REDLINED

FRANCHISE DISCLOSURE DOCUMENT

Careagape Franchise Corporation
a California corporation
4931 Carthage Street
Placentia, California 92870
Telephone: (714) 646-6750
Email: franchise@careagape.com
Website: www.careagape.com

CAREAGAPE

The franchisee will own and operate a residence for senior citizens under the name Careagape for a maximum of six residents in a private home with two resident caregivers. The total initial investment necessary to begin operations ranges from $122,900 to $203,300. This includes $30,000 that must be paid to the franchisor or an 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 document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Joseph Alvarez at 4931 Carthage Street, Placentia, California 92870; telephone: (714) 646-6750.

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

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

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

Issuance Date: ~~February~~ March 1, ~~2019~~ 2020

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~~STATE COVER PAGE~~

~~Your state may have a franchise law that requires a franchisor to register or file with a state franchise administrator before offering or selling in your state. REGISTRATION OF A FRANCHISE BY A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS THE FRANCHISE OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT.~~

~~Call the state franchise administrator listed in **Exhibit A** for information about the franchisor or about franchising in your state.~~

~~MANY FRANCHISE AGREEMENTS DO NOT ALLOW YOU TO RENEW UNCONDITIONALLY AFTER THE INITIAL TERM EXPIRES. YOU MAY HAVE TO SIGN A NEW AGREEMENT WITH DIFFERENT TERMS AND CONDITIONS IN ORDER TO CONTINUE TO OPERATE YOUR BUSINESS. BEFORE YOU BUY, CONSIDER WHAT RIGHTS YOU HAVE TO RENEW YOUR FRANCHISE, IF ANY, AND WHAT TERMS YOU MIGHT HAVE TO ACCEPT IN ORDER TO RENEW.~~

~~Please consider the following RISK FACTORS before you buy this franchise:~~

~~1. THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY MEDIATION AND ARBITRATION IN THE STATE IN WHICH OUR HEADQUARTERS IS LOCATED, CURRENTLY, PLACENTIA, CALIFORNIA. OUT OF STATE MEDIATION OR ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO MEDIATE OR ARBITRATE WITH US IN CALIFORNIA THAN IN YOUR OWN STATE.~~

~~2. THE FRANCHISE AGREEMENT STATES THAT CALIFORNIA LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.~~

~~3. THE FRANCHISOR IS AT AN EARLY STAGE OF DEVELOPMENT AND HAS A LIMITED OPERATING HISTORY. THIS FRANCHISE IS LIKELY TO BE A RISKIER INVESTMENT THAN A FRANCHISE IN A SYSTEM WITH A LONGER OLPERATING HISTORY.~~

~~4. 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 YOU AND YOUR SPOUSE'S MARITAL AND PERSONAL ASSETS, PERHAPS INCLUDING YOUR HOUSE, AT RISK IF YOUR FRANCHISE FAILS.~~

~~5. BEGINNING IN YOUR 13TH MONTH OF OPERATION, YOU MUST MAINTAIN MINIMUM SALES PERFORMANCE LEVELS. YOUR INABILITY TO MAINTAIN THESE LEVELS MAY RESULT IN TERMINATION OF YOUR FRANCHISE, AND LOSS OF YOUR INVESTMENT.~~

~~6. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.~~

~~Effective Date: See the next page for state effective dates~~

~~STATE EFFECTIVE DATES~~

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

How to Use This Franchise Disclosure Document~~is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:~~

~~California: July 2, 2019~~

Here are some questions you may be asking about buying a franchise and tips on how to find more information:

QUESTION	**WHERE TO FIND INFORMATION**
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit K.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit C includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Careagape business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a Careagape franchisee?	Item 20 or Exhibit K lists current and former franchisees. You can contact them to ask about their experiences
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

Continuing responsibility to pay fees. You may have to pay royalties and other fees even if you are losing money.

Business model can change. The franchise agreement may allow the franchisor to change its manuals and business model without your consent. These changes may require you to make additional investments in your franchise business or may harm your franchise business.

Supplier restrictions. You may have to buy or lease items from the franchisor or a limited group of suppliers the franchisor designates. These items may be more expensive than similar items you could buy on your own.

Operating restrictions. The franchise agreement may prohibit you from operating a similar business during the term of the franchise. There are usually other restrictions. Some examples may include controlling your location, your access to customers, what you sell, how you market, and your hours of operation.

Competition from franchisor. Even if the franchise agreement grants you a territory, the franchisor may have the right to compete with you in your territory.

Renewal. Your franchise agreement may not permit you to renew. Even if it does, you may have to sign a new agreement with different terms and conditions in order to continue to operate your franchise business.

When your franchise ends. The franchise agreement may prohibit you from operating a similar business after your franchise ends even if you still have obligations to your landlord or other creditors.

Some States Require Registration

Your state may have a franchise law, or other law, that requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends the franchise or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use the agency information in Exhibit A.

Your state also may have laws that require special disclosures or amendments be made to your franchise agreement. If so, you should check the State Specific Addenda. See the Table of Contents for the location of the State Specific Addenda.

Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution**. The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in California. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in California than in your own state.

2. **Early Stage**. The franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.

3. **Your Spouse's 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 you and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.

4. **Minimum Sales Performance Levels**. Beginning in your 13th month of operation, you must maintain minimum sales performance levels. Your inability to maintain these levels may result in termination of your franchise, and loss of your investment.

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

Table of Contents

Exhibits

APPLICABLE STATE LAW MAY REQUIRE ADDITIONAL DISCLOSURES REGARDING THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT OR STATE SPECIFIC ADDENDA TO THE FRANCHISE AGREEMENT. THE ADDITIONAL DISCLOSURES TO THE FRANCHISE DISCLOSURE DOCUMENT APPEAR IN THE STATE ADDENDA AT EXHIBIT H. THE STATE SPECIFIC ADDENDA TO THE FRANCHISE AGREEMENT, IF ANY, APPEAR IN EXHIBIT D.

ITEM 1

THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language in this Franchise Disclosure Document, "Careagape," "we" or "us" mean the franchisor – Careagape Franchise Corporation, a California corporation. "You" means the person who buys the franchise. If the franchisee is a corporation, partnership, limited liability company or other entity, "you" may also refer to its owners. Careagape Franchise Corporation was formed on May 1, 2018. Our principal business address is: 4931 Carthage Street, Placentia, California 92870; telephone: (714) 646-6750.

We do not have any predecessors or parents or affiliates that offer franchises or provide products or services to our franchisees.

Our agents for service of process are disclosed in Exhibit B.

We are in the business of franchising the right to own and operate senior care residences under the name "Careagape" for a maximum of six senior residents some of whom may have Alzheimer's disease or other forms of mild dementia. Two full-time caregivers live at the residence in quarters that are separate from the other residents. The two caregivers are typically the owners of the franchise. If they are not the principal owners, they must own at least 20% of the franchise. Franchisees may only provide services authorized by us. The services that we authorize include assisted daily living, bathing, incontinence assistance, meals, laundry services, medication management, house-keeping, dressing, music therapy and medical and dental appointment management as of the date this Disclosure Document was issued. The services franchisees will offer are non-medical services only. Franchisees will not offer any medical services to residents or employ any medical professionals.

We do not operate Careagape residences ourselves as of the date this Disclosure Document was issued. Our affiliate, Agape Cottage, Inc., a California corporation, has operated senior care residences under the name Careagape in Southern, California since 2011. Our affiliate or a related company may sell the assets of these businesses to franchisees. If you are acquiring one of these businesses, you will sign the Conversion Addendum for Franchisees Acquiring Assets of Affiliated Businesses in addition to the Franchise Agreement. You will also sign an Asset Purchase Agreement with our affiliate. We will also endeavor to have the owner of the property enter into a direct lease with you for the property or our affiliate will enter into a sublease with you. A sample form of the Lease is attached to this Disclosure Document. Some franchisees may be converting existing businesses not owned by our affiliate or related companies to Careagape franchised businesses. They sign the Conversion Addendum for Independent Existing Businesses.

The general market for the goods and services offered by your Careagape senior residence is composed of senior citizens and their families and is developing. Your competitors include commercial assisted living and memory care centers and individually operated private residences.

In addition to laws and regulations that apply to businesses generally, you may be subject to regulations relating to the licensing of caregivers and the licensing of businesses that offer assisted living services to seniors. These licenses may include limitations on age variations of the residents. Your residence must also be located in an area that is properly zoned to operate the franchised business. Your entire location must also meet the handicapped requirements of the Americans with Disabilities Act, which requires readily accessible accommodations for disabled individuals. There are also regulations concerning smoking, sanitation, discrimination, employment and sexual harassment laws. It is your responsibility to comply with these laws before you open for business.

You may experience delays in obtaining these licenses and it may take you a year or more to get them. Therefore, you should apply for these licenses as soon as you are approved as a franchisee. You may be required to obtain your location before you can apply for a license. You should consult with your own independent advisors and the government agencies in your state for information on how these laws apply to you.

We began offering franchises ~~as of the date this Disclosure Document was issued~~in 2019. Neither we nor our affiliates offer franchises in other lines of business.

ITEM 2

BUSINESS EXPERIENCE

Chief Financial Officer and Director: Joseph U. Alvarez

Mr. Alvarez has served as our Chief Financial Officer and a Director since our initial organization in May 2018. Mr. Alvarez has also served as the Chief Executive Officer, Chief Financial Officer, Secretary and sole Director of Careagape, Inc. since January 2017. Mr. Alvarez served as Chief Financial Officer and Residential Care for the Elderly (RCFE) Administrator of Agape Cottage, Inc. from January 2011 to December 2016.

Chief Executive Officer, Secretary and Director: Mirian C. Meija

Ms. Meija has served as our Chief Executive Officer, Secretary and a Director since our initial organization in May 2018. Ms. Meija also served as President of Agape Cottage, Inc. from 2011 to 2018.

ITEM 3

LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4

BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

ITEM 5

INITIAL FEES

Except as described below, you pay a $30,000 initial franchise fee in a lump sum when you sign the Franchise Agreement for a Careagape franchise. Franchisees who are converting existing independent home care businesses in private residences to Careagape franchises pay 50% of the standard initial franchise fee.

Our affiliate, Agape Cottage, Inc., operates senior care residences in Southern California. It may sell the assets of some of these locations to franchisees. If you are a franchisee purchasing the assets of an existing senior care residence from our affiliate, you will not pay an initial franchise fee, but you must pay the cost of the assets you acquire. A sample of the Asset Purchase Agreement our affiliate uses is attached as Exhibit F.

If you are an existing franchisee who is developing an additional location after your first location is already open, you pay a reduced initial franchise fee equal to 2/3 of the initial franchise fee.

These discounts may be changed or eliminated in the future.

We may collect all or a portion of the $1,000 to $3,000 you must spend on grand opening activities from you before you begin operating your business to implement the initial marketing launch on your behalf. If we do not do so, you must spend this amount on initial marketing on your own within 60 days of opening your business. You must obtain our consent to your initial marketing before you implement it.

None of the initial payments are refundable.

ITEM 6

OTHER FEES

Name of Fee	Amount	Due Date	Remarks
Royalty Fee	10% of gross revenues	Monthly by the 15th for the preceding calendar month	See Note 1
System Marketing Fund Fee	Up to 2% of gross revenues; currently $300/month.	Monthly by the 15th for the preceding calendar month	See Note 2

Name of Fee	Amount	Due Date	Remarks
Technology Fee	$200 per month	Monthly by the 15th for the preceding calendar month	See Note 3
Additional Training Fee	Our then-current fee; currently $400 per trainer per day plus expenses	Upon demand	See Note 4
Grand Opening Marketing	$1,000 to $3,000	Upon demand	See Note 5
Transfer Fee	75% of then-current initial franchise fee if buyer is a new franchisee; 50% of then-current initial franchise fee if buyer is an existing franchisee; $1,500 if transfer is between current owners or to new minority shareholder	Upon franchisee's application to transfer	See Note 6
Audit Fee	Cost of the audit	Upon demand	See Note 7
Successor Term Fee	20% of then-current initial franchise fee	90 days before the beginning of renewal term	See Note 8
Alternative Supplier Evaluation Fee	Evaluation costs plus travel expenses	Upon demand	See Note 9
Lease Renewal Fee	$2,500	Upon demand	See Note 10
Software License Fee	Up to $2,500 initial license fee; $1,000 annual fee	Upon demand	See Note 11
Advisory Council Program Fee	Dues assessed	Upon demand	See Note 12

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Name of Fee	Amount	Due Date	Remarks
Insufficient Funds Fee	$100 per occurrence	Upon demand	See Note 13
Late Fee	2% per month	When payment or report is overdue	See Note 14
Reimbursement	Our cost	Upon demand	See Note 15
Indemnification	Payment of our losses and costs	Upon demand	See Note 16
Cost of Appraisal	50% of cost	Upon demand	See Note 17
Costs and Attorney's Fees	Attorney's fees and costs	Upon determination of prevailing party	See Note 18

All fees are imposed by and are payable to us, unless otherwise noted. We may vary the frequency and method of payment. We may require you to pay fees via electronic withdrawal from your bank account. All fees are uniformly imposed and are non-refundable, unless otherwise noted. We may change the method and frequency of payments (e.g., from monthly to weekly). If you are located in a state in which we do not have an office or other physical presence, and the state or local taxing authority imposes a tax on any payment you are required to make to us (either by requiring you to withhold the amount of the tax or by requiring us to pay it), you must pay us the difference between the payment as originally calculated and the payment we receive from you after deducting the tax if we do not receive a refund or credit.

Notes:

1. Gross revenues means all revenues you receive from the operation of the Careagape business (including any payments under your business interruption insurance coverage) deducting only amounts paid to any governmental tax authority and any customer refunds made in accordance with our policy. We currently require you to pay the royalty fee by electronic funds transfer (EFT), but we may change the method of payment. You must also send us a detailed summary of your overall business activity on a form we designate with each royalty payment.

2. We have established a system marketing fund to which you must contribute a percentage of your gross revenues.

3. This fee may be used to cover website and software maintenance and ongoing research and updating.

4. We do not charge a separate fee for providing initial training to you and your personnel when you first attend training, provided that you all attend initial training at the same time. We may charge a fee to provide initial training to additional or replacement personnel or to persons who attend at different times. We may also charge a fee for additional training we may require you and your personnel to attend in the future. If you request additional training and we agree to provide it, we will also charge this fee.

5. You must spend between $1,000 to $3,000 on grand opening marketing as we determine. You must obtain our consent in writing for this marketing and we may collect all or a portion of this amount to spend it on your behalf.

6. You must pay this fee when you submit an application to transfer. We retain our expenses if we do not consent to the transfer. If you are an individual and you are transferring to a wholly-owned entity, you do not pay a transfer fee, but you must reimburse us for our out-of-pocket expenses in documenting the transfer. There are other conditions to your ability to transfer. See Item 17.

7. If during an audit we determine that you have underpaid or underreported revenues by 2% or more for the period audited, then you must pay the cost of the audit in addition to any additional royalty fees, system marketing fees and late fees you owe.

8. You must pay this fee at least 90 days before the beginning of the successor term of your Franchise Agreement. If we do not consent to the renewal of your franchise because you do not comply with all of the conditions to renewal, we will retain this fee. You must be in good standing to renew. There are other conditions to renewal. See Item 17.

9. If you request our approval for an alternative supplier for any products or services you use in your Careagape franchise, you must reimburse us for the costs plus travel expenses for us to evaluate and consent to an alternative supplier.

10. If your lease comes up for renewal (which may or may not be at the same time as the Franchise Agreement term is in the process of renewal), we may elect to provide you with assistance in renegotiating your lease. If we elect to do so, you must pay this fee.

11. If we utilize, develop or enhance computer software for you to use in your Careagape franchise, you must use it if we require and pay us an initial fee and an annual fee for the use of the software and updates.

12. If we form a franchisee advisory council, we may require you to participate. If we do so, you must pay any dues assessed.

13. We will collect monies from you via electronic funds transfer. In the event of insufficient funds within your account (or, if we change your method of payment, a returned check) you must pay this fee per occurrence.

14. If you do not pay any amount when due, you must pay a late charge of 2% per month, or the maximum rate permitted by law, if less.

15. If you fail to obtain insurance as required by the Franchise Agreement, we may obtain insurance on your behalf and you must reimburse us for the cost of obtaining such insurance. If you default on your lease and we choose to make expenditures to cure your default, you must reimburse us.

16. You must hold harmless, indemnify and defend us and our affiliates, partners, officers, directors, owners, agents and representatives and pay for any claims and losses to us resulting from your actions or failure to act.

17. If we exercise our right to purchase the assets of your business upon termination or expiration of the Franchise Agreement, and you and we do not agree on the fair market value of the assets, we will jointly select an appraiser and each pay 50% of the cost of the appraisal of the assets.

18. If there is a dispute between us, the prevailing party will be entitled to attorney's fees and costs. If we obtain injunctive relief against you because you breach the Franchise Agreement's provisions concerning use of our trademarks, trade secrets or confidential information or if you do not comply with your obligations under the Franchise Agreement upon termination or expiration, you must also reimburse us for our attorney's fees and costs.

ITEM 7

ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT				
TYPE OF EXPENDITURE	**AMOUNT**	**METHOD OF PAYMENT**	**WHEN DUE**	**TO WHOM PAYMENT IS TO BE MADE**
INITIAL FRANCHISE FEE (Note 1)	$30,000	Lump Sum	At signing of Franchise Agreement	Us
SECURITY DEPOSITS	$500-$1,500	Lump Sum	When you start service	Utilities
RENT (Note 2)	$6,000 - $10,000	Lump Sum	Upon signing lease	Landlord
LEASEHOLD IMPROVEMENTS (Note 3)	$30,000 - $60,000	As incurred	As incurred	Landlord; Suppliers; Contractors
SIGNAGE	$200 - $500	As incurred	As incurred	Suppliers

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FURNITURE & FIXTURES	$3,000 - $5,000	As incurred	As incurred	Suppliers of beds and recliners
EQUIPMENT	$5,000 - $8,000	As incurred	As incurred	Suppliers
OFFICE EQUIPMENT, COMPUTERS, OFFICE SUPPLIES	$1,000 - $2,000	As incurred	As incurred	Suppliers
BUSINESS SOFTWARE	$500 - $1,500	As incurred	As incurred	Suppliers
BUSINESS LICENSES AND PERMITS	$500 - $1,000	As incurred	As incurred	Regulatory Agencies
PROFESSIONAL SERVICES (Note 4)	$400 - $800	As incurred	As incurred	Attorney, Advisors
MISCELLANEOUS SUPPLIES	$300 - $500	As incurred	As incurred	Suppliers
BUSINESS INSURANCE (Note 5)	$2,000 - $4,000	As incurred	As incurred	Insurance Company
GRAND OPENING MARKETING	$1,000 - $3,000	As incurred	As incurred	Vendors
TRAINING EXPENSES (Note 6)	$1,500 - $2,500	As incurred	During training	Airlines, hotels, restaurants and other vendors
OTHER INVESTMENT COSTS	$1,000 - $3,000	As incurred	As incurred	Suppliers

ADDITIONAL FUNDS - 3 Months (Note 7)	$40,000 - $70,000	As incurred	As incurred	Employees and suppliers
TOTAL (Note 8)	$122,900 - $203,300			

All figures in Item 7 are estimates only. Actual costs will vary for each franchisee depending on a number of factors. The amounts payable to us are nonrefundable unless otherwise noted. The refundability of other amounts depends upon your agreement with the applicable supplier or other party.

Notes:

1. If you are opening an additional location, you pay a reduced initial franchise fee of 2/3 of the then-current initial franchise fee when you sign the Franchise Agreement for each additional location. If you are converting an existing independent senior care home in a private residence to a Careagape franchise you pay 50% of the initial franchise fee. If you are acquiring the assets of one of the senior care residences operated by our affiliate in Southern California, you will not pay an initial franchise fee, but you must pay our affiliate the cost of the assets.

2. This estimate assumes you will have to pay first and last months' rent to your landlord. We estimate your monthly rent will range from $3,000 to $5,000.

3. The estimate is for the expense of modifying an existing home to put in wider doorways and additional bedrooms and bathrooms. It assumes a 2,000 to 2,800 square foot house. The house must have quarters for the two caregivers that are separate from the quarters for the other residents. There must also be four bedrooms for the senior residents and a minimum of two full bathrooms (one exclusively for the senior residents and one exclusively for the caregivers. You will not have these conversion costs if you purchase the assets of an existing Careagape business from our affiliate or a related company.

4. This figure includes our estimate of the cost for you to consult with independent legal and other professional advisors.

5. This estimate is for $3,000,000 in liability coverage and 12 months of premiums.

6. This amount includes our estimate of the cost for a total of two people to travel to initial training. This amount varies depending on how far you are from our training location in Placentia, California and on the number of people attending training.

7. This estimates the amount required for pre-opening expenses for up to 12 months. We include this length of time because it may take you that long or longer to obtain the license to operate your business. This also includes amounts you may incur during the initial phase of your operations (three months after you being operating the business). During the period of time these expenses include payroll costs, but do not include any salary for you or your owners. This is not a breakeven analysis. We base our estimate of these expenses on research of current standards and adaptations of our affiliate's experience. You may have additional expenses in starting the business. You may have to obtain a location for your Careagape business before you apply for a license to offer assisted living services to seniors. After you apply for a license, it may take you a year or more to obtain it. If it takes that long, you will have additional expenses. During that time we may permit you to sublease your location for another purpose or to rent out your location on a temporary basis to third parties.

