account within your Exclusive Territory with no compensation paid to you.

No statement, questionnaire or 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 in the inducement, or (ii) disclaiming reliance on behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

ILLINOIS PROHIBITS THE CORPORATE PRACTICE OF MEDICINE. UNLICENSED INDIVIDUALS AND ENTITIES ARE PROHIBITED FROM OWNING, OPERATING AND MAINTAINING AN ESTABLISHMENT FOR THE STUDY, DIAGNOSIS AND TREATMENT OF HUMAN AILMENTS AND INJURIES, WHETHER PHYSICAL OR MENTAL. See Medical Corporation Act, 805 ILCS 15/2, 5 (West 2018) and Medical Practice Act of 1987, 225 ILCS 60/ (West 2018).

If you are NOT licensed/certified in Illinois to provide services of the nature described in this disclosure document, you must negotiate the terms of a Management Agreement with licensed professionals who will provide the services that this franchised business offers. Retain an experienced attorney who will look out for your best interests in this business venture.

See: <https://www.newlifestyles.com/resources/state-licensing/illinois> for general information about placement options for seniors in Illinois.

See: <http://www.dph.illinois.gov/topics-services/health-care-regulation/facilities/home-health> for info on Home Health state certification and licensure requirements, costs, and process.

See: <http://www.idph.state.il.us/about/hfpb/conprocess.htm> and <https://www2.illinois.gov/sites/hfsrb/CONProgram/Pages/default.aspx> for information regarding the nature of, and application process for, the Illinois Certificate of Need Program. ~~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.~~

~~ILLINOIS PROHIBITS THE CORPORATE PRACTICE OF MEDICINE. UNLICENSED INDIVIDUALS AND ENTITIES ARE PROHIBITED FROM OWNING, OPERATING AND MAINTAINING AN ESTABLISHMENT FOR THE STUDY, DIAGNOSIS AND TREATMENT OF HUMAN AILMENTS AND INJURIES, WHETHER PHYSICAL OR MENTAL. See Medical Corporation Act, 805 ILCS 15/2, 5 (West 2016); Medical Practice Act of 1987, 225 ILCS 60/ (West 2016); and Prohibition Against Fee Splitting at 225 ILCS 60/22.2 (West 2016).~~

~~IF YOU ARE NOT LICENSED/CERTIFIED IN ILLINOIS TO PROVIDE SOME OF THE SERVICES DESCRIBED IN THE DISCLOSURE DOCUMENT, YOU MAY HAVE TO NEGOTIATE THE TERMS OF A MANAGEMENT AGREEMENT WITH LICENSED MEDICAL PROFESSIONALS WHO WILL PROVIDE SERVICES THAT YOU ARE NOT QUALIFIED TO PROVIDE IN A BUSINESS OF THIS NATURE.~~

~~See: <https://www.newlifestyles.com/resources/state-licensing/illinois> for general information about placement options for seniors in Illinois.~~

See: <http://www.dph.illinois.gov/topics-services/health-care-regulation/facilities/home-health> for info on Home Health state certification and licensure requirements, costs and process.

See: <http://www.idph.state.il.us/about/hfpb/conprocess.htm> and <https://www2.illinois.gov/sites/hfsrb/CONProgram/Pages/default.aspx> for information regarding the nature of, and application process for the Illinois Certification of Need Program.

~~FRANCHISOR RESERVES THE RIGHT TO ESTABLISH, IDENTIFY AND SERVICE "NATIONAL ACCOUNTS" WITHIN YOUR TERRITORY. YOU ARE REQUIRED TO PARTICIPATE IN SERVICING NATIONAL ACCOUNTS. IF YOU ELECT NOT TO PARTICIPATE OR ARE DEEMED TO BE "UNABLE TO FULLY SERVICE" A NATIONAL ACCOUNT THE FRANCHISOR, ITS AFFILIATE(S) OR ANOTHER FRANCHISEE MAY PROVIDE PRODUCTS AND SERVICES TO A "NATIONAL ACCOUNT" IN YOUR TERRITORY WITH NO COMPENSATION PAID TO YOU.~~

~~The collection of the initial franchise (and development) fees will be deferred until the franchisor has fulfilled all its initial pre-opening obligations under the franchise agreement and if applicable, development agreement, and the franchisee has commenced doing business.~~

It is agreed that this state law addendum supersedes any inconsistent portion of the Franchise Agreement dated \_\_\_\_\_, the Area Development Agreement, and of the Franchise Disclosure Document.

DATED: \_\_\_\_\_.

