

Special Risks to Consider About This Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Nebraska. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Nebraska than in your own state.
2. **Mandatory Minimum Payments.** You must make minimum royalty or advertising fund payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.
3. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.
- ~~3.~~4. **Sales Performance Required.** You must maintain minimum sales performance levels. Your inability to maintain these levels may result in loss of any territorial rights you are granted, termination of your franchise, and loss of your investment.

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

Provisions	Section in Franchise Agreement	Summary
		<p>us; and (6) you or the transferee will have paid the Transfer Fee. If you are transferring to newly formed entity, you owned and formed solely for the purposes of operating the Franchised Business you must remain the owner of the majority interest of that entity.</p>
<p>n. Franchisor's right of first refusal to acquire your business</p>	<p>Section 16.6</p>	<p>We have the right of first refusal to purchase a Franchised Business that is for sale and for which you have received a good faith offer to purchase. We have 30 days from notice of the offer to give you notice that we will exercise our right of first refusal to purchase the Franchised Business or its assets at the same terms as those contained in the offer. We have 90 days from our notice to conduct due diligence and 120 days from the date of our notice to close.</p>
<p>o. Franchisor's option to purchase your business</p>	<p>Section 19.3</p>	<p>We are not obligated to do so, but, if the franchise is terminated or expires, we may purchase (a) the fixed assets of the Franchised Business at the depreciated value; (2) the real property at fair market value; and (3) all other asset/property at fair market value. We will have 30 days to deliver notice of our intent to exercise our option after the termination or expiration of the Franchise Agreement.</p>
<p>p. Death or disability of franchisee</p>	<p>Section 17</p>	<p>Your heirs, beneficiaries, devisees or legal representatives can apply to us to continue operation of the Franchised Business or sell or otherwise transfer interest in the Franchised Business for 180 days after the death or incapacity. If they fail to do so, the Franchise Agreement will terminate, and we will have the option to buy the assets used to operate the Franchised Business.</p>
<p>q. Non-competition covenants during the term of the franchise</p>	<p>Section 14.2</p>	<p><u>Subject to applicable state law,</u> the Restricted Parties must not (1) divert or attempt to divert any business or client to a competitor; (2) own or otherwise have any interest in any business (including a business operated before entry into the Franchise Agreement) specializing in offering or providing non-medical in-home assistance, companionship or medical staffing services, or other services, products, materials or equipment that are the same as or similar to those Core</p>

Provisions	Section in Franchise Agreement	Summary
		Services, Ancillary Services or other services offered and/or sold in the System or Franchised Business or a component thereof (referrals to provide Services are excluded).
r. Non-competition covenants after the franchise is terminated or expires	Section 14.2.2	<p><u>Subject to applicable state law</u>, For a period of 1 ½ years after the termination, assignment or expiration of the Franchise Agreement, the Restricted Parties must not (as an agent, consultant, independent contractor, owner, stockholder, partner, director, officer, manager, or otherwise:</p> <p>(1) engage or become interested in or operate any business which engages in the services and business of the System or the Franchised business or services and businesses that are substantially similar to the System or Franchised Business within a 10 mile radius of the outer boundaries of the Franchisee's Designated Area;</p> <p>(2) become an employee of any business that engages in the services and business of the System or the Franchised Business anywhere within a radius of 10 miles from the outer boundaries of the Franchisee's Designated Area;</p> <p>(3) directly or indirectly solicit any current or past customers, accounts or clients served by the Franchised Business or other franchisee's franchised business for the purpose of including customer accounts or clients to become the customer, client or account of a competing business;</p> <p>(4) directly or indirectly, solicit any of the then current or past referral sources and contacts utilized by the Franchised Business during the Restricted Party's affiliation with the Franchised Business, for the purpose of obtaining referral of customers or business from such referral sources for a competing business;</p> <p>(5) directly or indirectly provide services or products, materials or equipment that are the same as, or similar to the System, the Franchised Business or a component to the operation of the Franchised Business, Core Services, Ancillary Services or other services offered or sold in the Franchised Business or the System to any part.</p>

**ADDENDUM
TO THE FRANCHISE DISCLOSURE DOCUMENT FOR THE STATE OF MARYLAND**

This Addendum pertains to franchises sold in the State of Maryland, residents of the State of Maryland, and franchises to be located in the State of Maryland, regardless of the franchisee's residency, and is for the purpose of complying with Maryland statutes and regulations. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the Franchise Agreement is amended as follows:

1. All representations requiring prospective franchisees to assent to a release, estoppel or waiver of any liability are not intended to nor shall they act as a release, estoppels or waiver of any liability incurred under the Maryland Franchise Disclosure Law.
2. A franchisee may sue in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Franchise Registration and Disclosure Law.
3. The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.
4. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three (3) years from the date of the grant of the Franchised Business."
5. The Franchisee Disclosure Questionnaire, is amended to state: "All representations requiring prospective franchisees to assent to a release, estoppel or waiver of any liability are not intended to nor shall they act as a release, estoppels or waiver of any liability incurred under the Maryland Franchise Disclosure Law."
6. 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 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.