8. These figures are estimates and we cannot guarantee that you will not have additional expenses starting the business. If you acquire the assets of one of the senior care residences operated by our affiliate, you will also have to pay the cost of those assets. Your actual costs will depend on factors such as how closely you follow our methods and procedures, your management skill, experience and business acumen, local economic conditions, the local market, the prevailing wage rate, competition, your customers and the length of time it takes to get your licenses. You should review these figures carefully with a business advisor before making any decision to purchase the franchise.

We do not offer direct or indirect financing to franchisees for any items.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Your Location

The location for your Careagape franchise must be a single family residence with a minimum 2,000 square feet, located in a middle (or higher) income residential neighborhood. It must contain quarters for the two full-time caregivers that are separate from the quarters for the senior residents. There must also be four private bedrooms for senior residents, at least two full bathrooms (one exclusively for the senior residents and one exclusively for the caregivers), and an adequate common living room and kitchen. Your location must meet handicapped requirements for all bedrooms, bathrooms and common areas used by the residents. We anticipate that you will need to remodel an existing residence to meet these specifications unless you acquire an existing Careagape business.

Standards and Specifications; Suppliers

The design of your house and all of the equipment, furniture, fixtures, products and computer hardware and software you purchase or lease for use in the establishment or operation of your Careagape franchise must meet the specifications, requirements, and standards described in our Careagape Standards Manual.

You must purchase all of these items required or used in the operation of your Careagape franchise only from (a) manufacturers, suppliers or distributors from time to time designated in writing by us, (b) such other suppliers selected by you and approved by us in the manner and subject to the conditions described in the next section; or (c) from us or our affiliate, if available.

Alternative Suppliers

In order to obtain our consent to an alternative supplier, you must meet the following conditions. We are not required to evaluate or to consent to suppliers you propose even if they meet these conditions.

(1) You must send a written request to us;

(2) You must reimburse us for our evaluation costs plus travel expenses in evaluating the proposed supplier, which may include research, due diligence and testing;

(3) The supplier must demonstrate that it can supply an item or service meeting our specifications. This may mean providing us with samples and allowing our representatives to inspect its facility;

(4) The supplier must demonstrate its financial soundness, its reputation in the business community with respect to its financial soundress and reputation and the reliability of its product or service;

(5) The supplier or provider must obtain, maintain and submit to us proof of the insurance coverage we require (including product liability coverage) at limits and including coverage acceptable to us, and name both you and us as additional insureds with the right to at least 30 days' prior written notice before modification, cancellation or termination of coverage; and

(6) If the item will bear our trademark, we may require the supplier to sign a license agreement acceptable to us which may include a royalty payment to us.

We generally will notify you whether or not we consent to a supplier within 90 days. We may notify you that the consent to a supplier is revoked at any time. If we revoke consent to a supplier, you must immediately stop using that supplier.

We and our affiliate are not currently the only approved suppliers for any of the products or services described in this Item, but we may be in the future.

Officer-Owned Suppliers

None of our officers owns an interest in any supplier as of the date this Disclosure Document was issued except for the franchisor and its affiliate.

Computer System

We provide specifications for the computer system you must use. The computer system we require as of the date this Disclosure Document was issued includes a laptop or desktop computer and a printer/scanner/fax. We charge a monthly technology fee of $200 to cover website and software maintenance and ongoing research and updating. If we develop or enhance computer software for you to use in the operation of your Careagape franchise, we may require you to use it. You will have to pay up to $1,000 per year for the license to use the software and an initial licensing fee of up to $2,500.

We have the right to require you to implement software, computer and Internet security protocols described in the Careagape Standards Manual or as defined by third-party suppliers we designate.

Accounting

You must use our mandated chart of accounts, income statement and balance sheet format in preparing financial statements, as well as the accounting software we designate. If you are not tracking information and generating financial statements in a manner consistent with our requirements for financial reporting and analysis, we may require you to use an accounting firm that we designate for accounting services. As of the date this Disclosure Document was issued, we do require you to use a designated supplier to provide business management software that will feed financial information into the accounting software we require. You must submit financial statements and reports we require in the format we designate in the Careagape Standards Manual, as well as your tax returns. We may also require you to use a designated firm for financial reporting and analysis.

Location and Lease

You must obtain our approval of the lease or contract for the location from which you will operate your Careagape franchise. You are responsible for all costs to negotiate and sign the lease or contract. We may require you to include certain terms in your lease including a conditional lease assignment to us or our nominee if your Franchise Agreement expires or is terminated. We may require that the lease contain the following terms:

(1) your right to assign the lease to us or our nominee without the landlord's consent or a rent increase or penalty;

(2) the landlord's acknowledgement that you may not transfer or sublet without our consent;

(3) the landlord's consent to our signage;

(4) the landlord's agreement to notify us if you default and to grant us the option (exercised at our discretion) to cure such default;

(5) that no change may be made to the lease without our consent;

(6) if the Franchise Agreement terminates or expires, the landlord's agreement that the lease will transfer to us or our nominee immediately at our option upon notice by us without rent increase or penalty;

(7) that the landlord may rely on our notice;

(8) that our notice operates as an assignment of your lease to us, but does not include liability for your prior acts or omissions;

(9) that the landlord must provide to us, upon our request, all reports, information and data about the property;

(10) that we may enter the premises and make alterations after the expiration or termination of the Franchise Agreement; and

(11) that we are a third party beneficiary of the lease.

If you acquire the assets of an existing business from our affiliate, we will either arrange with the owner of the property to enter into a lease directly with you or our affiliate will enter into a sublease with you. The forms of lease and sublease are Exhibit G to this Disclosure Document.

Insurance

You must obtain the insurance coverage required by the Franchise Agreement and the Careagape Standards Manual, and as we may periodically notify you from a carrier with a Best's rating of at least A. The required coverage currently includes public liability coverage, personal injury coverage, automobile insurance covering your vehicles, property damage coverage, worker's compensation insurance, including employer's liability, with limits as required by law, business interruption coverage and any other specialty coverage we require, in the minimum amounts of $1,000,000 per occurrence and $3,000,000 in the aggregate, and including such other limits and coverage as we may periodically require. The required coverage is subject to change. We must be listed as additional insured on all of the above policies, and you must provide us with evidence of coverage.

Advertising and Marketing

You must obtain our consent to all marketing, advertising and publicity materials you use to promote your Careagape franchise before you use them. You must provide any proposed materials to us at least 10 days before publication. You must conduct grand opening advertising for your Careagape franchise for which you must spend an amount we designate which will be between $1,000 and $3,000 within 60 days of opening your business. We may collect all or a portion of the amount you are required to spend on grand opening activities from you before you begin operating your business to implement the initial marketing launch on your behalf. You must also obtain our prior consent to the activities you propose to conduct as part of your grand opening advertising.

Rebates

As of the date this Disclosure Document was issued, neither we nor our affiliate receive revenues on account of purchase or leases by franchisees, nor do we receive rebates or other benefits from your purchases or leases from suppliers. We reserve the right to do so.

Other Information

We plan to negotiate purchase arrangements with suppliers, including price terms, for the benefit of franchisees.

We do not provide material benefits to franchisees based on use of designated or approved suppliers as of the date this Disclosure Document was issued, but we may do so in the future.

We do not have any purchasing or distribution cooperatives as of the date this Disclosure Document was issued.

We estimate that the required purchases and leases described in this Item will constitute approximately 80% or more of all purchases and leases you will incur to establish your Careagape franchise and approximately 80% of all purchases and leases you will incur to operate your Careagape franchise.

ITEM 9

FRANCHISEE'S OBLIGATIONS

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

Obligation		Section in Agreement	Disclosure Document Item
a.	Site selection and acquisition/lease	Section 1.3 of Franchise Agreement	Items 8 and 11
b.	Pre-opening purchases/leases	Section 1.3 of Franchise Agreement	Items 5, 7 and 8
c.	Site development and other pre-opening requirements	Section 1.3 of Franchise Agreement	Items 7, 8 and 11

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	Obligation	Section in Agreement	Disclosure Document Item
d.	Initial and ongoing training	Section 2.1 of Franchise Agreement	Item 11
e.	Opening	Sections 1.3(k) of Franchise Agreement	Item 11
f.	Fees	Sections 1.3(h)(iv), 1.3(k), 1.4(b)(iii), 1.4(c), 2.1(c), 3.1(c)(ii), 4, 5.1, 7.2, 13.2(c)(vii), 14, and 15.10 of Franchise Agreement	Items 5 and 6
g.	Compliance with standards and policies/Operating Manual	Sections 2.3 and 3.4 of Franchise Agreement	Item 11
h.	Trademarks and proprietary information	Sections 8 and 9 of Franchise Agreement	Items 13 and 14
i.	Restrictions on products/services offered	Sections 3.1 and 3.2 of Franchise Agreement	Item 16
j.	Warranty and customer service requirements	Section 3 of Franchise Agreement	Item 11
k.	Territorial development and sales quotas	Section 3.10 of Franchise Agreement	Item 12
l.	Ongoing product/service purchases	Section 3 of Franchise Agreement	Item 8
m.	Maintenance, appearance and remodeling requirements	Sections 1.3 and 3.3 of Franchise Agreement	Items 8 and 11
n.	Insurance	Section 3.9 of Franchise Agreement	Item 8
o.	Advertising	Section 5 of Franchise Agreement	Items 6 and 11
p.	Indemnification	Section 14 of Franchise Agreement	Item 6

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	Obligation	Section in Agreement	Disclosure Document Item
q.	Owner's participation/ management/staffing	Section 3.5 of Franchise Agreement	Item 15
r.	Records and reports	Section 6 of Franchise Agreement	Item 6
s.	Inspections and audits	Section 7 of Franchise Agreement	Item 6
t.	Transfer	Section 13 of Franchise Agreement	Item 17
u.	Renewal	Section 1.4 of Franchise Agreement	Item 17
v.	Post-termination obligations	Section 12 of Franchise Agreement	Item 17
w.	Non-competition covenants	Section 10 of Franchise Agreement	Item 17
x.	Dispute resolution	Section 15.10 of Franchise Agreement	Item 17
y.	Other: Spousal Consent of spouse (Note 1); Owner Guaranty and Confidentiality and Non-Competition Agreements (Note 2)	Exhibits B and D to Franchise Agreement	Item 22

Notes:

(1) The spouse of an individual franchisee (and the spouse of each owner of a franchisee that is an entity) must sign a spousal consent (Exhibit B of Franchise Agreement).

(2) Each individual who owns an interest in a franchisee that is a business entity (and that individual's spouse) may be required to sign an agreement to maintain confidentiality and not to compete and an agreement guaranteeing all obligations of the "Franchisee" under the Franchise Agreement (Exhibit D of the Franchise Agreement).

ITEM 10

FINANCING

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

ITEM 11

FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING

Except as listed below, Careagape Franchise Corporation is not required to provide you with any assistance.

Before you begin to operate your Careagape franchise, we:

(1) Will provide you with assistance in selecting a location for your Careagape franchise upon request. You select the location for your business subject to our acceptance in writing. You must submit your request in a format that we require. You must obtain our acceptance before signing a lease or contract for the site. We do not own premises or lease them to franchisees. If you acquire the assets of an existing Careagape business from our affiliate, we will either arrange with the owner of the property to enter into a lease directly with you or our affiliate will enter into a sublease with you.

In general, the factors that we may consider include the general location and neighborhood of the business, zoning of the site, demographics, locations of any other homes or facilities for senior citizens in the general area, rent, size, layout, physical characteristics of the location and lease terms (See Franchise Agreement, Section 1.3(a)).

You must submit a proposed location acceptable to us within 60 days after signing the Franchise Agreement. If we cannot agree with you on a proposed site, then you must find another site and request that we accept it. You must obtain our consent to your lease. You must sign a lease for that location within 30 days after we consent to your lease.

You must apply for a license to operate your business within one month after signing the Franchise Agreement unless a location must be designated to apply for a license. If you must designate a location to apply for a license, then you must apply within one month after signing a lease or purchase agreement for your location. You must diligently pursue the application process and you must begin operating your business within one month after obtaining your license. If you do not do so, your Franchise Agreement may terminate. If a specific location for your Careagape business has not been identified at the time you sign the Franchise Agreement, we will identify a general geographic area in your Franchise Agreement to assist you in focusing your site selection effort. Once your location has been identified, your location will be inserted as an exhibit to the Franchise Agreement. Your lease must contain the provisions described in Item 8.

(2) Will provide you with a generic basic layout for a Careagape residence (See Franchise Agreement, Section 1.3(e)).

(3) Will provide you with requirements for your home office including required computer and other office equipment (See Franchise Agreement, Section 1.3(f)).

(4) May assist you in planning and ordering your initial beds, wheelchairs and other supplies and equipment (See Franchise Agreement, Section 3.2(b)).

(5) Will prescribe standards and qualifications for you which may include those for the contractor you use (See Franchise Agreement, Section 1.3(g)).

(6) Will evaluate your location before your opening to determine if it is ready to open (See Franchise Agreement, Section 1.3(k)).

(7) May designate and negotiate pricing with suppliers for merchandise, equipment, inventory and supplies (See Franchise Agreement, Section 3.2(b)).

(8) Will provide you with the initial training program described below (See Franchise Agreement, Section 2.1).

(9) Will assist you in devising your grand opening advertising promotions strategy for which you must obtain our consent (See Franchise Agreement, Section 5.1)).

(10) Will loan to you one copy of the Careagape Standards Manual, which we may modify from time to time. A copy of the table of contents of the Careagape Standards Manual is attached as Exhibit I to this Disclosure Document. The Careagape Standards Manual has a total of 233 pages (See Franchise Agreement, Section 2.3).

We anticipate that franchisees will typically begin operating their Careagape businesses approximately 12 months or more after signing the Franchise Agreement. The factors that affect this are locating a satisfactory site, making appropriate leasehold improvements, setting up a home office, completing initial training and obtaining your license to offer assisted living care services to seniors.

If you are purchasing the assets of an existing senior care residence from our affiliate, our affiliate will also assist you in negotiating a lease for the location with the landlord (See Asset Purchase Agreement, Section 1.4). A sample form of the Lease is attached as Exhibit G.

During the operation of your business, we:

(1) May furnish advice and guidance to you on the operation of your Careagape business, which may include helping you to develop your annual business plan and conducting site visits (See Franchise Agreement, Section 2.4).

(2) May provide yearly refresher training, which you would be required to attend (See Franchise Agreement, Section 2.1(d)).

(3) May organize franchisee meetings periodically, which you may be required to attend (See Franchise Agreement, Section 2.1(d)).

(4) Will provide additional training (for a fee) if you request it (and we agree) or we determine that it is necessary (See Franchise Agreement, Section 2.1(d)).

(5) May prepare and disseminate promotional and advertising materials for your use (See Franchise Agreement, Section 5.3).

(6) Will evaluate and decide whether or not to approve any advertising materials you propose to use (See Franchise Agreement, Section 5.4(b)).

(7) May provide you with assistance (for a fee) in negotiating your lease when it comes up for renewal (See Franchise Agreement, Section 4.13).

(8) May utilize, develop or enhance computer software which you must use in your Careagape business, and for which you would have to pay start-up and annual licensing fees (See Franchise Agreement, Section 6.1(c)).

Advertising and Marketing

We have established a system marketing fund to which you are required to contribute. As of the date this Disclosure Document was issued, you must contribute $300.00 per month to the system marketing fund, but we may increase this amount to up to 2% of gross revenues. We may elect to disseminate advertising through television, radio and print media such as magazines, billboards, flyers or mailers and newspapers. The media coverage will initially be local in scope, but may expand to be regional and national. We are not required to spend any specific amount on advertising in the area in which your Careagape franchise is located. We may use the system marketing fund to employ outside public relations consultants or advertising agencies to assist in the development, production and dissemination of advertising materials. We may also use the system marketing fund to develop promotional and advertising materials for your use. We may also use these funds on the development of web sites, search engine optimization, brochures, and slides and other materials. We may spend the system marketing fund on administrative expenses including allocation of overhead and salaries of our personnel.

We may deposit amounts contributed to the system marketing fund in our general operating account. The fund is not audited, but we may prepare periodic financial reports on the system marketing fund and, if we do so, they will be available to you upon request. Any amounts in the system marketing fund not spent during one year will carry over to the next year. No expenditures will be made from the system marketing fund principally to solicit new franchise sales.

We require franchisees to contribute to the system marketing fund at the same rate, although there may be exceptions in some circumstances, such as non-traditional locations. Our affiliate-owned locations may also contribute to the system marketing fund, but they are not required to do so.

We can require that you spend up to 2% of gross revenues on local advertising and promotions to which we have consented. As of the date this Disclosure Document was issued, we require you to spend .5% of your gross revenues on local advertising. We may increase this amount in the future. You must submit receipts documenting your local advertising and promotions activity upon our request. We require that you direct your local advertising and marketing activities to developing the Careagape brand in your own protected area.

We require that you spend an amount we designate which will be between $1,000 and $3,000 on grand opening marketing. We will assist you in developing your grand opening marketing and promotions strategy, for which you must obtain our consent. We reserve the right to collect all or a portion of this amount from you and implement grand opening marketing and promotions on your behalf.

We may require franchisees to form local marketing cooperatives when unit development in the marketing area makes such an option feasible. If such a marketing cooperative is formed in your area, we may require that you contribute to the cooperative and credit this amount to local advertising.

You may use your own advertising materials only after we have reviewed them and consented to their use. You must submit such advertising materials to us at least 10 days before disseminating them.

We may develop programs and enter into agreements in the future with local, regional or national companies or organizations, such as hospitals, nursing homes and other referral sources with which we may negotiate special rates. If we do so, you must participate by accommodating residents referred by such companies or organizations at the special rate. This may affect your gross revenues. If you are unwilling or unable to accommodate the resident, we may do so or authorize another franchisee to do so. This may result in another Careagape business operating in your protected area.

We do not currently have a franchisee advisory council but reserve the right to create one in the future.

You may not establish any website, social media page, domain name or URL address without obtaining our permission.

Computer System and Software

As of the date this Franchise Disclosure Document was issued, we require you to purchase computer equipment consisting of a laptop or desktop computer and a printer/scanner/fax from our designated suppliers. We estimate the cost to acquire this system will be approximately $800.00 to $1,200,00. You must have high-speed access to the Internet.

We charge a technology fee of up to $200 per month to cover website and software maintenance and ongoing research and updating.

We have the right to require you to implement software, computer and Internet security protocols described in the Careagape Standards Manual or as defined by third party suppliers we designate.

We may change the computer system and software we require you to use at any time. If we develop proprietary software, we may require you to use it. If we do, you may have to enter into a software license with us or our affiliate and pay a start-up licensing fee and an annual license fee.

Neither we nor our affiliate or any third party have any obligation to provide ongoing maintenance, repairs, upgrades or updates to any of the computer hardware or software you must use in your Careagape business. We may require you to maintain, repair, upgrade or update any computer equipment you utilize in your business and there are no contractual limitations on the frequency or cost of your obligation to do so. We estimate that your annual cost to do so will be approximately $1,000 to $2,000. We will have independent access to the information on your computer system, including 24/7 access to your accounting records, and we will be able to download it. There is no contractual limit on our right to do so.

Training

Following is information on the training program:

TRAINING PROGRAM

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON-THE-JOB TRAINING	LOCATION
CareAgape Welcome, Intro, Mission, History	2	0	Placentia, California
Overview of the Relationship with the Franchisor	2	0	Placentia, California
Overview of the Pre-Opening Process	3	0	Placentia, California
Human Resources Best Practices	1	0	Placentia, California
Using and Training Relief Caregivers	2	0	Placentia, California
Using the CareAgape App	1	2	Placentia, California

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON-THE-JOB TRAINING	LOCATION
Generating and Handling Leads	1	1	Placentia, California
Meeting with Families and Providing a Tour	1	2	Placentia, California
Evaluating the Potential Resident	1	1	Placentia, California
Required Admission Documentation	2	2	Placentia, California
Using AgapeKonek	2	4	Placentia, California
Resident Intake and Move In	2	2	Placentia, California
Move Out/Discharge	1	1	Placentia, California
Inventory Management	1	1	Placentia, California
Invoicing and Collecting	1	1	Placentia, California
Facility Management	2	2	Placentia, California
Records Management	2	2	Placentia, California
Franchise Reporting, Financial Reporting	1	1	Placentia, California
Resident Service	4	8	Placentia, California
Working with Dementia/Alzheimers Residents	1	1	Placentia, California
Meal Planning	1	1	Placentia, California
Activities and Routine	1	2	Placentia, California
Infection Control	1	2	Placentia, California
Emergency Procedures	2	2	Placentia, California

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SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON-THE-JOB TRAINING	LOCATION
Marketing	2	2	Placentia, California
TOTALS	**40**	**40**	**80 Hours**

Training programs are held when necessary to train new franchisees.

Initial training will last for up to two weeks and take place at our headquarters in Placentia, California or another location we designate. Our representative will also spend up to two days on-site at your location to assist you when you begin operations.