**FRANCHISOR:**

**Amada Franchise, Inc.**

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

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

**FRANCHISEE:**

\_\_\_\_\_

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

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

## **NORTH DAKOTA**

This addendum amends the Franchise Disclosure Document and all agreements used in North Dakota or by a North Dakota resident.

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.

Payment of Initial Franchise and 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 North Dakota Securities Department due to Franchisor's financial condition.

Item 17(c) of the Franchise Disclosure Document and Section 2 of the Franchise 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.

Item 17(i) of the Franchise Disclosure Document, Section 13 and 14 of the Franchise Agreement requiring you to consent to termination or liquidated 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.

Item 17(r) of the Franchise Disclosure Document and Section 11 of the Franchise Agreement containing covenants restricting competition contrary to Section 9-08-06 of the North Dakota Century Code may not be enforceable under Section 51-19-09 of the North Dakota Franchise Law.

Item 17(u) of the Franchise Disclosure Document and Section 15 of the Franchise 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.

Item 17(v) of the Franchise Disclosure Document and Section 15 of the Franchise Agreement providing that franchisees must consent to the jurisdiction of courts in either California 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.

Item 17(w) of the Franchise Disclosure Document and Section 22 of the Franchise Agreement providing that the agreements shall be construed according to the laws of the State of California 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 15 of the Franchise Agreement requiring you to consent to a limitation of claims within one year may not be enforceable under Section 51-19-09 and the statute of limitations under North Dakota Law will apply.

Section 15 of the Franchise 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.



**WASHINGTON ~~ADDENDUM~~RIDER TO THE FRANCHISE DISCLOSURE DOCUMENT, FRANCHISE AGREEMENT, DEVELOPMENT AGREEMENT, ~~STATEMENT—OF FRANCHISEE~~, AND RELATED AGREEMENTS**

Use of Franchise Brokers. The franchisor may use the services of franchise brokers to assist it in selling franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. Do not rely only on the information provided by a franchise broker about a franchise. Do your own investigation by contacting the franchisor's current and former franchisees to ask them about their experience with the franchisor.

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

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

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

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

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

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

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

The collection of the initial franchise fee will be deferred until the franchisor has fulfilled its initial pre-opening obligations and the franchisee is open for business.

## EXHIBIT L

### FORM OF GENERAL RELEASE

This General Release (“**Release**”) made on \_\_\_\_\_, by and between Amada Franchise, Inc., a corporation formed under the laws of the State of Delaware and having its principal place of business at 901 Calle Amanecer, Suite 350, San Clemente, California 92673 (“**Franchisor**”), and each of the undersigned individuals/ partnerships/corporations/limited liability companies (jointly and severally, the “**Franchisee**”).

#### WITNESSETH:

WHEREAS, Franchisee acquired one or more franchises from Franchisor to open and operate one or more franchised businesses (“**Amada Senior Care Business(s)**”) pursuant to the Franchise Agreement(s) between Franchisor and Franchisee dated \_\_\_\_\_ (“**Franchise Agreement(s)**”);

WHEREAS, Franchisee has elected to assign and transfer or renew the Franchise Agreements and all Franchisee's rights thereunder in accordance with the terms of the Franchise Agreements; and

WHEREAS, Franchisor has agreed to consent to such assignment and transfer on condition that, among other things, Franchisee execute this Release.

NOW, in consideration of the above, and for other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, and intending to be legally bound hereby, Franchisee and Franchisor hereby agree as follows:

1. Release. Franchisee hereby absolutely and forever releases and discharges Franchisor and its Related Parties (as defined below), from and against any and all Claims (as defined below) of Franchisee arising out of or relating to the offer or sale of the Franchise Agreement(s), including violations of any federal or state law, rule, or regulation pertaining thereto. “**Related Parties**” means predecessors, affiliates, agents, employees, successors, assigns, and their respective officers, directors, shareholders, heirs, executors, and representatives. “**Claims**” means any and all claims, proceedings, demands, causes of actions, rights to terminate and rescind, liabilities, losses, damages, and rights of every kind and nature whatsoever, whether now known or unknown, suspected or unsuspected, at law or in equity, which the releasing party now has, owns or holds, at any time before this time ever had, owned or held, or at any time after this time has, owns or holds. Franchisee hereby irrevocably covenants not to assert, or to initiate any suit or proceeding based in whole or in part upon any Claim released hereunder.