We anticipate that there will be two full-time caregivers who own the franchise or at least an aggregate 20% interest in the franchise. Before you open for business, you and both full-time caregivers must successfully complete our initial training program to our satisfaction. All relief caregivers you hire must also successfully complete the initial training program to our satisfaction. You will receive no compensation or reimbursement for services or expenses for participation in training. We will not charge you to provide this initial training to up to three persons at the same time, but we may charge you a fee to train more than three persons or to conduct initial training at a later time. You will be responsible for all of your and your personnel's expenses to attend the training program, including any lodging, transportation and food.

Joseph Alvarez and Wade Jackson will conduct initial training. Instructors have a minimum of five years of experience in the field and two years with us or our affiliate. Caregivers working in our affiliate's existing senior care residences will also provide portions of the in-house training.

You and your manager(s) must attend and complete initial training to our satisfaction at least 60 days before estimated construction completion of your Careagape franchise. If both full-time caregivers fail to complete the training to our satisfaction, we may terminate your franchise. In addition to the initial training, we may require your caregivers to attend remedial training if we believe that you are not operating your Careagape business to our standards. Moreover, we may require you to undergo, or you may request, onsite or additional training or operations assistance over and above our normal course of training. If we require you to attend remedial training or you request additional training or assistance which we agree to provide it, you must pay a daily training rate per trainer (currently $400) and all of your own expenses in connection with training along with all of the trainer's travel expenses.

We require you and certain of your personnel to attend refresher training for up to five days per year, which will take place at our headquarters in Placentia, California or another location we designate. We may also require you to attend a national business meeting or convention for up to three days per year. You will bear all costs, such as travel and accommodation, for you and your personnel attending these events.

You are responsible for training any employees other than relief caregivers that you employ in your Careagape franchise business.

ITEM 12

TERRITORY

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

You must obtain our consent for your location. We can operate or franchise others to own and operate Careagape businesses at any location whatsoever.

If you have not determined where your Careagape franchise will be located when you sign the Franchise Agreement, the Franchise Agreement will identify the general area in which you must secure a location for your business. You do not have any territorial rights to this general area and there may be other franchisees looking for locations in the same area.

You may not relocate your Careagape business or establish additional businesses without our prior written consent. If we agree to evaluate your request to relocate, you must reimburse us for any travel and other expenses we incur to evaluate your request. In general, the factors that we may consider in deciding whether to consent to your request are demographic changes with respect to the location of your Careagape business, and the performance of your Careagape business.

We have not granted any options, rights of first refusal or similar rights to acquire additional franchises, but we may do so in the future.

Your continued right to operate your Careagape franchise is dependent on your generating minimum average monthly gross revenues of $18,000 beginning with the 13th month of operation. This will be calculated as a rolling monthly average every 90 days.

You may enter into agreements with local, regional or national companies or organizations such as hospitals, nursing homes or other referral sources with which we may negotiate special rates. If we do so, we may require you to accommodate residents referred by these companies at the special rate. This may affect your gross revenues. If you are unwilling or unable to accommodate the resident, we may do so or authorize another franchisee to do so. This may result in another Careagape business operating in your protected area.

You must focus your advertising activities inside of your general area, but you may serve clients from outside of your general area. You do not have the right to use other channels of distribution such as the Internet, catalog sales, telemarketing or other direct marketing to recruit residents.

We reserve all rights that we do not grant to you. For example, we reserve all rights to sell any proprietary products we develop in your general area, to promote the Careagape brand and to sell other Careagape products using other channels of distribution such as the Internet, catalog sales, telemarketing or other direct marketing. We do not have to pay you if we solicit or accept such orders.

We may operate a website or register a domain name/URL address that uses our name and other trademarks and that features our services or products. You may not develop or operate a website relating to the Careagape business or using our trade marks without our permission. We may require you to operate a website that meets our specifications and which may be linked to our website.

You may not establish an account or participate in any social networking sites (including, without limitation, Facebook, Twitter, SnapChat, Instagram, LinkedIn or any other social or professional networking blog) or mention or discuss the franchise, us or any of our affiliates, without our prior written consent. If we do consent, we have the right to review in advance all on-line content on social media sites, blogs, in electronic communications and on other on-line sites on which our trademarks are used to protect the reputation and high quality associated with our trademarks. We may require you to remove any questionable usage or content involving our trademarks. We may also require you to cease using our trademarks at all such sites.

As of the date this Disclosure Document was issued, neither we nor any of our affiliates operates, franchises or has plans to operate or franchise a business under a different trademark that will offer similar services to the ones you will offer as a Careagape franchisee, but we reserve the right to do so. We also reserve the right to acquire similar competing brands or to be acquired by another entity without your consent or any notice to you. Those competing brands may have locations in your protected area.

ITEM 13

TRADEMARKS

We will grant you the right to conduct business operating a senior care residence under the name "Careagape," a design logo using the same words as seen on the cover page to this Disclosure Document, and related trademarks. You must also use other trademarks which we develop or prescribe to identify your business and its services and products. By trademark, we mean trade names, trademarks, service marks and logos used to identify your business, its services and its products.

Our affiliate, Careagape, Inc., has applied for federal trademark registrations for the following marks on the Principal Register of the U.S. Patent and Trademark Office ("USPTO"):

Mark	Class	~~Serial~~ Registration Number	~~Application~~ Registration Date
CareAgape	~~44~~43 and 45	~~87835872~~ 5646768	~~March 15, 2018~~ January 8, 2019
CAREAGAPE	~~44~~43 and 45	~~87835474~~ 5659498	~~March 15, 2018~~ January 22, 2019

We do not have a federal registration for our principal trademark. Therefore, our trademark does not have as many legal benefits and rights as a federally registered trademark. If our right to use the trademark is challenged, you may have to change to an alternative trademark, which may increase your expenses.

You will be required to follow our rules when you use these trademarks. You cannot use a name or mark as part of a corporate name or with modifying words, designs or symbols except for those which we license to you. You may not use our trademarks in the sale of an unauthorized product or service or in a manner not authorized in writing by us. If we adopt trademarks that you develop in the course of operating your Careagape business, they will belong to us and you may only use them while you are a franchisee.

There are no currently effective material determinations of the USPTO, trademark trial and appeal board, the trademark administrator of this state or any court, or any pending infringement, opposition or cancellation or any pending material litigation involving the principal trademarks.

We received the right to use these trademarks and to license their use to you under a trademark license agreement with Careagape, Inc., dated as of February 1, 2019. Unless terminated, the agreement continues and the agreement may not be modified without both parties' consent. The trademark license agreement provides that upon reasonable notice, the licensor can make site visits to Careagape businesses and you must provide the licensor and its representatives with access to your Careagape business. Our affiliate can terminate the agreement if we breach the quality control provisions and do not cure the breach within 30 days after notice, if we are involved in any litigation that affects the value of the trademarks, if we are accused of violating any franchise law that applies to us, if we are the subject of a criminal investigation, if we file for bankruptcy protection or are judicially found to be insolvent or otherwise unable to pay our debts as they become due, or if we otherwise materially breach the agreement and do not cure the breach within 30 days after notice. If the trademark license agreement is terminated for any reason or expires, it provides that Careagape, Inc. will continue to honor the rights we granted to you. No other agreements limit our right to use or license the use of the trademarks.

You must notify us immediately when you learn about a challenge to your use of our trademarks. The Franchise Agreement requires us to protect you against claims of infringement if you are using the trademarks as required by the Franchise Agreement and if you are in good standing. You must assist us in protecting any of our rights, at our expense. We will control any proceedings or litigation and decide whether or not to settle any action. You do not have the right to settle a claim without our consent.

If you learn about a third party's use of our trademarks that you believe to be unauthorized, you must notify us immediately. We will decide whether or not to take action against the third party, and you must assist us, at our expense, if we decide to do so.

We have the right to control any administrative proceeding or litigation involving our trademarks. You do not have the right to settle a claim without our consent.

If we decide to add a new trademark, or modify or discontinue the use of any trademark, you must use the new trademark or change or discontinue the use of the trademark, all at your expense. You must not contest our affiliate's right to its trademarks or our right to use them.

We do not know of any infringing uses that could materially affect your use of our or our affiliate's trademarks.

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

You do not receive the right to use any item covered by a patent.

We may claim a copyright in our Careagape Standards Manual, marketing materials and other promotional and operational literature we develop, although we have not filed for copyright registration. You must not contest our right to our copyrights.

There are no currently effective material determinations of the USPTO, the United States Copyright Office or a court regarding any copyright we own. There is no material pending proceeding the USPTO or any court concerning any such copyright.

You must notify us immediately when you learn about a challenge to use of our copyrighted materials. We will defend you against claims of infringement if you are using the copyrighted material as required by the Franchise Agreement, if you are in good standing. You must assist us in protecting any of our rights, at our expense. We will control any administrative proceedings or litigation involving the copyrighted materials. You do not have the right to settle a claim without our consent.

If you learn about a third party's use of these copyrighted materials which you believe to be unauthorized, you must notify us immediately. We will decide whether or not to take action against the third party, and you must assist us, at our expense, if we decide to do so.

We do not know of any infringing uses that could materially affect your use of our copyrighted materials.

You also receive the right to use certain of our trade secrets and confidential and other proprietary information.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

We require that two full-time caregivers who have successfully completed initial training to our satisfaction directly operate your Careagape franchise. The two full-time caregivers must live at the Caragape business. If the two full-time caregivers are not the sole owners of the franchise, they must own at least 20%. You must also hire relief caregivers for evenings and weekends. All of the caregivers must successfully complete our initial training program to our satisfaction.

We also require your owners and caregivers to sign a confidentiality and non-competition agreement.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

We require that you offer and sell only those services to which we have given our consent. You must offer all of the services we require. If we develop products, we may also require you to sell them.

We can add to the approved services you must offer, delete them or change them at any time.

You must offer all goods and services that we designate unless we otherwise agree in writing. There are no limits on our right to do so.

If the jurisdiction in which you operate your business requires that you obtain a location before you apply for a license to operate your business and the application process takes more than three months, we may permit you to sublease your location or rent it temporarily to a third party while your license application is pending.

ITEM 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

Franchise Agreement

	Provision	Section in Franchise or Other Agreement	Summary
a.	Length of the franchise term	Section 1.4(a)	Five years.
b.	Renewal or extension of the term	Section 1.4(b)	If you meet certain conditions, you can enter into the then-current renewal Franchise Agreement for up to two additional terms of five years.
c.	Requirements for franchisee to renew or extend	Section 1.4(b)	You must not be in default under any agreement with us or our affiliates; you must sign our then-current form of Franchise Agreement; you must pay a successor franchise fee of 20% of the then-current initial franchise fee; you and your personnel must successfully complete re-training; you and your owners must sign a general release; you must not have received three or more default notices in any 24 month period; we must not have decided to withdraw from your market; you must remodel and update your residence design, your equipment, signage and décor; you must have the right to occupy the premises for the renewal term; you must give us 180 days' notice of your election to renew and return documents within 30 days. You may

	Provision	Section in Franchise or Other Agreement	Summary
			be asked to sign an agreement with materially different terms and conditions than your original Franchise Agreement.
d.	Termination by franchisee	Not applicable	Not applicable
e.	Termination by franchisor without cause	Not applicable	Not applicable
f.	Termination by franchisor with cause	Section 11	We can terminate only if you default or if the events described in g and h occur.
g.	"Cause" defined-curable defaults	Section 11.2	You have five days to cure nonpayment and up to 30 days for other types of noncompliance, subject to applicable law.
h.	"Cause" defined-non-curable defaults	Section 11.1	Noncurable defaults (subject to applicable law): insolvency; you admit to inability to pay debts when due; you make an assignment for the benefit of creditors; petition for bankruptcy; application for receiver is made and not resolved within 90 days; abandonment; your material misrepresentation to us; your failure to begin operating your business within the period required by the Franchise Agreement; unauthorized transfer; termination of any other agreement with us because of your breach; your unauthorized use of trademarks; proprietary information or confidential information; failure to complete initial training to our satisfaction, intentional failure to report to us all gross revenues; you offer unauthorized goods or services;

Provision	Section in Franchise or Other Agreement	Summary
		you incur insufficient funds fee on three or more occasions in a 12-month period; your right to operate under any license or permit is suspended, terminated or interrupted; you or your principal's conviction of a felony or other criminal misconduct or conduct which reflects unfavorably on us or our system; noncompliance with law for more than three days after notice; repeated failure to comply with franchise requirements (three or more times during term); seizure by government official or lienholder; eviction from premises; final judgment of more than $5,000 remains unsatisfied for 30 days; undischarged levy of execution on franchise; we determine there is danger to public health or safety; you or your owner become a specially designated national or blocked person under the U.S. anti-terrorism laws.
i. Franchisee's obligations on termination/non-renewal	Section 12	Pay all amounts due to us and our affiliates; refrain from identifying yourself as a current or former Careagape franchisee; de-identify; return or destroy all products with our trademarks; discontinue use of our trademarks, proprietary information, trade dress, the system and all of our intellectual property; return the Careagape Standards Manual and other confidential information, including client lists and information; assist in smooth transition of business; refrain from soliciting clients and referral sources; refrain from making disparaging remarks; assign to us or our nominee telephone and

	Provision	Section in Franchise or Other Agreement	Summary
			facsimile numbers, e-mail addresses, domains and social media pages; and cancel fictitious business name statement (also see (r) below).
j.	Assignment of contract by franchisor	Section 13.1	No restriction on our right to assign.
k.	"Transfer" by franchisee – definition	Section 13.2(b)	Includes transfer of Agreement, assets of your Careagape business or greater than 25% ownership interest in franchisee.
l.	Franchisor approval of transfer by franchisee	Section 13.2(a)	You must obtain our consent to all transfers.
m.	Conditions for franchisor approval of transfer	Section 13.2(c)	You must not be in default under the Franchise Agreement or any other agreement with us or our affiliate; your Careagape business must meet our then-current standards; your lessor consents; the transferee must meet qualifications for new franchisee; the transferee must sign the then-current form of Franchise Agreement, ancillary agreements and guaranty; the transferee must successfully complete our training; you must pay the transfer fee; you and your owners and affiliates must sign a general release; the transferee's obligations to you must be subrogated to its obligations to us; at our option, you must transfer all of your agreements with us; and neither the transferee nor its owners is a specially-designated national or blocked person. If you are an individual and want to transfer your franchise to an entity, you must own

	Provision	Section in Franchise or Other Agreement	Summary
			the entity, sign a personal service agreement with the entity, the entity must agree to the Franchise Agreement (you remain responsible as well), the franchise business must be the sole business of the entity and you must reimburse us for our expenses.
n.	Franchisor's right of first refusal to acquire franchisee's business	Section 13.3	We or our nominee can match any offer for your business.
o.	Franchisor's option to purchase franchisee's business	Section 12.4	We or our nominee have the option of acquiring your assets if the Franchise Agreement expires or terminates.
p.	Death or disability of franchisee	Section 13.4	If you or your principal dies, your executor or representative may either satisfy the then-current qualifications for franchisees or transfer the franchise to a qualified buyer within 60 days.
q.	Non-competition covenants during the term of the franchise	Section 10.1(a)	You may not be involved in any similar business.
r.	Non-competition covenants after the franchise is terminated or expires	Section 10.1(b)	For two years after termination or expiration, you may not operate a similar business within 25 miles of the county in which your Careagape business is located .
s.	Modification of the agreement	Section 15.9	No modification without a writing signed by you and us, except that we may amend the Careagape Standards Manual.

	Provision	Section in Franchise or Other Agreement	Summary
t.	Integration/ merger clause	Section 15.9	Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises outside of the Disclosure Document and Franchise Agreement may not be enforceable. Nothing in the Franchise Agreement is intended to disclaim anything contained in this Disclosure Document.
u.	Dispute resolution by arbitration or mediation	Section 15.10	Except for certain claims, such as non-curable defaults, quality control defaults and actions for injunctive relief, all disputes must be mediated and if not resolved, arbitrated.
v.	Choice of forum	Section 15.10	Location of our headquarters, currently Orange County, California (subject to applicable state law).
w.	Choice of law	Section 15.10(a)	California law applies, except that local law governs non-competition provisions (subject to applicable state law).

ITEM 18

PUBLIC FIGURES

We do not use any public figures to promote our franchise as of the date this Franchise Disclosure Document was issued, but we may do so in the future.

ITEM 19

FINANCIAL PERFORMANCE REPRESENTATIONS

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

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Joseph Alvarez at 4931 Carthage Street, Placentia, California 92870 or telephone (714) 646-6750, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20

OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
Systemwide Outlet Summary
For Years ~~2016 to 2018~~2017 to 2019

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at Start of the Year	Column 4 Outlets at End of the Year	Column 5 Net Change
Franchised	~~2016~~2017	0	0	0
	~~2017~~2018	0	0	0
	~~2018~~2019	0	0	0
Affiliate-Owned	~~2016~~2017	6	~~6~~7	~~0~~+1
	~~2017~~2018	~~6~~7	7	~~+1~~0
	~~2018~~	~~7~~	~~7~~	~~0~~
	~~2016~~2019	~~6~~7	~~6~~	~~0~~
~~Total~~ Total	2017	6	7	+1
	2018	7	7	0
	2019	7		

Table No. 2
Transfers of Outlets from Franchisees to New Owners
(other than the Franchisor)
For Years ~~2016 to 2018~~2017 to 2019

Column 1 State	Column 2 Year	Column 3 Number of Transfers
Total	~~2016~~2017 ~~2017~~2018 ~~2018~~2019	0 0 0

Table No. 3
Status of Franchised Outlets
For Years ~~2016 to 2018~~2017 to 2019

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Termin-ations	Column 6 Non-Renew-als	Column 7 Re-acquired by Franchisor	Column 8 Ceased Opera-tions -Other Reasons	Column 9 Outlets at End of Year
	~~2016~~2017	0	0	0	0	0	0	0
~~Total~~	~~2017~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~
Total	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0

Table No. 4
Status of Affiliate-Owned Outlets
For Years ~~2016 to 2018~~2017 to 2019

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Outlets Reacquired from Franchisee	Column 6 Outlets Closed	Colum 7 Outlets Sold to Franchisees	Column 8 Outlets at End of Year
California	~~2016~~2017 ~~2017~~2018	6 ~~6~~7	~~0~~1 ~~1~~0	0 0	0 0	0 0	~~6~~7 7
	~~2018~~	~~7~~	~~0~~	~~0~~	~~0~~	~~0~~	~~7~~
	~~2016~~2019	~~6~~7	~~0~~	~~0~~	~~0~~	~~0~~	~~6~~
~~Total~~	2017	6	1	0	0	0	7
Total	2018	7	0	0	0	0	7
	2019	7					

Table No. 5
Projected New Franchised Outlets
As of December 31, ~~2018~~2019

State	Franchise Agreements Signed but Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year*	Projected New Company-Owned Outlets in the Next Fiscal Year
California	0	~~2~~	0
Total	0	~~2~~	0

*We anticipate that most, if not all of these will be conversions of existing Careagape businesses.

Our affiliate, Cottage Agape, Inc., a California corporation, has operated businesses under the name "Careagape" in Southern California since 2011.

There are no franchisees as of the date this Disclosure Document was issued. No franchisee has had an outlet terminated, canceled, not renewed or otherwise ceased to do business under the Franchise Agreement during the most recently completed fiscal year. There are no franchisees who have not communicated with us for the 10-week period before the date this Disclosure Document was issued. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

During the last three years, no current or former franchisees have signed confidentiality clauses that restrict them from discussing with you their experiences as franchisees in our system.

We have not created, sponsored or endorsed a trademark-specific franchisee association. No trademark-specific franchisee organization has made a request to be included in this Disclosure Document.

ITEM 21

FINANCIAL STATEMENTS

Attached as Exhibit C to this Franchise Disclosure Document is our opening audited balance sheet as of January 25, 2019 and our audited financial statements for the year ended December 31, 2019. We have not been in operation long enough to have three years' worth of financial statements. Our fiscal year end is December 31.

ITEM 22

CONTRACTS

Attached are copies of the following agreements proposed for use in this state:

Exhibit D: Franchise Agreement and State-Specific Addenda, if applicable

Exhibit B to the Franchise Agreement: Spousal Consent

Exhibit D to the Franchise Agreement: Guaranty and Assumption of Franchisee's Obligations

Exhibit E: Conversion Addenda, if applicable

Exhibit F: Asset Purchase Agreement, if applicable

Exhibit G: Lease, if applicable

Exhibit J: SBA Addendum, if applicable

ITEM 23

RECEIPT

Attached to the end of this Franchise Disclosure Document, following the Exhibits, is a receipt. Please sign it, date it the date you receive the Franchise Disclosure Document, and return it to us. Make sure that you indicate the franchise seller(s) with whom you had substantive discussions about this franchise. A duplicate of the receipt is attached for your records.

EXHIBIT A

EXHIBIT A

LIST OF STATE FRANCHISE ADMINISTRATORS

State	Title of Administrator	Telephone Number
California	Toll Free Number	(866) 275-2677
	Commissioner of Business Oversight 320 W. 4th Street Suite 750 Los Angeles, California 90013-2344	(213) 576-7500
	or	
	One Sansome Street Suite 600 San Francisco, California 94104	(415) 972-8559
	or	
	1350 Front Street, Room 2034 San Diego, California 92101-3697	(619) 525-4233
	or	
	1515 K Street, Suite 200 Sacramento, California 95814-4052	(916) 445-7205
Hawaii	Commissioner of Securities 335 Merchant Street Honolulu, Hawaii 96813	(808) 586-2744
Illinois	Attorney General 500 South Second Street Springfield, Illinois ~~62706~~62701	(217) 782-4465
Indiana	Securities Commissioner 302 West Washington St., Rm. E-111 Indianapolis, Indiana 46204	(317) 232-6681
Maryland	Office of the Attorney General, Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2021	(410) 576-6360

Michigan	Attorney General 525 West Ottawa Street 670 G. Mennen Williams Building, 1st Floor Lansing, Michigan ~~48913~~48933	(517) ~~335-7567~~335-7569
Minnesota	Commissioner of Commerce 85 7th Place East, Suite 280 St. Paul, Minnesota 55101~~-2198~~	(651) 539-1500
New York	Office of the New York State Attorney General Investor Protection Bureau Franchise Section 28 Liberty Street New York, New York 10005	(212) 416-8236
North Dakota	Securities Commissioner 600 East Boulevard Avenue State Capitol~~-~~, Fifth Floor Bismarck, North Dakota 58505	(701) ~~328-2929~~328-2910
Oregon	Director, Department of Consumer and Business Services ~~Insurance and Finance~~ ~~Labor and Industries Building~~ 350 Winter Street NE P.O. Box 14480 Salem, Oregon ~~97310~~97309	(503) ~~378-4387~~378-4100
Rhode Island	Director of Business Regulation Building ~~68-2~~69-1 1511 Pontiac Avenue Cranston, Rhode Island 02920~~-4407~~	(401) ~~462-9500~~462-9527
South Dakota	Director, Division of Insurance - Securities Regulation 124 S. Euclid, 2nd Floor Pierre, South Dakota 57501	(605) 773-3563
Virginia	Director, Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor	(804) 371-9051

	Richmond, Virginia 23219	
Washington	Director, Department of Financial Institutions 150 Israel Rd. SW Tumwater, Washington 98501	(~~306~~360) ~~902-8700~~ 902-8760
Wisconsin	Commissioner of Securities 4822 Madison Yards Way, North Tower Madison, Wisconsin 53705	(608) 266-2139

EXHIBIT B

No Change was made to this Exhibit

EXHIBIT C

CAREAGAPE FRANCHISE CORPORATION

FINANCIAL STATEMENTS TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2019

NEW

BRIGLIO BC CHEUNG

ACCOUNTANCY CORP.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS REPORT

Board of Directors
CAREAGAPE FRANCHISE CORPORATION
Placentia, California

Report on the Financial Statements
We have audited the accompanying financial statements of CAREAGAPE FRANCHISE CORPORATION (a California Corporation), which comprise the balance sheet as of December 31, 2019, and the related statements of income and expense, changes in stockholders' equity and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Audit Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

2845 W. Valley Boulevard • Alhambra, CA 91803-1818
(626) 289-7600 • Fax: (626) 289-7100

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CAREAGAPE FRANCHISE CORPORATION as of December 31, 2019, and the results of its operations and its cash flows for the period then ended in accordance with accounting principles generally accepted in the United States of America.

Alhambra, California
Matthew Briglio - Audit Partner
February 28, 2020
ID #95-4840323

CAREAGAPE FRANCHISE CORPORATION

BALANCE SHEET
AS OF
DECEMBER 31, 2019

ASSETS

Current Assets	
Cash and Cash Equivalents	$40
Due from Stockholder	50,000
TOTAL ASSETS	$50,040

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities	
Due to Stockholder	$263
Income Tax Payable - Current	838
TOTAL LIABILITIES	1,101
STOCKHOLDERS' EQUITY	
Common Stock - No Par Value, 100 authorized; No shares issued and outstanding - Stated Value	0
Paid in Capital	50,100
Retained Earnings	(1,161)
TOTAL STOCKHOLDERS' EQUITY	48,939
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	$50,040

The accompanying notes to the financial statements are an integral part of these financial statements

CAREAGAPE FRANCHISE CORPORATION

STATEMENTS OF OPERATIONS
FOR THE YEAR ENDED
DECEMBER 31, 2019

REVENUES	
Service Income	$0
	0
EXPENSES	
Salaries and Direct Loan Costs	0
Office and Administration Costs	323
Rent Expenses	0
Advertising and Business Promotion	0
Interest	0
Insurance	0
Professional Services	0
Depreciation	0
	323
LOSS BEFORE INCOME TAXES	(323)
Provision for Income Taxes	838
NET LOSS	($1,161)

The accompanying notes to the financial statements
are an integral part of these financial statements

CAREAGAPE FRANCHISE CORPORATION

STATEMENTS OF STOCKHOLDER'S EQUITY
FOR THE YEAR ENDED
DECEMBER 31, 2019

	COMMON STOCK	PAID-IN CAPITAL	RETAINED EARNINGS	TOTAL
Balance at January 1, 2019	$0	$100	$0	$100
Capital Contribution		50,000		50,000
Dividends Distribution				0
Net Loss			(1,161)	(1,161)
Balance at December 31, 2019	$0	$50,100	($1,161)	$48,939

The accompanying notes to the financial statements
are an integral part of these financial statements

CAREAGAPE FRANCHISE CORPORATION

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED
DECEMBER 31, 2019

CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from fees and Commissions	0	
Other Income	0	$0
Salaries and Direct Loan Costs	0	
Office and Administration Costs	323	
Rent Expenses	0	
Advertising and Business Promotion	0	
Interest	0	
Insurance	0	
Income Taxes Paid	0	
Professional Services	0	323
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		(323)
CASH FLOWS FROM INVESTING ACTIVITIES		
None	0	
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES		0
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in Due to Stockholder	263	
Incease in Due from Stickholder	(50,000)	
Capital Contribution	50,100	
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES		363
NET INCREASE (DECREASE) IN CASH		40
CASH AT BEGINNING OF PERIOD		0
CASH AT END OF PERIOD		$40
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income (loss)		(1,161)
Adjustment to reconcile to net cash from operations		
Depreciation		0
Increase in Accounts Receivable		0
Increase in Accrued Expenses		0
Increase in Income Taxes Payable - Current		838
Increase in Income Taxes Payable - Deferred		0
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		(323)

The accompanying notes to the financial statements
are an integral part of these financial statements

CAREAGAPE FRANCHISE CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE A - ORGANIZATION

CAREAGAPE FRANCHISE CORPORATION, (the "Company") is a California Corporation incorporated on May 1, 2018.

The Company provides residential care facilities for elderly.

NOTE B - SUMMARY OF ACCOUNTING POLICIES

ACCOUNTING POLICIES - The Company prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

CASH AND EQUIVALENTS - Cash and cash equivalents include cash on hand and cash in checking and savings accounts with banks. All unrestricted liquid short-term investments and certificate of deposit with a maturity of three months or less are considered cash equivalents. The Company maintains its cash accounts at major financial institutions that are guaranteed by the Federal Deposit Insurance Corporation ("FDIC") up to $250,000.

REVENUES - Revenue is recognized under ASC 606.

ACCOUNTS RECEIVABLE - Accounts receivable consists of revenue earned prior to year end and paid the following year.

PROPERTY AND EQUIPMENT - Expenditures for repair and maintenance are expensed as incurred. Betterments and major renewals that extend the useful lives of property and equipment are capitalized. Depreciation is computed on the straight line method over the useful life of the asset, generally five to seven years.

INCOME TAXES - Effective January 1, 2019, the stockholders of the Company have elected to be taxes as a sub-chapter S Corporation. Under this election, the Company does not pay federal or state corporate income taxes on its taxable income. Instead, the income or losses are allocated directly to the stockholders of the Company and the stockholder is liable for or receives the benefits. The state of California assesses a Franchise Tax fee of 1.5% on net income

INCOME TAXES (continued) - The Company recognizes the tax benefit from uncertain tax positions only if it is more likely than not the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. Based on its evaluation, the Company has concluded that there are no significant uncertain tax positions requiring recognition in the financial statements. No interest or penalties have been recorded as a result of tax uncertainties. The tax years of 2018 to 2019 remain open to examination by tax jurisdictions to which the Company is subject.

USE OF ESTIMATES - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the basic financial statements and accompanying notes to the financial statements. Actual results could differ from these estimates.

MARKET RISK - The Company's majority source of business and client referrals is from the California. The Company can be effected by government regulation changes.

EVIDENCE OF OWNERSHIP INTEREST IN AN ENTITY - Common stock is a financial instrument that is evidence of ownership interest in an entity. Other evidences include preferred stock, partnership agreements, certificates of interest or participation, or warrants or options to subscribe to or purchase stock from the issuing entity. The Company has not issued any preferred stock, partnership agreements, certificates of interest or participation, or warrants or options to subscribe to or purchase stock from the issuing entity.

NOTE C - COMMITMENTS AND CONTINGENCIES

There are no commitments and contingencies.

NOTE D - RELATED PARTY TRANSACTIONS

There is no related party transaction except for certain advances and repayment of cash during the period made to/from the principal stockholder. As of December 31, 2019, the Company has advanced $50,000 to the stockholder. A signed loan agreement does not exist and does not bear any interest. The advance has been paid back on January 31, 2020.

NOTE E - SUBSEQUENT EVENTS

Subsequent events were evaluated by management of the Company through February 28, 2020, the issuance date of its financial statements as of and for the period ended January 31, 2020. No recognized or non-recognized subsequent events were noted.

EXHIBIT D

~~CAREAGAPE™~~

CAREAGAPE®

FRANCHISE AGREEMENT

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<u>Exhibits</u>

~~CAREAGAPE™~~

CAREAGAPE®

FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT ("**Agreement**") is entered into as of ____________, by and between Careagape Franchise Corporation, a California corporation located at 4931 Carthage Street, Placentia, California 92870 ("**Franchisor**"), and ______________________, a(n) ________________________ ("**Franchisee**"), with reference to the following facts:

A. Franchisor is the owner and developer of a method for establishing, operating, and promoting a business that offers full-time, live-in assistance services to senior residents ("**Business**"), some of whom may have Alzheimer's disease or other forms of mild dementia ("**Residents**"). The services are offered by two (2) full-time caregivers ("**Caregivers**") who manage and live in the senior care residences, and include daily living, bathing and incontinence assistance, meals, laundry services, medication management, house-keeping, dressing, music therapy, and medical and dental appointment management ("**Services**").

B. The Business and Services are offered in accordance with certain business methods, training programs, marketing systems, trade secrets, knowledge and expertise, and other proprietary practices and procedures ("**Proprietary Information**") that are part of a system relating to the establishment, development, operation and management of such Business ("**System**").

C. Franchisor has the right to license various trademarks, service marks, trade names, logos, slogans, trade dress and other source-identifiers, whether or not recorded or registered with the United States Patent and Trademark Office or any other local, state, federal or foreign agency, or at common law, registrar or body, now or hereafter used or intended to be used, including ~~CAREAGAPE™~~ CAREAGAPE® in connection with the operation of the Business and all goodwill associated with any of the foregoing ("**Marks**").

D. Franchisor has the right to operate and grant to others the right to operate the Business and offer the Services under the Marks in connection with the Proprietary Information and System.

E. Franchisee is an independent business owner and desires to obtain the right to open and operate a Business and Franchisor is willing to grant Franchisee a franchise to operate a Business upon the terms and subject to the conditions set forth in this Agreement.

NOW THEREFORE, in consideration of these premises and of the mutual covenants contained herein, the receipt and sufficiency of which is acknowledged by the parties, the parties agree as follows:

Section 1. GRANT OF RIGHTS

1.1 Non-Exclusive License

Subject to the terms and conditions of this Agreement, Franchisor hereby grants to Franchisee, and Franchisee accepts, a non-exclusive license to use the Marks, Proprietary Information, and the System solely in the operation of the Business to offer the Services at a location to be determined pursuant to the terms and conditions of this Agreement within the geographic area described in **Exhibit A** attached hereto ("**Geographic Area**") during the term of this Agreement, as set forth in Section 1.4 below. Franchisee acknowledges and agrees that it does not have any territorial or exclusive rights whatsoever concerning the Geographic Area and that there may be other parties seeking locations to operate a Business or operating a Business in the same Geographic Area. The parties agree and acknowledge that Franchisee and its personnel shall be responsible for, and have complete authority, responsibility, supervision and control over, the provision of the Services.

1.2 Reservation of Rights

Franchisor reserves all rights not specifically granted to Franchisee under this Agreement. By way of illustration only and not in limitation of the foregoing, Franchisee acknowledges that this Agreement does not restrict Franchisor, Careagape, Inc., Agape Cottage, Inc., or their affiliates from any of the following:

(a) conducting businesses using marks or commercial symbols different from the Marks either within or outside of the Geographic Area, or using the Marks or licensing the right to others to use the Marks for purposes other than operating the Business;

(b) operating and granting others the right to operate Businesses in and outside of the Geographic Area at any location whatsoever;

(c) operating Businesses in the name of the Franchisor;

(d) establishing a separate system and franchise offering ~~difference~~ different services and/or products under different trademarks, trade names, or logos.

1.3 Site Selection Procedure and Site Development

(a) Franchisee's Obligation. Franchisee shall operate the Business at a site in the Geographic Area accepted in writing by Franchisor. Franchisor will provide assistance, upon request, in locating a site for the Business, but Franchisee is solely responsible for all cost, liability, expense, risk and obligation to locate, obtain financing for, and develop the site of the Business and for constructing and equipping the Business at the site.

(b) Site Selection and Consent. Franchisee must obtain Franchisor's acceptance before signing a lease or contract for the site of the Business. Franchisee shall submit to Franchisor, in the form prescribed by Franchisor, all relevant information concerning the proposed site including, without limitation, the general location and neighborhood, zoning of the site, demographic information about the surrounding area, proximity of any similar or complementary businesses, traffic flow, parking, rent, size, layout, physical characteristics of the location, building restrictions, lease terms, and any other information that Franchisor may require (collectively, ("**Site Proposal**"). The Site Proposal must also include (i) a property description; (ii) a demographic profile and information about the community in which the proposed site is located; and (iii) a rendering or design plan showing the preliminary proposed layout, including floor plans and any construction drawings. Franchisee must submit the Site Proposal to Franchisor within sixty (60) days after the execution of this Agreement.

(c) Franchisor's Evaluation. Franchisor may act in its reasonable business discretion in accepting or not accepting a Site Proposal. Franchisor shall evaluate the site based on various factors, including but not limited to the Site Proposal, the general location and neighborhood of the Business, zoning of the site, demographics, locations of any other homes or facilities for senior citizens in the general area, rent, size, layout, physical characteristics of the location and lease terms. No Site Proposal shall be deemed accepted unless acceptance is issued by Franchisor in writing. If Franchisor rejects a Site Proposal, Franchisee must find another site and submit a new Site Proposal. Franchisee must begin operating the Business within twelve (12) months after signing the Franchise Agreement, or if a Business License, as defined below, is required, then within one (1) month after obtaining the Business License.

(d) Site Requirements. The Business site must be a single-family residence between two thousand (2,000) and two thousand eight hundred (2,800) square feet, located in a middle (or higher) income residential neighborhood. It must contain quarters for the two (2) full-time Caregivers that are separate from the quarters for the Residents. There must also be four (4) private bedrooms for the Residents, at least two (2) full bathrooms for the Residents, and an adequate common living room and kitchen. The entire location must meet the handicapped requirements of the Americans with Disabilities Act, which requires readily accessible accommodations for all areas used by the Residents.

(e) Design. The Business site may require renovation and construction to meet the requirements set forth in Section 1.3(d). The design of the Business site and all of the equipment, furniture, fixtures, products and computer hardware and software you purchase or lease for use in the establishment or operation of the Business must meet the specifications, requirements, and standards described in this Agreement and the Careagape Standards Manual, as defined below, which will include a generic basic layout for the Business. Franchisee shall provide all architectural and construction floor plans ("**Construction Plans**") to Franchisor for Franchisor's consent, and shall not proceed until consent is granted. Franchisee's plans shall include any modifications required to comply with local governmental requirements and a proposed equipment list, as well as schedules showing all equipment and fixtures to be installed. It shall be Franchisee's sole responsibility to submit the Construction Plans to the appropriate governmental entities for their approval and permitting, in order to comply with local law regarding the securing of any local authority and permits, licenses, or other necessary governmental approvals. If any such governmental entities require modifications to the Construction Plans, Franchisee shall submit such modifications to Franchisor for review and consent prior to commencement of construction, refurbishing, or renovating the Business Site.

(f) Home Office. Franchisee will establish and equip a home office in the Business location. Franchisor will provide Franchisee with specifications and requirements for the home office including, without limitation, required computer and other office equipment.

(g) Construction. Franchisee shall retain a contractor for the Business that is commercially licensed and insured and that has experience in building residences. Franchisor may provide standards and qualifications to assist Franchisee in identifying contractors. Franchisor reserves the right to monitor the construction process, and Franchisee shall accord Franchisor complete access to its construction bids, progress and costs.

(h) Signage. All signage at the Business site shall conform to Franchisor's specifications. In particular, Franchisee must post a prominent sign in the Business identifying Franchisee as a franchisee of Franchisor in a format that Franchisor deems acceptable; including an acknowledgement that Franchisee independently owns and operates the Business and that the Marks are owned by Franchisor and Franchisee's use is under a license Franchisor has issued to Franchisee.

(i) Lease. Franchisee will not sign a lease or contract for the location of the Business without receiving Franchisor's prior written consent. Franchisor will act in its ~~reasonable business~~ discretion in deciding whether or not to consent to a lease. Franchisee must sign the lease within thirty (30) days after Franchisor consents to the lease. The lease or contract must contain such additional terms and conditions as Franchisor may require to provide for the protection of Franchisor's rights and interests, including but not limited to a conditional lease assignment to Franchisor or its nominee in a form acceptable to Franchisor that include the following:

(i) the absolute and unconditional right of Franchisee to assign its interest in the lease to Franchisor or Franchisor's nominee at any time without the consent of the landlord and without rent increase or penalty;

(ii) the landlord's acknowledgment that Franchisee will not assign or transfer the lease or any of its rights thereunder or grant any sublease thereunder without the prior written consent of Franchisor;

(iii) the landlord's consent to Franchisee's use of such signage and other displays of the Marks as Franchisor may require;

(iv) the obligation of the landlord to notify Franchisor in writing of any default by Franchisee of any of the terms and conditions of the lease and to provide to Franchisor, at Franchisor's option, the right to cure any default under the lease within fifteen (15) days after expiration of the period in which Franchisee is required to cure the default, if Franchisee fails to do so; provided, however, that Franchisee shall reimburse Franchisor for any costs and expenses incurred to cure the default;

(v) that no amendment, addition, or other modification or change be made to the lease without obtaining the prior written consent of Franchisor;

(vi) that upon expiration or termination for any reason of this Agreement, Franchisee's rights under the lease will, at the option of Franchisor, be transferred and assigned to Franchisor or its nominee without rent increase or penalty immediately upon notice to the landlord by Franchisor;

(vii) Franchisee's acknowledgment that the landlord may rely upon notice from Franchisor and will not be required to inquire into the due execution of such notice or the accuracy of the statements set forth in such notice;

(viii) that such notice will, without further act or formality, operate as an effective assignment of Franchisee's rights under the lease to Franchisor or its nominee without rent increase or penalty, and the assumption by Franchisor or its nominee of the covenants required to be observed or performed by Franchisee under the lease; provided, however, that landlord agrees and acknowledges that Franchisor and its nominee, if any, shall not assume, and shall have no obligation to the landlord for any liabilities arising from or relating to Franchisee's actions, failure to act, or defaults prior to the assignment of the lease;

(ix) Franchisee's acknowledgment that the landlord will, upon the written request of Franchisor, disclose to Franchisor all reports, information or data in the landlord's possession respecting the premises and the operation of the Business, including, without limitation, revenue information;

(x) the landlord's acknowledgment that the Franchise Agreement contains a right on the part of Franchisor, in the event of expiration or termination of this Agreement for any reason whatsoever, to enter the premises and to make any alterations to the exterior or interior decor and signage as Franchisor deems necessary to remove its identification with the System as required by this Agreement and, in the event of the exercise by Franchisor of such right, the landlord further acknowledges that such entry by Franchisor shall not constitute an assignment of the lease nor a subletting of the premises; and

(xi) that Franchisor will be a third party beneficiary under the lease.

Franchisee shall be responsible for all costs associated with the negotiation of the lease. Franchisee shall fully perform all obligations to be performed by Franchisee under the lease or contract and shall immediately upon receipt of any notice of violation from the lessor or other party to the contract deliver a copy of such notice to Franchisor together with a statement of the steps proposed to be taken by Franchisee in response to the notice. All amounts spent by Franchisor to cure any breach by Franchisee of the lease for the site of the Business shall be due to Franchisor from Franchisee upon Franchisor's written demand. Nothing herein shall create an obligation on the part of Franchisor to cure any breach by Franchisee.

(j) Business License and Permits.

(i) In certain jurisdictions, Franchisee must obtain a business license, permit, or other governmental consent in order to operate the Business ("**Business License**"). Franchisee must consult with its own independent advisors and the government agencies in the jurisdiction for information on how these laws apply and how to comply with them.