With respect to the matters being released pursuant to the terms of this Release, Franchisee further voluntarily and unconditionally waive each and every right which they, or any of them, may have under Section 1542 of the Civil Code of the State of California and any similar law of any state or territory of the United States. Section 1542 reads as follows:

1542. A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, AND THAT IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.

Franchisee understands and acknowledges that the significance and consequence of their waiver of Section 1542 of the Civil Code is that even if any of them should eventually suffer additional damages arising out of a matter being released pursuant to this Release, said party will not be permitted to make any claim for those damages. Furthermore, Franchisee acknowledges that they intend these consequences even as to claims for injury and/or damages that may exist as of the date of this Release but which Franchisee do not know exist, and which, if known, would materially affect Franchisee's decision to execute this Release, regardless of whether the parties' lack of knowledge is a result of ignorance, oversight, error, negligence, or any other cause.

2. Entire Agreement. This Release supersedes any prior negotiations and agreements, oral or written, with respect to its subject matter. This Release may not be amended except in a writing signed by all of the parties. No representations, warranties, agreements, or covenants have been made with respect to this Release, and in executing this Release, none of the parties is relying upon any representation, warranty, agreement, or covenant not set forth herein.

3. Acknowledgement. Each of the parties certifies to the other that it has read all of this Release and fully understands all of the same and that it has executed this Release after having had the opportunity to obtain legal advice as to such party's rights from legal counsel of its choice.

4. Power and Authority. Each of the parties represents and warrants to the other that it has the full power and authority to execute this Release, and to do any and all things reasonably required hereunder. Nothing herein shall constitute an admission of any liability or wrongdoing by any party hereto.

5. No Assignment. Franchisee represents and warrants to Franchisor that it has not assigned, transferred, or conveyed to any third party all or any part of or partial or contingent interest in any of the released matters which are called for to be released by this Release now or in the future, that it is aware of no third party who contends or claims otherwise, and that it shall not after this time purport to assign, transfer, or convey any such claim.

6. Choice of Law. This Release shall be construed in accordance with and all disputes hereunder shall be governed by the laws of the State of California. If any legal action is necessary to enforce the terms and conditions of this Release, the parties hereby agree that any action sought to be brought by either party, shall be brought in the appropriate state or federal court covering Orange County, California, with jurisdiction over the matter.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby, have duly executed this Release in multiple copies the day and year first above written.

ATTEST:

Amada Franchise, Inc.

\_\_\_\_\_

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

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

ATTEST/WITNESS:

FRANCHISEE:

\_\_\_\_\_

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

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

\_\_\_\_\_

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

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

**NOTE FOR RESIDENTS OF THE STATE OF WASHINGTON AND FRANCHISED BUSINESSES LOCATED IN WASHINGTON: This 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.**

## VIRGINIA

The Franchise Agreement is amended to include the following statement:

“Under Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the franchise agreement 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 Area Development Agreement is amended to include the following statement:

“The Virginia State Corporation Commission’s Division of Securities and Retail Franchising requires us to defer payment of the development fee owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the development agreement.”

The Risk Factor is amended by the addition of the following language at the end thereof:

6. Estimated Initial Investment. The franchisee will be required to make an estimated initial investment ranging from \$95,400 116,765 to \$251,600 278,040. This amount exceeds the franchisor’s stockholder’s equity as of December 31, 20231, which is \$(1,404,636) 26,387.

~~Item 5 of this Franchise Disclosure Document is amended by the addition of the following language at the end thereof:~~

~~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.~~

It is agreed that this state law addendum supersedes any inconsistent portion of the Franchise Agreement dated \_\_\_\_\_, and of the Franchise Disclosure Document.

DATED: \_\_\_\_\_.

**FRANCHISOR:**

**Amada Franchise, Inc.**

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

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

**FRANCHISEE:**

\_\_\_\_\_

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

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

### **State Effective Dates**

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

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

<b>State</b>	<b>Effective Date</b>
California	Pending
Hawaii	Pending
Illinois	<del>Pending</del> <a href="#">April 9, 2024</a>
Indiana	<del>Pending</del> <a href="#">May 8, 2024</a>
Maryland	Pending
Michigan	<del>Pending</del> <a href="#">May 15, 2024</a>
Minnesota	Pending
New York	<del>Pending</del> <a href="#">May 6, 2024</a>
North Dakota	<del>Pending</del> <a href="#">May 28, 2024</a>
South Dakota	<del>Pending</del> <a href="#">April 9, 2024</a>
Virginia	Pending
Washington	Pending
Wisconsin	<del>Pending</del> <a href="#">April 9, 2024</a>

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.