(ii) Franchisee must apply for the Business License within one (1) month after signing this Agreement, or, if required by law, within one (1) month after signing a lease or other agreement for the Business site. In certain jurisdictions, Franchisee may be required to obtain the Business site before applying for the Business License.

(iii) Franchisee must diligently pursue the application process for the Business License and must begin operating the Business within one (1) month after obtaining the Business License. Failure to begin operating the Business within the appointed timeframe may result in termination of this Agreement.

(iv) In certain jurisdictions, obtaining a Business License could take up to one (1) year. During this period, Franchisor may, in its reasonable business discretion, permit Franchisee to sublease the Business location for another purpose or to rent out the Business location on a temporary basis to third parties, subject to Franchisor's prior consent; provided that such sublease or rental will not interfere with the timely opening of the Business once the Business License has been issued.

(k) Opening. Franchisee shall not start operating the Business and open it to the public until Franchisor has given its consent. Franchisee will satisfy the conditions to commencement of operations, including, without limitation, the completion of the Initial Training Program, as defined below. Franchisor may require that Franchisor or its representative conduct an on-site inspection prior to giving its consent and from time to time during the term of this Agreement. Franchisee must begin operations twelve (12) months after the date of this Agreement, or in the case where a Business License is required, the Business must open within one (1) month after obtaining the Business License.

FRANCHISEE ACKNOWLEDGES THAT ALTHOUGH FRANCHISOR MAY HAVE BEEN INVOLVED IN THE REVIEW OF THE SITE, THE SITE PROPOSAL, THE LEASE AND THE CONSTRUCTION PLANS, AND IN OTHER ASPECTS OF THE DEVELOPMENT OF THE BUSINESS, FRANCHISOR MAKES NO WARRANTY, REPRESENTATION OR GUARANTY OF ANY KIND WITH RESPECT TO THE LOCATION, THE LEASE, THE CONSTRUCTION PLANS, OR THE SUCCESS OR PROFITABILITY OF THE BUSINESS TO BE OPERATED AT A LOCATION.

(l) Relocation. Franchisee may not relocate its Business or establish additional businesses without Franchisor's prior consent. If Franchisor agrees to evaluate the request to relocate, Franchisee must reimburse Franchisor for any travel and other expenses incurred to evaluate the request. In general, the factors considered in deciding whether to consent to the relocation request are demographic changes with respect to the location of the Business, and the performance of the Business.

1.4 Term and Renewal

(a) Term. The term of this Agreement shall begin on the date it is executed by Franchisor and shall continue for five (5) years, subject to earlier termination as provided herein.

(b) Renewal. Subject to compliance with each and every one of the conditions set forth below, Franchisee shall have the option to renew the right to operate the Business for two (2) additional, consecutive periods of five (5) years each:

(i) There shall be no existing default in the performance of Franchisee's obligation under this Agreement or under any other agreement with Franchisor or any of its affiliates;

(ii) Franchisee must sign Franchisor's then-current form of the Franchise Agreement which may contain terms that are materially different from those set forth in this Agreement provided, however, that the term of the Franchise Agreement will be the then-remaining term of this Agreement;

(iii) Franchisee must pay to Franchisor a successor agreement fee of twenty percent (20%) of the then-current Initial Franchisee Fee, as defined below ("**Renewal Fee**"), at least ninety (90) days prior to the beginning of the renewal term;

(iv) Franchisee and those of Franchisee's personnel that Franchisor designates, must complete re-training to Franchisor's satisfaction;

(v) Franchisee (and its principals and affiliates if Franchisee is a corporation or other entity) shall execute and deliver a general release in a form acceptable to Franchisor of any and all claims against Franchisor and its affiliates and associates, officers, directors, managers, shareholders, members, employees, agents and representatives;

(vi) Franchisee shall not have received three (3) or more notices of default during any twenty-four (24) month period during the initial term or preceding renewal term, as applicable;

(vii) Franchisor must not have decided to withdraw from Franchisee's Geographic Area; and

(viii) Franchisee's Business must meet Franchisor's then-current requirements or Franchisee must make all expenditures deemed necessary by Franchisor to remodel and update the Business design, equipment, signage and decor to reflect Franchisor's then-current requirements and image; and

(ix) Franchisee must have the right to occupy the premises of its Business for the renewal term.

Franchisee shall notify Franchisor no later than one hundred eighty (180) days prior to the expiration of the initial term or the preceding renewal term, as applicable, of this Agreement if Franchisee wishes to enter into a new Franchise Agreement with Franchisor at the expiration of the initial term or preceding renewal term, as applicable. Franchisee shall have no right to enter into a new agreement with Franchisor if Franchisee fails to do so, if Franchisee fails to comply with each of the conditions set forth above in a timely manner, or if Franchisee fails to return to Franchisor any documents within thirty (30) days after Franchisor has delivered them to

Franchisee. If Franchisor does not consent to the renewal of the Business because Franchisee did not comply with all of the conditions to renewal, Franchisee will retain the Renewal Fee.

(c) Lease Renewal. If Franchisee's lease comes up for renewal (which may or may not be at the same time as the Franchise Agreement term is in the process of renewal), Franchisor may elect to provide Franchisee with assistance in renegotiating the lease. If Franchisor elects to do so, Franchisee shall be responsible for paying a lease renegotiation fee.

Section 2. TRAINING AND OPERATING ASSISTANCE

2.1 Training

(a) Franchisee shall furnish to Franchisee and such personnel of Franchisee as Franchisor designates, an initial training program during such period of time as Franchisor designates for up to two (2) weeks ("**Initial Training Program**"). The Initial Training Program may be offered at Franchisor's headquarters or at another location designated by Franchisor in its discretion. Franchisee and the Caregivers must complete the Initial Training Program to the sole satisfaction of Franchisor at least sixty (60) days before the estimated date of completion of construction at the Business site.

(b) Franchisor shall have the right, during the Initial Training Program, to further evaluate Franchisee's fitness to operate under this Agreement. In the event Franchisee or the Caregivers fail to complete the Initial Training Program to Franchisor's satisfaction prior to sixty (60) days before the estimated date of completion of construction of the Business, Franchisor shall have the right to terminate this Agreement.

(c) Franchisee shall not be charged an additional fee for the Initial Training Program for up to three (3) individuals who attend at the same time. If Franchisee wishes to send additional individuals to attend the Initial Training Program or requests that Franchisor provide the Initial Training Program to additional personnel at a later date, Franchisor may charge a fee to provide it. Franchisee's relief caregivers must also complete the Initial Training program to Franchisor's satisfaction.

(d) Franchisor may require Franchisee, Caregivers, and those of Franchisee's personnel as Franchisor may designate to attend refresher and additional training courses for up to five (5) days per year. Franchisor may also require Franchisee to attend additional training if Franchisor deems it necessary or appropriate, or Franchisee may request additional on-site training or assistance and Franchisor will determine whether or not to provide it. If Franchisor provides additional training, whether required by Franchisor or requested by Franchisee, Franchisee agrees and acknowledges that Franchisor may designate the location for such training. Franchisee will pay Franchisor's then-current per-day, per-trainer training fee. If Franchisor requires that such additional training be held at the Business location, Franchisee will also pay the expenses of the trainer or trainers, including lodging, transportation and food. Franchisee will pay the training fee to Franchisor before Franchisor conducts the training. Franchisor may also require Franchisee or Caregivers to attend franchisee business meetings or conventions for up to three (3) days per year.

(e) Franchisee shall be responsible for all travel and personal expenses, if any, including lodging and food that Franchisee or the Caregivers may incur in connection with the Initial Training Program, refresher or additional training, and in attending franchisee business meetings or conventions.

(f) Franchisee shall be responsible for training Franchisee's additional employees.

2.2 Additional Initial Operating Assistance

Franchisor shall provide Franchisee with on-site assistance for up to two (2) days when Franchisee begins operation of the Business.

2.3 Careagape Standards Manual

Franchisor will lend to Franchisee for use during the term of this Agreement one (1) copy of Franchisor's proprietary and confidential system standards manual containing Proprietary Information, mandatory and suggested specifications, standards, procedures and rules for the System designed to protect and maintain the value of the Marks and the System ("**Careagape Standards Manual**"). All such mandatory specifications, standards, procedures and rules prescribed in the Careagape Standards Manual, or otherwise communicated to Franchisee in writing, shall constitute requirements of this Agreement and shall be considered Confidential Information, as defined below. Any provisions of the Careagape Standards Manual that may address human resource issues such as employee staffing, scheduling, hiring, discipline and other policies related to Franchisee's employees are suggestions only. Franchisee must make all determinations in its sole discretion with respect to its personnel with the guidance of its own independent advisors. Franchisee will not at any time copy any part of the Careagape Standards Manual, disclose any information contained in the Careagape Standards Manual to others, or permit others access to the Careagape Standards Manual. Franchisee acknowledges and agrees that the Careagape Standards Manual may be modified from time to time to reflect changes in the standards of authorized products, Services, or the System. All modifications to the Careagape Standards Manual shall be binding upon Franchisee upon being communicated or otherwise delivered to Franchisee. Franchisee agrees to accept, implement, and adopt any such modifications at Franchisee's sole cost. The Careagape Standards Manual will contain Proprietary Information belonging to Franchisor and Franchisee acknowledges that the Careagape Standards Manual is, and shall remain, the property of Franchisor. Franchisee shall promptly return the Careagape Standards Manual to Franchisor upon termination or expiration of this Agreement. Franchisee understands and agrees that it is of substantial value to Franchisor and other franchisees of Franchisor, as well as to Franchisee, that the System establishes and maintain a common identity. Franchisee agrees and acknowledges that full compliance with the mandatory provisions of the Careagape Standards Manual is essential to preserve, maintain and enhance the reputation, trade demand and goodwill of the System and the Marks, and that failure of Franchisee to operate the Business in accordance with the System and the Careagape Standards Manual can cause damage to all of the other parties described above, as well as to Franchisee. Notwithstanding the foregoing and consistent with the goals of the System, Franchisee shall be responsible for the day-to-day operation of the Business.

2.4 Periodic Advice and Consultation

Franchisor shall, from time to time, to the extent it deems necessary, furnish Franchisee advice or consult with Franchisee on the operation of the Business in order to communicate new developments, techniques, and services. Franchisor will periodically, with such frequency as Franchisor shall determine in its sole discretion, consult with Franchisee in the development of its Business, including helping develop an annual business plan and conducting site visits. Any guidance, suggestions, or advice provided to Franchisee in the course of such consultation shall be deemed suggestions only, and the decision to follow any such guidance, suggestions, or advice shall be in Franchisee's sole discretion. In particular, and not in limitation of the foregoing, Franchisee shall be solely responsible for all policies and decisions concerning its employees and shall consult with its own independent advisors with respect to those policies and decisions.

Section 3. OPERATION BY FRANCHISEE

3.1 Products and Services

(a) Franchisee shall only offer those products and services designated by Franchisor from time to time and shall provide such products and services strictly in accordance with the standards and specifications described in the Careagape Standards Manual and the Initial Training Program.

(b) Franchisee shall in all dealings with Residents, potential Residents and their families, and the public, adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct. Franchisee agrees not to deviate from the mandatory standards, specifications and operating procedures set forth in this Agreement and the Careagape Standards Manual in order to ensure uniformity and quality of the products and services offered to the public under the Marks.

3.2 Purchase of Products and Services; Suppliers

(a) All equipment, furniture, fixtures, supplies, and products (including, without limitation, products bearing the Marks) purchased by Franchisee for use in the establishment or operation of the Business must meet the specifications, requirements, and standards described in the Careagape Standards Manual, and shall be purchased only from (i) manufacturers, suppliers, or distributors from time to time designated in writing by Franchisor, (ii) from Franchisor or its affiliate, if available, or (iii) such other suppliers selected by Franchisee and consented to Franchisor in the manner and subject to the conditions set forth in subsection (c) below.

(b) Franchisor may designate and negotiate pricing with suppliers for any merchandise, equipment, inventory, and supplies required in the operation of the Business. Franchisee agrees and acknowledges that certain specially designed materials, equipment, proprietary products, certain services and items used in the Business that are integral to the System may only be available from Franchisor or its designated supplier. Franchisor will assist Franchisee in ordering Franchisee's initial beds, wheelchairs and other supplies and equipment.

(c) Franchisor may, in its reasonable business judgment, consent to suppliers proposed by Franchisee, provided the following conditions are first met, and provided, further, that if Franchisor determines that there are already a sufficient number of suppliers for an item or service or determines for any reason that no additional suppliers are necessary or desirable, Franchisor shall not be required to evaluate any additional suppliers:

(i) Franchisee shall submit a written request to Franchisor for consent to the supplier;

(ii) Franchisee shall reimburse Franchisor for its costs (including but not limited to research, due diligence, testing, and travel expenses) in evaluating the proposed supplier;

(iii) The supplier shall demonstrate to Franchisor's satisfaction that it is able to supply an item or service to Franchisee meeting Franchisor's specifications for such item or service, including, but not limited to, providing Franchisor with samples and the opportunity to inspect its facilities from time to time;

(iv) The supplier shall demonstrate to Franchisor's satisfaction that the supplier is of good standing in the business community with respect to its financial soundness and reputation and the reliability of its product and service;

(v) The supplier shall obtain, maintain and submit to Franchisor proof of sufficient insurance coverage (including, but not limited to, product liability coverage) at limits and including coverage acceptable to Franchisor, and shall include Franchisor and Franchisee as additional named insureds with the right to receive at least thirty (30) days' prior written notice of any modification, cancellation, or termination of such policy; and

(vi) In the event the item to be supplied is required to bear one of the Marks, Franchisor may require such supplier to execute a license agreement (which may include a royalty payment) in a form acceptable to Franchisor.

(d) Until and unless Franchisor notifies Franchisee in writing that it has consented to a supplier, Franchisee must continue to purchase from the parties described in subsection (a) above.

(e) If Franchisor determines that a supplier to which Franchisor had previously consented no longer conforms to such standards, it shall so notify Franchisee and Franchisee shall thereupon discontinue making purchases from that supplier.

3.3 Alterations and Remodeling

Beyond the construction and remodeling requirements initially required to open and operate the Business as set forth in Section 1 above, Franchisee shall not make any alterations to the Business premises, or to any improvements, layout, fixtures, and furnishings, signs, equipment, or appearance thereof without the prior written consent of Franchisor. Upon request by Franchisor, Franchisee shall undertake remodeling, modernization, and redecoration of the

Business to update the Business to meet Franchisor's then-current specifications and standards for the Business.

3.4 Specifications, Standards, and Procedures

In order to protect the System, Franchisee shall comply with all mandatory specifications, standards and procedures relating to (a) the type and quality of the products and Services offered by the Business; (b) the appearance, color, indicia and signage of the Business premises; (c) cleanliness, standards of Services, and operation of the Business; (d) submission of requests for consent to equipment, supplies, distributors and suppliers; and (e) safety procedures and programs prescribed by Franchisor. Franchisee also agrees to use all equipment and services for the System to which Franchisor has consented from time to time. Mandatory specifications, standards, and procedures may be prescribed from time to time by Franchisor in the Careagape Standards Manual, or otherwise communicated to Franchisee in writing.

3.5 Supervision; Duty to Diligently Carry Out Obligations

In accordance with this Agreement, two (2) full-time Caregivers are required to live at the Business location with the Residents. The Caregivers must own at least twenty percent (20%) of the Business. Franchisee must also hire and retain at all times relief caregivers for evening and weekends. Franchisor requires that the operation of the Business be under the direct supervision of Franchisee and the Caregivers. All caregivers must execute a confidentiality and non-competition agreement in a form acceptable to Franchisor.

3.6 Changes to Systems or Marks

Franchisee acknowledges that the System may continue to evolve in order to reflect changing markets and to meet new and changing business demands, and that accordingly Franchisor may make variations and additions to the System from time to time in order to preserve and enhance the System. Franchisee agrees that Franchisor may, from time to time, upon notice, add to, subtract from or otherwise modify or change Franchisee's obligations under the System, including, without limitation, changes reflecting Franchisor's adoption and use of new or modified Marks, services, equipment, and new techniques. Franchisee agrees promptly to accept and implement all such additions, modifications, and changes at Franchisee's sole cost and expense. Franchisee agrees and acknowledges that if Franchisee develops any component of the System, which Franchisor permits or adopts for use in the Business, such component will belong to Franchisor and Franchisee shall have no ownership right or interest in such component.

3.7 Compliance with Law and Good Business Practices

(a) Prior to beginning operations, Franchisee shall secure in Franchisee's name as the owner of an independent business all required licenses, permits, and certificates relating to Franchisee's operation of the Business. Franchisee must apply for all licenses required to operate the Business in Franchisee's location within one (1) month of signing this Agreement, or, if a location is required to be designated to apply for a license, within one (1) month after signing a lease or other agreement for Franchisee's location. Franchisee acknowledges that such licenses, certificates, and permits may require the payment of security deposits and other fees. Franchisee shall maintain all such licenses, permits, and certificates in full force and effect throughout the term of this Agreement.

(b) Franchisee shall operate in full compliance with all applicable laws, ordinances and regulations, including, without limitation, such laws, ordinances and regulations relating to healthcare, occupational hazards and health, worker's compensation insurance, unemployment insurance and withholding and payment of federal and state income taxes and social security taxes, trade name and advertising restrictions, building codes and handicap access. In particular and not in limitation of the foregoing, Franchisee shall comply with the Americans with Disabilities Act and all applicable laws and regulations concerning data protection and privacy.

(c) Franchisee shall operate the Business in a safe and secure manner that optimizes public health and safety. Franchisee is solely responsible for determining and addressing all safety concerns relating to the condition of the premises and the surrounding areas and the operation of any vehicles in connection with the Business and otherwise.

(d) Immediately upon receipt of any citation, notice, complaint or other indication that Franchisee or any of its personnel has violated any law or regulation, Franchisee shall immediately notify Franchisor and transmit copies of all such citations, notices, complaints or other such indications, along with all available information including, without limitation, Franchisee's proposal to contest or remedy the violation.

3.8 Franchisee's Employment Policies and Procedures

Franchisee acknowledges that Franchisor may, from time to time, make certain recommendations as to employment policies and procedures. Franchisee shall have sole discretion as to adoption of any such policies and procedures and the specific terms of such policies and procedures. Training with respect to all such policies and procedures shall be Franchisee's sole responsibility.

3.9 Insurance

Before beginning to operate the Business, Franchisee must procure all insurance required by Franchisor from an insurer or insurers that meet Franchisor's criteria and which have a minimum Best's Rating of A or another comparable rating. Such insurance shall include coverage insuring against all loss and liability arising out of or in connection with the operation of the Business in the minimum amounts of One Million Dollars ($1,000,000.00) per occurrence and Three Million Dollars ($3,000,000.00) in the aggregate, including, without limitation, public liability insurance, personal injury insurance, automobile insurance covering any vehicles used in the Business, property damage insurance, worker's compensation insurance, including employer's liability, with limits as required by law, and business interruption insurance. Franchisee shall maintain such insurance coverage in full force and effect during the entire term of this Agreement. Franchisee shall cause Franchisor and any of its affiliates that Franchisor specifies to be named as additional insureds under all such policies. Franchisee shall further cause Franchisee's insurance agent to copy Franchisor on all insurance policies written and issued on behalf of Franchisee. In addition, all such policies shall provide for thirty (30) days' prior written notice to Franchisor of any material modification, cancellation, or expiration. Upon request, Franchisee shall provide Franchisor with certificates evidencing coverage. All amounts spent by Franchisor to secure any insurance coverage Franchisee fails to obtain shall be due to Franchisor by Franchisee upon Franchisor's written demand. Nothing herein shall create an obligation on the part of Franchisor to secure any insurance coverage for Franchisee. Franchisee also acknowledges that Franchisor may periodically adjust the amounts of coverage required under such insurance policies and require different or additional kinds of insurance at any time, including excess liability insurance, to reflect inflation, identification of new risks, changes in the law or standards of liability, higher damage awards, or other relevant changes in circumstances.

3.10 Minimum Gross Revenues

Franchisee's right to operate the Business is dependent on Franchisee's average monthly Gross Revenues totaling a minimum of Eighteen Thousand Dollars ($18,000), beginning the thirteenth (13th) month after Franchisee begins operating the Business. Operating the Business means accepting residents at Franchisee's Business location. Franchisee's average monthly Gross Revenues will be determined as a rolling monthly average re-calculated every ninety (90) days.

Section 4. FEES

4.1 Initial Franchise Fee

Franchisee must pay to Franchisor, upon execution of this Agreement, a non-refundable initial franchise fee of Thirty Thousand Dollars ($30,000.00) ("**Initial Franchise Fee**"). The Initial Franchise Fee is fully earned immediately upon payment and is non-refundable.

4.2 Royalty Fee

Franchisee shall pay to Franchisor a royalty equal to ten percent (10%) of Gross Revenues ("**Royalty Fee**"). Franchisee shall pay the Royalty Fee on a monthly basis on or before the fifteenth (15th) of each month for the preceding calendar month. "**Gross Revenues**" means all revenues Franchisee receives from the operation of the Business (including any payments under Franchisee's business interruption insurance coverage and any condemnation awards) deducting only amounts paid to any governmental tax authority and any refunds made in accordance with Franchisor's policy. Franchisee shall also send to Franchisor with each Royalty Fee a detailed summary of the overall financial activity of the Business in a format designated by Franchisor as set forth in Section 6.3 below.

4.3 System Marketing Fund Fee

Franchisor has a system marketing fund ("**System Marketing Fund**") to which Franchisee must contribute up to two percent (2%) of Gross Revenues due weekly ("**System Marketing Fee**"). The System Marketing Fee is Three Hundred Dollars ($300.00) per month as of the date of this Agreement and is subject to change as determined by Franchisor. Franchisee shall pay the System Marketing Fee monthly on or before the fifteenth (15th) day of each month for the preceding calendar month.

4.4 Technology Fee

Franchisee shall pay to Franchisor a technology fee Two Hundred Dollars ($200.00) per month to cover website and software maintenance, and ongoing research and updating ("**Technology Fee**"). Franchisee shall pay the Technology Fee on a monthly basis on or before the fifteenth (15^{th}) day of each month for the preceding calendar month.

4.5 Payment Method

Franchisee must make payments by electronic funds transfer ("**EFT**"), and Franchisee shall execute and deliver such instruments as are necessary and appropriate to carry out such transfers. Franchisor shall have the right to vary the frequency of the due date of any payments (e.g., from monthly to weekly) and the method of payment from time to time.

4.6 Nonpayment

If Franchisor does not receive Franchisee's Royalty Fee, System Marketing Fee, Technology Fee, or any other payment hereunder by the dates they are due, Franchisee acknowledges that in addition to exercising all other rights and remedies that Franchisor has, Franchisor may terminate this Agreement. All nonpayment must be cured within five (5) days of their respective due dates.

4.7 Charge on Late Payments; Dishonored Payments

In addition to all other rights and remedies that accrue to Franchisor, late or overdue payments shall bear interest after the due date at the rate of two percent (2%) per month, not to exceed the highest applicable rate allowed by law. In the event any payment by Franchisee is made by check and is returned to Franchisor for insufficient funds, or is made by credit or debit card, by EFT or another form of payment, and such payment is dishonored, Franchisee will be assessed an administrative handling fee of One Hundred Dollars ($100.00). Franchisee acknowledges that this provision does not constitute an agreement by Franchisor to accept such payments after they are due or a commitment to extend credit to, or otherwise finance such amounts.

4.8 No Withholding of Payment

Franchisee agrees that Franchisee will not, on the grounds of the alleged nonperformance by Franchisor of any of its obligations hereunder or for any other reason whatsoever, withhold payment of any amounts due, nor shall Franchisee have any right of offset.

4.9 Application of Payments; Right of Offset

Notwithstanding any designation by Franchisee, Franchisor shall have the discretion to apply any current or past due payments by Franchisee to any indebtedness of Franchisee. In addition, Franchisor shall have the right to offset any amounts due to it or its affiliates against any amounts to be paid to Franchisee.

4.10 Taxes

In the event Franchisee is required by local law to withhold or deduct any tax on behalf of Franchisor from any amount payable to Franchisor under this Agreement, then if Franchisor does not receive a refund or credit for such amount, Franchisee shall increase the payment made to Franchisor by that amount and shall provide Franchisor with (a) documentation showing that Franchisor is being taxed at the lowest rate allowed under local law, and (b) written receipts from the appropriate taxing authority certifying that payments have been made on Franchisor's behalf at the rates previously communicated to Franchisor.

4.11 Nonrefundability

Unless otherwise noted, all fees required to be paid by Franchisee to Franchisor under this Agreement are non-refundable.

4.12 Lease Renewal Negotiation Fee

If Franchisee requests Franchisor to assist Franchisee in negotiating Franchisee's lease renewal term, and Franchisor agrees to do so, Franchisee shall pay Franchisor Franchisor's then-current fee to do so.

Section 5. ADVERTISING AND MARKETING

5.1 Grand Opening Marketing

Franchisee acknowledges and agrees that adequate opening marketing is essential to the success of the Business and agrees to conduct such marketing in connection with the opening of the Business in accordance with Franchisor's directions. Franchisor will consult with Franchisee on marketing and advertising for this period, and all such advertising must be consented to in advance by Franchisor. Franchisee agrees and acknowledges that grand opening marketing required by Franchisor will cost between One Thousand Dollars ($1,000.00) and Three Thousand Dollars ($3,000.00). Franchisor may collect all or a portion of the amount from Franchisee before Franchisee begins operating the Business to implement the initial marketing launch on Franchisee's behalf. If not, then the Franchisee must spend that amount within the first sixty (60) days after the opening of the Business.

5.2 Local Advertising Expenditures

Franchisee agrees to spend up to two percent (2%) of Gross Revenues on local advertising and promotions. As of the date of this Agreement, Franchisor requires Franchisee to spend one-half of one percent (.5%) of Gross Revenues on local advertising and promotions. Franchisor has the right to increase this percentage in its reasonable business judgment. Franchisee agrees and acknowledges that Franchisee may be required to submit to Franchisor receipts evidencing expenditures for local advertising during the preceding calendar month upon Franchisor's request. Franchisee shall not advertise outside of the Geographic Area unless Franchisee obtains Franchisor's prior written consent. Franchisee agrees and acknowledges that Franchisor has the right to establish a local or regional marketing cooperative, and agrees to participate in such a cooperative if required to do so by Franchisor. Franchisor may require Franchisee to contribute to such a cooperative and credit it to local advertising.

5.3 Marketing Fund

Franchisee agrees and acknowledges that the System Marketing Fee will be deposited in Franchisor's general operating account, may be commingled with Franchisor's general operating funds, and may be deemed an asset of Franchisor, provided that no expenditures will be made from the Marketing Fund principally to solicit new franchise sales. Franchisor will administratively segregate the Marketing Fund on its books and records. Franchisor will use the Marketing Fund for the purpose of promoting the System as a whole and increasing the goodwill of the Marks. Franchisor will conduct such advertising and marketing of the System and the Services as Franchisor deems desirable to promote and enhance the reputation of the System, including, without limitation, the use of the Marketing Fund on website design and optimization and other resources to increase web traffic to Franchisor's website and advertising via television, radio, print media and social media. The Marketing Fund may also be used to develop promotional and advertising materials for use by franchisees. Franchisee understands, acknowledges and agrees that all decisions regarding advertising and marketing, including, without limitation, the type, quantity, timing, placement and choice of media, market areas and advertising agencies shall be made by Franchisor and shall be final and binding. Franchisee agrees and acknowledges that all costs of the formulation, development and production of any advertising and promotion (including, without limitation, the proportionate compensation of Franchisor's employees who devote time and render services in connection with such advertising and promotional programs and the administration, accounting and collection of the System Marketing Fee, the employment of an outside consultant or advertising agency to assist with such advertising and promotional programs or of a website management firm to manage Franchisor's website and optimization will be paid from the Marketing Fund. Franchisor does not have any obligation to make expenditures that are proportionate or equivalent to Franchisee's System Marketing Fee in Franchisee's Geographic Area, nor does Franchisor represent that Franchisee will benefit directly or pro rata from the placement of advertising. The decision to commence, conduct, discontinue or re-establish the Marketing Fund shall be made in the sole discretion of Franchisor.

5.4 Consent to Advertising

(a) All advertising and other marketing materials Franchisee proposes to use shall be consistent with quality and general overall advertising and promotional campaigns used in the System. Franchisor may periodically prepare and disseminate advertising materials to Franchisee.

(b) If Franchisee wishes to develop advertising materials, Franchisee shall submit the proposed material to Franchisor at least ten (10) business days in advance of publication or use and shall use only such advertising and marketing materials to which Franchisor has consented in writing. Franchisee agrees and acknowledges that the Copyright, as defined below, for any advertising or other marketing materials that Franchisee develops for the Business shall belong to Franchisor without any further action by the parties required as set forth in Section 8.2 below. Franchisee shall also be responsible for meeting the quality control requirements for using the Marks in advertising materials as set forth in Section 8.4 below.

5.5 Discounts and Special Rates

From time to time as part of the advertising and promotional activities conducted by Franchisor, Franchisor may develop programs and enter into agreements with local, regional or national companies or organizations, such as hospitals, nursing homes and other referral sources with which Franchisor may negotiate special rates. If this occurs, Franchisee must participate by accommodating Residents referred by such companies or organizations at the special rate, which may affect Franchisee's Gross Revenues. If Franchisee is unwilling or unable to accommodate a Resident, Franchisor may do so or authorize another franchisee to do so.

Section 6. REPORTING AND RECORD KEEPING

6.1 Computer System

(a) Franchisee shall purchase computer hardware (a laptop or desktop computer) and computer software, and shall establish and maintain high-speed internet connections and an email account, all of which shall meet or exceed Franchisor's specifications as set forth in the Careagape Standards Manual.

(b) Franchisee must pay the monthly Technology Fee for technology services Franchisor provides which may include a helpdesk, Intranet or website support, Internet services, email, accounting sites, website and software maintenance, and ongoing research and updating.

(c) Throughout the term of this Agreement, Franchisee shall maintain all programs and information specified in the Careagape Standards Manual (and only such programs and information). Franchisee shall maintain, repair, upgrade, or update any computer equipment used in the Business to maintain compatibility with any software Franchisor requires Franchisee to use. Franchisee acknowledges and agrees that Franchisor shall have the right at any time to change or modify the computer system required and its components, including, without limitation, the required point-of-sale software. Franchisor has the right to develop proprietary computer software and to require Franchisee to use it. If Franchisor does so, Franchisee must sign a license agreement and pay an initial and annual fee to use such software and any updates.

(d) Franchisor shall have independent access to the information on Franchisee's computer system, including the right to download any information at any time. Franchisee acknowledges that neither Franchisor nor any affiliate of Franchisor has any obligation to provide ongoing maintenance, repairs, upgrades or updates to any of the computer hardware or software used in the Business.

(e) Franchisee shall purchase, install and maintain computer data security hardware and software, firewall protection and security breach insurance. If a data security breach occurs, Franchisee must immediately notify Franchisor and comply with all investigative and remediation efforts related to the breach consistent with Franchisor's standards and specifications. Franchisee authorizes vendors designated by Franchisor to conduct periodic data security and compliance audits and to perform remediation measures pursuant to Franchisor's standards and specifications.

6.2 Record Keeping

Franchisee must have bookkeeping and accounting practices that accurately reflect the Gross Revenues, receipts and reports, costs of labor, semi-variable, fixed costs, and advertising, and the financial results of the Business, and also such procedures as may be more particularly described in the Careagape Standards Manual. Franchisee shall maintain an accounting system to which Franchisor has consented and which fully and accurately reflects all aspects of the Business conducted under this Agreement and which is compatible and consistent with the System.

6.3 Reports

With each payment of the Royalty Fee, System Marketing Fee, and Technology Fee, Franchisee shall also deliver to Franchisor a Gross Revenues report on a form designated by Franchisor and using accounting software that Franchisor designates. Within thirty (30) days after the close of each calendar quarter and within one hundred twenty (120) days after the close of each fiscal year of Franchisee during the term of this Agreement, Franchisee shall provide to Franchisor a Gross Revenues report, profit and loss statement and, for the annual statement, a balance sheet, on such forms as Franchisor may require, prepared in accordance with U.S. generally accepted accounting principles. Within ten (10) days after filing with the Internal Revenue Service, Franchisee shall provide to Franchisor a copy of any and all tax returns. Franchisee shall also submit to Franchisor such other financial and non-financial reports and information as Franchisor may request. These statements and reports shall be certified as true and correct by Franchisee. Each such report shall be in the form and present the information required by Franchisor or described in the Careagape Standards Manual. If Franchisee does not track information and generate financial statements in a manner consistent with Franchisor's requirements for financial reporting and analysis, Franchisor may require Franchisee to use an accounting firm that Franchisor designates for accounting services.

6.4 Maintenance of Records and Reports

All such books, records and tax returns shall be kept and maintained for at least three (3) years after their creation at the Business or such other place as may be agreed to from time to time in writing by the parties.

6.5 Required Disclosure

Franchisee acknowledges that Franchisor may be required by law, regulation or other legal requirement, or may deem it advisable, to disclose information regarding Franchisee or the operation of the Business, including, without limitation, costs, revenues, earnings or other financial performance information. Franchisee agrees that Franchisor shall be entitled to disclose such information and that Franchisor shall have the right to determine the extent and manner in which such disclosure will be made. If Franchisor does not have the information necessary for the disclosure Franchisor determines it will make, Franchisee shall provide such information to Franchisor promptly upon Franchisor's request.

<u>Section 7. INSPECTION AND AUDIT RIGHTS</u>

7.1 Inspection

Franchisor and its representatives shall have the right, at any time, with or without notice, to monitor and observe the conduct of the Business for the purpose of determining compliance with the requirements of this Agreement, for conducting quality assurance audits, and for any other purpose connected with the System. Franchisor may advise Franchisee of operating problems it discovers as a result of such activities or other reports. Franchisee shall fully cooperate with the inspection, and Franchisor will use its best efforts not to interfere with the operation of the Business during such inspection. Franchisee agrees to present to its Residents any evaluation forms or surveys that Franchisor may periodically prescribe and to participate request the Residents to participate in any such form or evaluation.

7.2 Audit

Franchisor's representatives shall have the right at all times during normal business hours to inspect and audit Franchisee's books, records and tax returns, or such portions thereof as they pertain to the operation of the Business. Upon receipt of notice by Franchisor, Franchisee shall pay to Franchisor Royalty Fees, System Marketing Fees, and late fees with respect to the amount by which actual Gross Revenues ascertained by Franchisor's inspection exceed reported Gross Revenues. In the event that any report or statement understates Gross Revenues by more than two percent (2%) of the actual Gross Revenues ascertained by Franchisor's inspection, Franchisee shall, in addition to making the payment provided for in the preceding sentence, and in addition to any other remedies and rights Franchisor may have, pay and reimburse Franchisor for any and all expenses incurred in connection with its inspection and audit, including, but not limited to, reasonable accounting and legal fees and travel expenses, room and board and compensation for Franchisor's representatives.

Section 8. INTELLECTUAL PROPERTY

8.1 Definition

"**Intellectual Property**" shall mean any and all rights in, arising out of, or associated with any of the following in any jurisdiction throughout the world: (i) the Marks; (ii) issued foreign and domestic patents and patent applications (including reissuances, divisions, renewals, provisional applications, continuations, continuations in part, revisions, extensions and re-examinations, and other governmental authority-issued indicia of invention ownership), and all inventions (whether patentable or not), invention disclosures, and improvements thereof of any of the foregoing ("**Patents**"); (iii) copyrights, original works of authorship, and all databases and data collections, whether or not copyrightable or registered, and all registrations, applications for registration, and renewals of any of the foregoing, and all moral rights associated therewith ("**Copyrights**"); (iv) internet domain names, other internet addresses, accounts or user names (including "handles"), including social networking accounts, pages and online identities, all goodwill associated therewith whether or not Trademarks, and all content and data thereon or relating thereto, whether or not Copyrights ("**Domains**"); (v) know-how, trade secrets, source code, object code, inventions and invention disclosures (whether or not patentable), discoveries, improvements, concepts, ideas, methods, processes, designs, plans, schematics, drawings, formulae, customer and market lists, technical data, specifications, research and development information, data bases and other proprietary or confidential information, and all rights therein ("**Trade Secrets**"); (vi) computer programs, operating systems, applications, firmware and other code, including all source code, object code, application programming interfaces, data files, databases, protocols, specifications, and other documentation thereof ("**Software**"); (vii) all other intellectual or industrial property and proprietary rights; and (vix) other proprietary rights relating to any of the foregoing (including but not limited to remedies against infringement under the laws of all jurisdictions and the right to sue for and collect damages arising out of the past, present, and/or future infringement, misappropriation, dilution or violation of any of the foregoing.

8.2 Ownership

(a) All Intellectual Property that Franchisor provides to Franchisee for the operation of the Business is either owned by Franchisor or is provided to Franchisee through a license for such use, including but not limited to the Marks, the Careagape Standards Manual, training and marketing materials, and certain proprietary Software. Franchisee shall acquire no ownership rights in the Intellectual Property of the Business.

(b) Franchisee's right to use the Marks is derived solely from, and is subject to, the terms and conditions of this Agreement. Such right is limited to the operation of the Business and offering of the Services in accordance with this Agreement and all mandatory standards, specifications and operating procedures prescribed from time to time by Franchisor. Franchisee acknowledges that Franchisor has the right to use and license the use of the Marks and that they are valid trademarks. Franchisee agrees not to contest or oppose, nor to assist anyone else to contest or oppose, directly or indirectly, Franchisor's, Careagape, Inc.'s, or their affiliates' ownership or use of, application for, registration of, or the validity or enforceability of, any of the Marks. Franchisee also agrees not to acquire or use any trademarks that are similar or identical to the Marks, or is a translation or transliteration of the Marks. Franchisee agrees that its usage of the Marks and any goodwill established thereby shall inure to the exclusive benefit of Franchisor.

(c) To the extent that Franchisee creates or develops any Intellectual Property for use in connection with the operation of the Business, such Intellectual Property shall belong to Franchisor, and Franchisee hereby grants all right, title, and interest, including moral rights, to such Intellectual Property to Franchisor without further consideration. Franchisee represents and warrants that such Intellectual Property shall not infringe upon or violate the rights, including Intellectual Property rights of any third party. Franchisee acknowledges that Franchisor may incorporate such Intellectual Property in the System without any further action required by the parties.

8.3 Limitation on Franchisee's Use of Marks

(a) If local laws require that Franchisee file a registration stating that Franchisee is conducting the Business under an assumed name or trade name, Franchisee shall state in such document that it is conducting the Business as a franchisee of Franchisor. Franchisee shall not use any of the Marks, translations or transliterations of the Marks, similar words, or colorable imitations thereof, as part of any name of any corporation, partnership, limited liability company or other business entity, or with any other prefix, suffix or other modifying words, terms, designs or symbols, or in any modified form or as part of any domain name, web address or similar electronic use.

(b) Franchisee shall not use any of the Marks in connection with the sale of any unauthorized products or service or in any other manner not explicitly authorized in writing by Franchisor.

(c) Franchisee shall not, during the term of this Agreement or thereafter, do, omit to do, permit to be done, or otherwise authorize any act that may or will dilute, tarnish, bring into dispute, or otherwise harm the Franchisor, the Marks, or the goodwill associated therewith.

(d) Franchisee will not use or display, or permit the use or display, of the trademarks of any other person or entity in connection with the Business without the prior written consent of Franchisor, or as expressly permitted in the Careagape Standards Manual.

8.4 Quality Control of Marks

Franchisee acknowledges and is familiar with the high standards, quality, style, and image of Franchisor and Franchisee shall, at all times, conduct the Business and use the Marks in a manner consistent with these standards, quality, style, and image. In order to protect Franchisor's goodwill and reputation and in order to prevent any deception to the public, Franchisee covenants and agrees as follows:

(a) Franchisee shall only use the Marks as expressly authorized by this Agreement;

(b) Franchisee shall ensure that all promotional, marketing and advertising materials, and all materials bearing the Marks, shall be marked with appropriate trademark notices in accordance with Franchisor instructions and as required per applicable law, and shall identify that use of the Marks is via a license from Franchisor in a manner acceptable to Franchisor;

(c) All materials (including print and electronic materials) bearing or displaying the Marks shall be consistent with the high-quality image heretofore associated with the Marks;

(d) All advertising, marketing, and promotional materials, and other materials bearing the Marks, as well as Franchisee's advertising, marketing, promoting, and offering the Services of the Business, shall comply with all applicable national and local laws, rules, regulations, ordinances, orders and writs; and

(e) Franchisee agrees to provide Franchisor with samples of all printed and/or electronic materials, including marketing and promotional materials showing the proposed use of the Marks prior to commencing use of the Marks. Franchisee will not use such materials in any manner unless Franchisor provides its prior written consent.

8.5 Defense of Marks

(a) In the event that Franchisee receives notice or learns of a claim, suit, demand or proceeding against Franchisee on account of any alleged infringement, unfair competition, or similar matter relating to Franchisee's use of the Marks, Franchisee shall promptly notify Franchisor of such claim, suit, demand or proceeding. Franchisee shall have no power, right, or authority to settle or compromise any such claim by a third party without the prior written consent of Franchisor. Provided that Franchisee is in full compliance with this Agreement and the use of Intellectual Property, Franchisor shall defend and indemnify Franchisee against any claim by a third party against Franchisee for Franchisee's use of the Marks provided to Franchisee by Franchisor using attorneys of Franchisor's choosing. Franchisor may elect to compromise or settle any such claim, at its sole discretion. Franchisee agrees to cooperate fully with Franchisor in connection with any such defense, at Franchisor's expense. Franchisee irrevocably grants Franchisor authority and power of attorney to defend or settle such claims, demands, suits or proceedings.

(b) In the event that Franchisee receives notice, is informed, learns, or believes that any third party is using any of Franchisor's Intellectual Property without authorization, Franchisee shall promptly notify Franchisor. Thereupon, Franchisor shall, in its sole discretion, determine whether or not it wishes to undertake any action against such third party on account of said person's alleged infringement or violation. In the event Franchisor undertakes such action, it shall have the authority and power of attorney to defend or settle such action. Franchisee agrees to render such assistance, as Franchisor shall require to carry out the prosecution of any such action at Franchisor's expense. Franchisee shall have no right to prosecute any claim of any kind or nature whatsoever against such alleged infringer for or on account of said alleged infringement.

8.6 Discontinuation of Use of the Marks

(a) If it becomes advisable at any time in Franchisor's sole discretion for Franchisee to modify or discontinue use of any Mark or use one or more additional or substitute marks or items, Franchisee agrees to comply with Franchisor's directions to modify or otherwise discontinue the use of such Mark and to accept, use and display such additional marks within a reasonable time after notice thereof by Franchisor but in no event more than thirty (30) days after receiving notice from Franchisor. Franchisor shall not be obligated to compensate Franchisee for any costs incurred by Franchisee in connection with any such addition, modification or discontinuance.

(b) If this Agreement is terminated for any reason, Franchisee shall immediately cease using the Intellectual Property and all rights Franchisee has to use the Intellectual Property shall automatically terminate. Franchisee agrees to execute any documents of assignment as may be necessary to transfer any rights Franchisee may possess in any of the Intellectual Property.

8.7 Social Media Policy

(a) Franchisee shall not (i) register Domains utilizing the Marks or any name similar to the Marks or a translation or transliteration of the Marks; and (ii) establish an account or participate in any social networking websites (including, without limitation, Facebook, Twitter, SnapChat, Instagram, LinkedIn and any other social or professional networking blog) relating in any way to the Business without Franchisor's prior written consent.

(b) If Franchisor consents, Franchisee (i) agrees to observe Franchisor's policy on online communications including, without limitation, communications on the above-referenced social and professional networking websites and other websites or blogs; (ii) acknowledges that it may not mention or discuss the Business, Franchisor, the System, or Proprietary Information without Franchisor's prior written consent; (iii) agrees and acknowledges that Franchisor has the right to review in advance all online content and images involving the Marks, the System, or the Business, and to require Franchisee to remove any content or images, or terminate usage, in Franchisor's sole discretion; and (iv) acknowledges that Franchisor may require Franchisee to cease using the Marks at all such Domains in order to protect the reputation and high quality associated with the Marks.

Section 9. CONFIDENTIAL INFORMATION

9.1 Definition

Franchisee acknowledges that there is information disclosed by Franchisor pursuant to this Agreement and ancillary agreements, during the Initial Training Program, in the Careagape Standards Manual, and otherwise (including, without limitation, the entire content of the Careagape Standards Manual, the Proprietary Information, sources and suppliers of equipment and, in general, methods, discoveries, computer programs, techniques, formulas, formats, specifications, standards, procedures, know-how, information systems and knowledge of the System), that is proprietary, confidential, or a Trade Secret of Franchisor whether or not designated by Franchisor as confidential ("**Confidential Information**"). Confidential Information does not include information or data that (i) Franchisee knows at the time of disclosure, free of any obligation to keep it confidential, as evidenced by written records; (ii) is or becomes generally publicly known through authorized disclosure; (iii) Franchisee independently developed without the use of any of Franchisor's Confidential Information as evidenced by written records; or (iv) Franchisee rightfully obtains from a third party who has the right to transfer or disclose it.

9.2 Ownership

Franchisee acknowledges and agrees that:

(a) Franchisor is the sole owner of all the Confidential Information;

(b) the Confidential Information is being imparted to Franchisee in trust and confidence;

(c) the Confidential Information is not generally known to the trade or public and is not known to Franchisee except by reason of such disclosure;

(d) the Confidential Information is economically valuable and that such value is derived from not being generally known to others

(e) Franchisee shall maintain the absolute confidentiality of all Confidential Information during and after the term of this Agreement;

(f) Franchisee does not acquire any interest in the Confidential Information other than the right to utilize it in connection with the performance of Franchisee's obligations hereunder and the operations of the Business;

(g) the use, duplication, or disclosure of the Confidential Information except as expressly permitted by this Agreement will constitute an unfair method of competition and that Franchisor will suffer irreparable injury thereby.

9.3 Work Product

Franchisee acknowledges and agrees that all documents, papers, notes, and other material and work product containing or derived from the Confidential Information or connected with Franchisee's conduct of the Business shall be Confidential Information. Franchisee further acknowledges and agrees that Franchisee will have no proprietary interest in any work product, or the Intellectual Property contained therein, developed or used by Franchisee and related to this Agreement and that all such work product is the sole property of Franchisor. Upon Franchisor's request, Franchisee shall do all things that may be necessary to establish or document Franchisor's ownership of any such work product.

9.4 Maintenance of Confidentiality

Franchisee acknowledges and agrees that the Confidential Information is disclosed to Franchisee solely on the condition that Franchisee agrees, and Franchisee hereby agrees, that Franchisee:

(a) will use the Confidential Information in strict accordance with the instructions and directions given by Franchisor from time to time;

(b) will not use the Confidential Information, directly or indirectly, in any other business or capacity;

(c) will not, at any time, in any manner or form, directly or indirectly, disclose, duplicate, license, sell, reveal, divulge, publish or communicate the Confidential Information, or any portion thereof, to any person or entity other than Franchisee's authorized employees or consultants who need to have such information in connection with their jobs and who first sign Franchisee's form of confidentiality agreement (in a form acceptable to Franchisor);

(d) will not copy any materials containing the Confidential Information, including, without limitation, the Careagape Standards Manual, without Franchisor's prior written consent;

(e) will observe and implement all procedures imposed from time to time by Franchisor to prevent the unauthorized use and disclosure of the Confidential Information;

(f) will keep the Careagape Standards Manual and other written materials containing any portion of the Confidential Information in a secure manner and place; and

(g) if Franchisee is legally compelled by a court or government agency to disclose any of the Confidential Information, will do so only if Franchisee has used its best efforts to afford Franchisor the opportunity of obtaining appropriate protective orders or other assurances of confidentiality satisfactory to Franchisor.

Section 10. COMPETITION

10.1 Franchisee's Covenant Not to Compete

(a) Franchisee acknowledges that Franchisor could not protect the Confidential Information against unauthorized use or disclosure and could not achieve a free exchange of ideas and information among owners of Businesses if Franchisee held interests in any competitive business. Franchisee acknowledges that Franchisor grants the rights to operate the Business to Franchisee in part in consideration of, and in reliance upon, Franchisee's agreement to deal exclusively with Franchisor. Therefore, Franchisee shall not at any time during the term of this Agreement, individually or in conjunction with any person or entity, have any interest as an owner, investor, shareholder, partner, member, lender, director, officer, manager, employee, consultant, guarantor, representative, or agent or in any other manner whatsoever, directly or indirectly, carry on or be engaged in, financially or otherwise, or advise in the establishment or operation of any business which offers any of the Services or personal care, complex personal care, nursing care, or assisted living or memory care centers or individually operated private residences to individuals who are aged, disabled, recovering, rehabilitating, convalescing, or in need of personal or assisted care services (excluding businesses operating under other franchise agreements with Franchisor), or any similar business.

(b) In addition, for two (2) years after the termination or expiration of this Agreement, Franchisee shall not carry on, be engaged in or advise in the establishment or operation of any business which offers any of the Services or personal care, complex personal care, nursing care, or assisted living or memory care centers or individually operated private residences to individuals who are aged, disabled, recovering, rehabilitating, convalescing, or in need of personal or assisted care services, except (i) pursuant to franchise agreements with Franchisor, or (ii) if Franchisee is not then a party to any other Franchise Agreement with Franchisor, only at a site that is at least twenty-five (25) miles from the county in which the Business is located. Franchisee agrees and acknowledges that this restriction represents only a limited one on Franchisee's ability to conduct a business and that the purpose of this covenant is not to deprive Franchisee of a means of livelihood, and will not do so, but is rather to protect the goodwill and interest of the Marks, and the System.

10.2 Activities of Other Persons

The activities of Franchisee's immediate family, Franchisee's owners, officers, directors, shareholders, members, trusts, trustees, subsidiaries, parent companies, partners, agents and employees or any enterprise in which any of them owns, directly or indirectly, any equity interest (except for investments totaling less than one percent (1%) of the stock of publicly held corporations), for purposes of this Section, shall be deemed to be activities of Franchisee. Upon Franchisor's request, Franchisee shall obtain the signature of any such persons on Franchisee's form of non-disclosure and non-competition agreement (in a form acceptable to Franchisor). Franchisee shall use its best efforts to cause such other persons to observe the terms of those agreements.

Section 11. TERMINATION

The following provisions are in addition to and not in limitation of any other rights and remedies Franchisor may have at law or in equity, all of which are expressly reserved. The exercise by Franchisor of any right or remedy shall not be deemed an election of remedies.

11.1 With Notice and No Opportunity to Cure

This Agreement shall immediately terminate on delivery of notice of termination to Franchisee by Franchisor upon the occurrence of any of the following events, each of which is deemed an incurable breach of this Agreement and each of which is deemed to be "good cause." If Franchisee:

(a) becomes insolvent or admits in writing Franchisee's inability to pay its debts as they mature, or makes an assignment for the benefit of creditors, files a petition under any foreign, state or United States bankruptcy act, receivership statute, or the like or if such a petition is filed by a third party, or if an application for a receiver is made by anyone and such petition or application is not resolved favorably to Franchisee within ninety (90) days. For purposes of this section, "insolvent" means Franchisee's liabilities exceed its assets;

(b) abandons the Business by failing to operate it for five (5) consecutive business days, or for any shorter period in such circumstances that render reasonable the conclusion that Franchisee does not intend to continue operating the Business, unless such failure is due to disaster or similar reasons beyond Franchisee's control;

(c) has made any material misrepresentation or omission in the application for the Business or in any report that Franchisee submits to Franchisor;

(d) fails to open the Business according to Section 1.3(k) of this Agreement;

(e) attempts to make or makes an unauthorized assignment, encumbrance or other transfer of Franchisee's rights or obligations under this Agreement;

(f) is a party to any other agreement with Franchisor or its affiliates that is terminated for Franchisee's breach thereof;

(g) makes any unauthorized use of the Marks, Proprietary Information, or Confidential Information or makes any duplication or disclosure of any Confidential Information including, but not limited to, any portion of the Careagape Standards Manual;

(h) fails to complete the Initial Training Program to Franchisor's satisfaction no later than sixty (60) days before the estimated date of completion of construction of the Business;

(i) intentionally under-reports its Gross Revenues to Franchisor;

(j) offers unauthorized goods or services;

(k) incurs insufficient funds fees on three (3) or more separate occasions within any twelve (12) month period;

(l) has its right to operate under any license or permit suspended, terminated or interrupted;

(m) is convicted by a trial court of or pleads no contest to a felony or other crime or offense or engages in conduct that reflects materially and unfavorably upon the operation and reputation of Franchisor, the System, or the Business, or if any principal of Franchisee is convicted of or pleads no contest to a felony or other crime or offense or engages in such conduct;

(n) fails, for a period of three (3) days after notification of noncompliance, to comply with any federal, state or local law or regulations applicable to the operation of the Business including, without limitation, the Americans with Disabilities Act; provided, however, that if compliance requires more than three (3) days, Franchisee may have such additional time (not to exceed ten (10) days in the aggregate) to comply (a) if Franchisee immediately takes steps to begin compliance upon receipt of Franchisor's notice; and (b) if Franchisor does not determine that noncompliance would result in imminent danger to public health and safety;

(o) fails on three (3) or more separate occasions during the term of this Agreement to comply with this Agreement, whether or not such failures to comply are corrected after notice is delivered to Franchisee and whether or not such failures to comply relate to the same or different requirements of this Agreement;

(p) shall at any time have the Business or its assets or premises seized, taken over or foreclosed by a government official in the exercise of such official's duties, or by a creditor, lien holder or lessor of Franchisee, or a writ or levy of execution shall issue against the franchise granted hereunder or the goods and chattels of Franchisee;

(q) is evicted by the lessor for any reason, if Franchisee leases the site;

(r) has a judgment against it issued in the amount of more than Five Thousand Dollars ($5,000.00) that remains unsatisfied (unless an appeal is filed or a supersedeas bond is secured) for a period of more than thirty (30) days;

(s) has an undischarged levy of execution on the Business;

(t) is subject to a determination by Franchisor, in its reasonable business judgment, that continued operation of the Business by Franchisee will result in danger to public health or safety; or

(u) is designated, or any person described in Section 10.2 is designated, by the United States government as a Specially Designated National or Blocked Person, as defined below.

11.2 With Notice and Opportunity to Cure

This Agreement shall terminate upon Franchisee's failure to cure any of the following, each of which is deemed to be "good cause":

(a) noncompliance with any requirement in this Agreement not listed in Section 11.1 above within thirty (30) days after notice thereof is delivered to Franchisee; or

(b) failure to make payments to Franchisor for any amounts due within five (5) days after notice thereof is delivered to Franchisee.

11.3 No Waiver

The description of any default in any notice served upon Franchisee shall in no way preclude Franchisor from specifying additional or supplemental defaults in any action, arbitration, hearing or suit relating to this Agreement or the termination hereof.

11.4 Enforcement

Franchisee acknowledges that Franchisor's decision to enforce or not to enforce compliance with its rules and regulations by other franchisees shall not affect Franchisor's right to enforce such rules and regulations against Franchisee, even under similar circumstances.

Section 12. RIGHTS AND OBLIGATIONS UPON TERMINATION OR EXPIRATION

12.1 Payment of Amounts Owed To Franchisor

Franchisee agrees to pay Franchisor and its affiliates immediately after the effective date of termination or expiration of this Agreement, all amounts due to Franchisor and its affiliates and all other amounts owed to Franchisor and its affiliates which are then unpaid.

12.2 Marks

After the termination or expiration of this Agreement, Franchisee will:

(a) not directly or indirectly at any time or in any manner identify Franchisee or any business with which Franchisee is affiliated as a current or former franchisee or Franchisee of Franchisor, or as otherwise associated with Franchisor, or use any Mark or any imitation thereof or other indicia of the Business in any manner or for any purpose, or utilize for any purpose trademark that suggests or indicates a connection or association, or former connection or association, with Franchisor;

(b) take such steps as are necessary to change the uniforms, signage, fixtures, equipment, and other elements of décor and trade dress so that the premises no longer resemble the Business;

(c) at Franchisor's option, return or destroy (and if destroyed, Franchisee must set forth with particularity in a writing signed by Franchisee or a principal thereof the items destroyed) all products bearing any Marks;

(d) stop using the Marks, the Proprietary Information, the System, Trade Dress and the Intellectual Property of Franchisor, and return to Franchisor all copies of the Careagape Standards Manual, all records and copies of technical, marketing, and promotional material in Franchisee's possession relating to the Services, System, or the Business, and all other Confidential Information, including, without limitation, client lists, data and information;

(e) assist in the smooth transition of the Business to any successor franchisee or to Franchisor;

(f) refrain from soliciting customers of the Business, Franchisor or other of Franchisor's franchisees;

(g) refrain from making any disparaging comments regarding Franchisor or the System;

(h) stop all use of all telephone numbers, facsimile numbers, e-mail addresses, Domains, social media pages and the like that are associated with the Business and cooperate with Franchisor in causing all applicable telephone companies and other service providers to assign such numbers and addresses and names to Franchisor or its nominee including, without limitation, signing transfer forms upon the execution of this Agreement or upon demand by Franchisor for use by Franchisor upon expiration or termination of this Agreement;

(i) take such action as may be required to cancel all fictitious or assumed name or equivalent registrations relating to Franchisee's use of any of the Marks; and

(j) refrain from engaging in a competing business as provided in Section 10 above.

12.3 Continuing Obligations

All obligations of the parties that expressly or by nature survive the expiration or termination of this Agreement, including, without limitation Sections 8, 9, 10, 12, 14, 15.6, 15.10, and 15.16 shall continue in full force and effect subsequent to and notwithstanding its expiration or termination until they are satisfied in full or by nature expire.

12.4 Option to Purchase

Upon termination or expiration of this Agreement, Franchisor or its nominee shall have the option, exercisable for sixty (60) days following the effective date of termination or expiration, to purchase the assets of the Business. The purchase price for the assets will be the fair market value as determined by the parties. If the parties are unable to agree upon the fair market value of the assets, they shall jointly select an independent appraiser to do so. Franchisee and Franchisor shall each pay one-half (½) of the cost of the appraisal. The fair market value of the assets shall be determined without giving effect to goodwill. Franchisor may deduct any amounts Franchisee owes to Franchisor, any liabilities relating to the assets, and, if Franchisor has not complied with the requirements of this Agreement to upgrade and renovate the Business location, the amount necessary to upgrade and renovate the Business location to reflect Franchisor's then-current image. The purchase price will be paid fifty percent (50%) at the time of closing and the balance in three (3) equal annual installments of principal plus interest at a rate per annum equal to the prime lending rate charged by Franchisor's bank determined as of the closing date.

Section 13. ASSIGNMENT, TRANSFER, AND ENCUMBRANCE

13.1 By Franchisor

This Agreement is fully transferable and assignable by Franchisor, in whole or in part, and shall inure to the benefit of any assignee, transferee or other legal successor to its interest herein.

13.2 By Franchisee

(a) The rights granted to Franchisee in this Agreement are personal and Franchisee acknowledges that Franchisor is entering into this Agreement in reliance upon and in consideration of the individual character, skill, attitude, business ability and financial capacity of Franchisee or, if Franchisee is a corporation, partnership, limited liability company or other entity, of its principal owners. Accordingly, Franchisee shall not transfer, as defined below, this Agreement or any interest therein without Franchisor's prior written consent and without offering Franchisor a right of first refusal as provided below. Any attempt at a transfer that violates the provisions of this Section shall convey no right or interest in this Agreement. A transfer by an individual franchisee to an entity that is wholly owned by Franchisee and the sole business of which is the operation of the business contemplated by this Agreement shall not be subject to Franchisor's right of first refusal nor shall Franchisee be required to pay the transfer fee set forth in subsection (c)(vii) below; provided that Franchisee notifies Franchisor in advance of the transfer and provides Franchisor with all documents Franchisor deems necessary or advisable, including, without limitation, a personal service agreement, an assumption agreement and personal guaranty by Franchisee as an individual. Franchisee shall reimburse Franchisor for its expenses in documenting such a transfer.

(b) For purposes hereof, "transfer" means any voluntary, involuntary, direct or indirect assignment, sale, division, encumbrance, hypothecation, mortgage, pledge or other transfer by Franchisee, in whole or in part, of any interest in this Agreement, any interest in the Business or more than twenty-five percent (25%) of the ownership of Franchisee (either by one or by a series of transfers), if Franchisee is a corporation, partnership, limited liability company or other entity. "**Transfer**" also includes a transfer to the surviving spouse, heirs, estate or other representative of Franchisee in the event of Franchisee's or its owner's death ("**Survivor**").

(c) Franchisor may require fulfillment of any or all of the following conditions precedent to the granting of consent to any transfer:

(i) there shall be no existing default in the performance of Franchisee's obligations under this Agreement or under any other agreement with Franchisor or any of its affiliates;

(ii) the Business shall be in complete compliance with Franchisor's then-current standards;

(iii) the lessor of the premises of the Business has consented to Franchisee's sublease or transfer of the lease or sublease for the premises to the proposed transferee;

(iv) the proposed transferee shall be qualified according to Franchisor's then-current standards for new franchisees;

(v) the proposed transferee shall have executed Franchisor's then-current form of franchise agreement for a term of years equal to the remaining term of this Agreement, the proposed transferee shall have executed all ancillary agreements then required by Franchisor and all holders of an equity interest in the proposed transferee (if an entity) shall have executed Franchisor's then-current form of guaranty, and any other documents Franchisor deems necessary;

(vi) the proposed transferee shall have successfully completed Franchisor's Initial Training Program;

(vii) Franchisee shall have paid to Franchisor a transfer fee. The transfer fee will be (a) fifty percent (50%) of the then-current Initial Franchise Fee if the transferee is an existing franchisee or seventy-five percent (75%) of the then-current Initial Franchise Fee if the transferee is not an existing franchisee, or (b) One Thousand Five Hundred Dollars ($1,500.00) if the transfer is between Franchisee's current owners or to a new minority shareholder. Franchisee must pay to Franchisor the transfer fee upon submission of an application to transfer. If Franchisor does not consent to the transfer, Franchisor will return the transfer fee to Franchisee after deducting any expenses Franchisor may have incurred in evaluating the proposed transfer. If the proposed transfer is by an individual to a business entity, Franchisee shall not be required to pay the transfer fee, but shall reimburse Franchisor for expenses Franchisor incurs in evaluating the proposed transfer;

(viii) Franchisee (and its principals and affiliates if Franchisee is a corporation or other entity) shall have executed a general release in a form acceptable to Franchisor of any and all claims against Franchisor and its affiliates, associates, officers, directors, managers, shareholders, members, employees, agents and representatives;

(ix) any obligations of the transferee to Franchisee shall be subrogated to the transferee's obligations to Franchisor;

(x) at Franchisor's option, Franchisee must transfer this Agreement together with all other agreements it and its affiliates have entered into with Franchisor or its affiliates and all rights thereunder to the transferee; and

(xi) neither the transferee or any of its owners are: (i) a person designated by the U.S. Department of Treasury's Office of Foreign Assets Control from time to time as a "specially designated national or blocked person" or similar status, (ii) a person described in Section 1 of U.S. Executive Order 13224, issued on September 23, 2001, or (iii) a person otherwise identified by government or legal authority as a person with whom Franchisor is prohibited from transacting business ("**Specially Designated National or Blocked Person**") or a person in which a Specially Designated National or Blocked Person has an interest.

(d) Franchisor's consent to any transfer shall not constitute a waiver of any claim that Franchisor may have against Franchisee or its owner(s), or of Franchisor's right to demand strict compliance with this Agreement.

(e) No interest in this Agreement or the franchise shall be the subject of a lien, security interest or pledge either in favor of Franchisee as part of a transfer, or otherwise.

13.3 Right of First Refusal

Franchisee shall provide Franchisor with complete information on the proposed transferee and terms of the transfer. Within sixty (60) days of receipt of complete information and documents by Franchisor, Franchisor will inform Franchisee: (1) whether it will exercise its right of first refusal on behalf of itself or its nominee; and (2) if not, whether it will consent to the transfer. In the event that Franchisor notifies Franchisee that it will exercise its right of first refusal, except as provided below, Franchisor or its nominee will accept the transfer upon the same terms and conditions as set forth in the instruments and documents that embodied the proposed transfer. Franchisor shall not be required, by exercise of its right of first refusal, to perform obligations of the proposed transferee that are merely incidental to the transfer (e.g., employment agreements in favor of individuals, and broker's or finder's fees to be paid by the proposed transferee to or on behalf of Franchisee or any principal of Franchisee). Moreover, Franchisor shall have not less than sixty (60) days from the delivery of Franchisor's notice of exercise to consummate the transfer. If Franchisor elects not to exercise its right of first refusal and consents to the proposed transfer, Franchisee may consummate the proposed transfer, but only upon the terms and conditions set forth in the notice submitted to Franchisor. Franchisee must close the proposed transfer within ninety (90) days after receipt of Franchisor's notice that it will not exercise its right of first refusal and that it will consent to the transfer.

13.4 Death of Permanent Disability

If Franchisee, or the principal of a Franchisee that is not an individual, dies or is permanently disabled in a manner that prohibits operation of the Business, in Franchisor's judgment, the Survivor or, in the case of permanent disability, the representative of Franchisee shall, within sixty (60) days of such death or determination of permanent disability, either meet all of Franchisor's then-current standards for new franchisees or shall transfer this Agreement in accordance with the requirements of this Section. Franchisee must pay all of the Franchisor's expenses incurred in connection with Franchisor's evaluation and training for Franchisor's Survivor or representative.

Section 14. INDEMNIFICATION OF FRANCHISOR

Franchisee shall, during the term of this Agreement and after the termination or expiration of this Agreement, protect, defend, indemnify and hold Franchisor, and its affiliates, associates, officers, directors, managers, shareholders, members, employees, agents, representatives and assignees harmless against any and all liability for all claims of every kind or nature arising in any way out of or relating to Franchisee's actions or failure to act, whether personal or in connection with the operation of the Business, any other actions or failure to act by Franchisee, its agents or representatives or any breach of this Agreement, including, without limitation, the obligation to comply with applicable law. For purposes of this indemnification, "**claims**" means and includes all obligations, actual and consequential damages, losses, claims, demands, liens, reckonings, accounts and costs incurred in the defense of any claim (such as, by way of illustration, but not limitation, accountants', attorneys' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses). Franchisor shall have the right to defend any such claim against it with counsel of its own choosing and Franchisee agrees to cooperate fully with Franchisor in connection with the defense of any claim. Franchisee shall have no right to settle or refuse to settle any claim; Franchisee shall retain all right to do so. In addition, Franchisee agrees to cooperate fully with Franchisor in any other claims brought by or against Franchisor.

Section 15. MISCELLANEOUS

15.1 Force Majeure

In the event of a natural disaster such as an earthquake, flood, hurricane or fire or a strike, lockout or labor controversy or the happening of any extraordinary event beyond the control of one of the parties which results in the inability of that party to operate or to provide the Services contemplated by this Agreement, there shall be no obligation on the part of that party to operate or to provide such Services during the period when such party is unable to do so; provided, however, that this provision shall not affect a party's obligation to make payments required by this Agreement; and provided, further, that in no event shall such postponement last longer than six (6) months.

15.2 Grammar

The masculine of any pronoun will include the feminine and the neuter thereof, and the singular of any noun or pronoun shall include the plural, or vice versa, wherever the context requires.

15.3 Interpretation

References in the Agreement to actions, rights, decisions or options to be exercised in Franchisor's discretion shall mean the sole, absolute and unfettered discretion of Franchisor. When calculating the date upon which or the time within which any act is to be done, the date that is the reference date in calculating such period shall be excluded. If the last day of such period is not a business day, the period in question shall end on the next business day. The terms of this Agreement shall not be interpreted or construed in favor of or against any party on the ground that one party was the purported draftsman hereof.

15.4 Section Headings

Section headings are for convenience of reference only and should not be construed as part of this Agreement nor should they limit or define the meaning of any provision herein.

15.5 Nonwaiver

No failure by either party to take action on account of any default of the other party, whether in a single instance or repeatedly, and no course of dealing of the parties in variance with the terms hereof, constitutes a waiver of any such default or of the performance required of either party by this Agreement. No express waiver by either party of any provision or performance hereunder or of any default by the other party constitutes a waiver of any other or future provision, performance or default. No waiver or extension of time shall be effective unless expressly contained in a writing signed by the waiving party. The parties may in their sole respective discretion elect from time to time to waive obligations of one another under this Agreement upon such terms and conditions as they may, in their sole respective discretion, set forth in such written waiver.

15.6 No Exemplary Damages

Neither party to this Agreement shall assert against the other party any claim for special, exemplary or punitive damages arising out of the Franchisor-Franchisee relationship, the formation or performance of this Agreement, any breach of this Agreement, or the operation of the Business.

15.7 Invalidity and Severability

If any provision or portion of a provision of this Agreement is determined to be invalid or unenforceable, either in its entirety or by virtue of its scope or application to given circumstances, such provision or portion thereof shall be deemed modified to the extent necessary to render the same valid, or as not applicable to the given circumstances, or shall be excised from this Agreement, as the situation may require, and this Agreement shall be construed and enforced as if such provision or portion thereof had been included herein as so modified in scope or application, or had not been included herein, as the case may be. The stated intention of the parties is that had they known of such invalidity or unenforceability at the time of entering into this Agreement, they would have nevertheless contracted upon the terms contained herein, either excluding such provisions, or portions thereof, or including such provisions or portions thereof only to the maximum scope and application permitted by law, as the case may be. In the event such total or partial invalidity or unenforceability of any provision or portion thereof of this Agreement exists only with respect to the laws of a particular jurisdiction, this Section will operate upon such provision or portion thereof only to the extent that the laws of such jurisdiction are applicable.

15.8 Notices

Any notice or demand given or made pursuant to the terms of this Agreement will be made in writing and delivered by personal service, e-mail, overnight delivery, or certified mail (postage prepaid) to such address as may be designated from time to time by the relevant party, and which will initially be as set forth as follows:

If given to Franchisor:

Careagape Franchise Corporation
4931 Carthage Street
Placentia, California 92870
(714) 646-6750
franchise@careagape.com

If given to Franchisee:

____
____
____
Telephone:______________________
Email:__________________________

Any notice sent by certified mail will be deemed to have been given three (3) business days after the date on which it is mailed. Notices will be deemed given when sent if sent by e-mail or personal delivery, and one (1) business day after being sent by overnight mail. No objection may be made to the manner of delivery of any notice actually received in writing by an authorized agent of a party.

15.9 Entire Agreement; Modification

This Agreement, any documents executed contemporaneously herewith that expressly reference this Agreement and any documents referred to herein constitute and contain the entire agreement and understanding of the parties with respect to the subject matter hereof. There are no representations, undertakings, agreements, terms, or conditions not contained or referred to herein; provided, however, that nothing in this Agreement be intended to disclaim the representations made in the Franchise Disclosure Document furnished to Franchisee. This Agreement supersedes and extinguishes any prior written agreement between the parties or any of them relating to the subject matter hereof. This Agreement may not be modified or amended except by a written amendment executed by both parties except that Franchisor may amend and supplement the Careagape Standards Manual.

15.10 Controlling Law; Dispute Resolution; Attorneys' Fees and Equitable Relief

(a) This Agreement, including all matters relating to the validity, construction, performance, and enforcement thereof, shall be governed by the laws of California without giving effect to its provision regarding choice of laws; provided, however, that Section 10 shall be governed by the laws of the state in which the Business is located. Nothing in this Section is intended, or shall be deemed, to make the California Franchise Investment Law or the California Franchise Relations Act or any other law applicable to this Agreement, or the transactions or relationships contemplated hereby if such law would not otherwise be applicable.

(b) Upon the occurrence of any dispute or disagreement between the parties hereto arising out of or in connection with any term or provision of this Agreement, the subject matter hereof, or the interpretation or enforcement hereof (in each case, a "**Dispute**"), the Dispute shall first be submitted to mediation on an expedited basis in or nearest to the city in which Franchisor's headquarters is then located, administered by JAMS, or its successor, in accordance with JAMS rules and procedures then in effect. Either party may commence mediation by providing to JAMS and the other party a written request for mediation, setting forth the subject of the Dispute and the relief requested, with the expectation that the first mediation session shall occur within thirty (30) days of such written request. The party seeking the mediation must submit the following in addition to any demand or filing required by JAMS: a full and specific description of the claims under this Agreement, including, without limitation, an identification of the specific provisions that the other party has breached, documentary evidence of the facts alleged by the complaining party and a declaration under penalty of perjury that all facts stated in the claims and documentation are true and correct and do not fail to state facts known to the complaining party that are material to the determination of the Dispute. The parties will cooperate with JAMS and with one another in selecting a neutral mediator from the JAMS panel of neutrals and in scheduling the mediation proceedings. The mediator must be a retired judge or an attorney experienced in complex commercial transactions. If the parties are unable to select the mediator within ten (10) days after receipt of the mediation notice by JAMS, then JAMS shall designate the mediator. The parties covenant that they will (i) participate in the mediation in good faith, (ii) share equally in the costs of the mediator and related JAMS administrative costs, and (iii) pay in advance the estimated reasonable fees and costs of the mediation, as may be specified in advance by the mediator. All offers, promises, conduct and statements, whether oral or written, made in the course of the mediation by any of the parties, their agents, employees, experts and attorneys, and by the mediator and any JAMS employees, are confidential, privileged and inadmissible for any purpose, including impeachment, in any reference, arbitration, litigation or other proceeding involving the parties, provided that evidence that is otherwise admissible or discoverable shall not be rendered inadmissible or non-discoverable as a result of its use in the mediation. In the event it is necessary, any party may file a motion to compel the other party to participate in the mediation and the prevailing party shall be awarded its costs and expenses, including attorneys' fees in connection with such motion. If the Dispute is not resolved within ten (10) days after the first mediation session, either party may (i) give written notice to JAMS and the other party that the mediation is terminated and (ii) submit any remaining Disputes to binding arbitration pursuant to Section 15.10(c) below.

(c) If the parties are unable to resolve the Dispute pursuant to Section 15.10(b) above, then the parties shall submit the Dispute to final and binding arbitration in or nearest to the city in which Franchisor's headquarters is then located, administered by JAMS, or its successor, in accordance with the rules and procedures of JAMS then in effect. Any party may commence the arbitration by filing a written demand for arbitration with JAMS, with a copy to the other party, setting forth the subject of the Dispute and the relief requested, with the expectation that the first arbitration session shall occur within thirty (30) days of such written demand. The party seeking arbitration must submit the following in addition to any demand or filing required by JAMS: a full and specific description of the claims under this Agreement including, without limitation, an identification of the specific provisions that the other party has breached, documentary evidence of the facts alleged by the complaining party and a declaration under penalty of perjury that all facts stated in the claims and documentation are true and correct and do not fail to state facts known to the complaining party that are material to the determination of the Dispute. The parties agree that any and all Disputes that are submitted to arbitration in accordance with this Agreement shall be decided by one (1) neutral arbitrator who is a retired judge or attorney who is experienced in complex commercial transactions. If the parties are unable to agree on an arbitrator, JAMS shall designate the arbitrator. The parties will cooperate with JAMS and with one another in selecting the arbitrator and in scheduling the arbitration proceedings in accordance with applicable JAMS procedures. The arbitration shall be conducted in accordance with the JAMS Comprehensive Rules. Any award issued as a result of such arbitration shall be final and binding between the parties thereto and shall be enforceable by any court having jurisdiction over the party against whom enforcement is sought. The parties expressly acknowledge and understand that by entering into this Agreement, they each are waiving their respective rights to have any Dispute between the parties hereto adjudicated by a court or by a jury. Despite any applicable disclosure requirements required by any government agencies, the parties confirm that they have a meeting of the minds and intend to enter into a fully binding and enforceable agreement to arbitrate.

(d) The parties recognize that their relationship is unique and that each franchisee is situated differently from all other franchisees, and that no one franchisee can adequately represent the interest of others. Therefore, the parties agree that any mediation, arbitration, suit, action or other legal proceeding shall be conducted and resolved on an individual basis only and not on a class-wide, multiple plaintiff, consolidated or similar basis.

(e) The prevailing party in any legal proceeding will be entitled to recover its costs and, as an element of such party's cost of arbitration, suit or proceeding, and not as damages, attorneys' fees to be fixed by the arbitrator or by the court. Nothing in this Agreement shall be construed as limiting or precluding either party from bringing any action in any court of competent jurisdiction for injunctive or other extraordinary relief, without the necessity of posting a bond (and if bond shall nevertheless be required, the parties agree that the sum of One Hundred Dollars ($100.00) shall be sufficient bond), in connection with the Marks, Proprietary Information or Confidential Information. The parties shall have the immediate right to seek such injunctive or other extraordinary relief at any time, including, without limitation, during the pendency of arbitration or other proceeding. This covenant shall be independent, severable and enforceable notwithstanding any other rights or remedies that such party may have.

15.11 Relationship of Parties

(a) Nothing herein contained shall be deemed or construed to create the relationship of principal and agent, partnership, joint venture or employment, or a fiduciary or trust relationship, and neither party shall hold itself out as an agent, legal representative, partner, subsidiary, joint venturer, servant or employee of the other party or its affiliate. With respect to all matters pertaining to the operation of the business conducted hereunder, Franchisee is and shall be, an independent contractor. Neither Franchisor nor Franchisee has the right to bind or obligate the other to any obligations or debts.

(b) It is acknowledged that Franchisee is the sole and independent owner of its business, shall be in full control thereof, and shall conduct such business solely in accordance with its own judgment and discretion, subject only to the provisions of this Agreement. Franchisee shall conspicuously identify itself as the independent owner of its business. No party hereto shall be obligated by, or have any liability for, any agreements, representations or warranties made by the other nor shall Franchisor be liable for any damages to any person or property, directly or indirectly, arising out of the operation of Franchisee's business, whether caused by Franchisee's negligent or willful action or failure to act. Neither party shall have liability for any sale, use, excise, income, property or other tax levied upon the business conducted by the other party or in connection with the services performed or business conducted by it or any expenses incurred by it.

(c) Franchisee's employees are under Franchisee's sole control. Franchisor is not the employer or joint employer of Franchisee's employees. Franchisor will not exercise direct or indirect control of Franchisee's employees' working conditions. Franchisor does not share or co-determine the terms and conditions of employment of Franchisee's employees or participate in matters relating to the employment relationship between Franchisee and its employees, such as hiring, promotion, demotion, termination, hours or schedule worked, rate of pay, benefits, work assigned, discipline, response to grievances and complaints or working conditions. Franchisee has sole responsibility and authority for these terms and conditions of employment. Franchisee must notify and communicate clearly with its employees in all dealings, including, without limitation, its written and electronic correspondence, paychecks, and other materials, that Franchisee (and only Franchisee) is their employer and that Franchisor is not their employer.

15.12 Compliance with Local Law

If any applicable and binding law or rule of any jurisdiction requires a greater prior notice of the termination of, or refusal to renew this Agreement that is required hereunder, the prior notice or other action required by such law or rule shall be substituted for the notice or other requirements hereof. Such modifications to this Agreement shall be effective only in such jurisdiction and shall be enforced as originally made and entered into in all other jurisdictions. Franchisor reserves the right to challenge the applicability of any such law or rule.

15.13 Spousal Consent

Franchisee's spouse or the spouses of all owners of Franchisee if Franchisee is an entity, shall execute a spousal consent in the form attached hereto as **Exhibit B**.

15.14 Entity Franchisees

(a) If Franchisee is a partnership, Franchisee shall deliver to Franchisor a copy of its current partnership agreement prior to the execution of this Agreement. Thereafter, Franchisee shall deliver to Franchisor copies of all restated partnership agreements and any amendments to the partnership agreement marked to indicate changes since the date of the partnership agreement previously delivered to Franchisor. If Franchisee is a corporation, Franchisee shall deliver to Franchisor a copy of its certificate or articles of incorporation, or other charter documents and all amendments thereto, and a copy of its current bylaws and a copy of any shareholders' agreement and all amendments thereto, prior to the execution of this Agreement. Thereafter, Franchisee shall deliver to Franchisor copies of all subsequent amendments to its certificate or articles of incorporation or other charter documents and its current bylaws, and any shareholders' agreement, marked to indicate changes since the date of the certificate or articles, bylaws, shareholders' agreement, or other charter documents previously delivered to Franchisor. If Franchisee is a limited liability company, Franchisee shall deliver to Franchisor copies of its certificate of formation or articles of organization, its operating agreement, and other charter documents, and all amendments thereto. Thereafter, Franchisee shall deliver to Franchisor copies of all subsequent amendments to its certificate of formation or articles of organization, operating agreement and other charter documents, marked to indicate changes since the date of the articles, agreement or other documents previously delivered to Franchisor.

(b) If Franchisee is a corporation, partnership, limited liability company or other entity, Franchisee shall complete and deliver to Franchisor **Exhibit C** together with this Agreement. Franchisee shall notify Franchisor in writing within ten (10) days of any change in the information contained in **Exhibit C.**

(c) If Franchisee is a corporation or otherwise issues ownership certificates, all securities shall be affixed with the following legend conspicuously on the face of the certificate evidencing the issuance thereof:

(d) "The transfer of the shares/ownership interest represented by this certificate is subject to the terms and conditions of a Franchise Agreement entered into with Careagape Franchise Corporation, dated ____________, a copy of which is on file with the Secretary of this corporation/entity."

15.15 Personal Guaranties

If Franchisee is a corporation, a partnership, a limited liability company or other entity, Franchisor shall not be bound unless all shareholders, general partners or members of Franchisee, as applicable, have read and approved this Agreement and further agree that any restriction applicable to the corporation, partnership, limited liability company or other entity shall also apply to them individually and collectively (including the prohibition on their ability to transfer their interests in Franchisee) and further agree, if Franchisor so requires, to personally, jointly and severally, guarantee the performance of Franchisee under the terms of this Agreement by executing the form of Guaranty and Assumption of Franchisee's Obligations set forth in **Exhibit D** attached hereto.

15.16 Statute of Limitations

The parties hereby acknowledge and agree that any suit, action or other proceeding relating to this Agreement must be brought within one (1) year after the occurrence of the act or omission that is the subject of the suit, action or other legal proceeding.

15.17 Succession; Third Party Beneficiary

Franchisor's right to sublicense Franchisee to use the Marks is pursuant to a Trademark License Agreement with Careagape, Inc. In the event Franchisor ceases for any reason to receive the right from Careagape, Inc. to license Franchisee to use the Marks, Franchisee agrees that Careagape, Inc. shall, at Careagape Inc.'s option, succeed to all of the rights and assume all of the obligations of Franchisor under this Agreement. Careagape, Inc. is a third party beneficiary of this Agreement. If required by applicable law, Franchisee agrees to enter into a novation agreement with Careagape, Inc.

15.18 Reasonable Business Judgment

When a provision in this Agreement requires Franchisor to make a decision or determination, and the provision does not state otherwise, Franchisor shall make such decision or determination utilizing reasonable business judgment. Reasonable business judgment means that Franchisor's action or inaction has a business basis that is intended to benefit the System or the profitability of the franchised businesses and Franchisor, regardless of whether some individual franchisees may be unfavorably affected; or to increase the value of the Marks; or to increase or enhance overall customer or franchisee satisfaction; or to minimize possible brand inconsistencies or customer confusion. In the event that such obligation or exercise of discretion is unrelated to the franchised businesses or the Marks, reasonable business judgment means that Franchisor has a business basis and has not acted in bad faith. Franchisee shall have the burden of establishing that Franchisor failed to exercise reasonable business judgment, and neither the fact that Franchisor benefited economically from an action nor the existence of other "reasonable" alternatives will, by themselves, establish such failure.

15.19 Representations And Warranties

(a) Franchisee represents and warrants to Franchisor that neither Franchisee (including, without limitation, any and all of its directors, officers and managers) nor any of its affiliates or the funding sources for either is a Specially Designated National or Blocked Person. Neither Franchisee nor any of its affiliates are directly or indirectly owned or controlled by the government of any country that is subject to an embargo by the United States government. Neither Franchisee nor any of its affiliates are acting on behalf of a government of any country that is subject to such an embargo. Franchisee further represents and warrants that it is in compliance with any applicable anti-money laundering law, including, without limitation, the USA Patriot Act.

(b) Franchisee (on behalf of itself and all of the holders of (i) an equity interest in Franchisee, and (ii) an equity interest in holders of equity interests in Franchisee) represents and warrants to Franchisor that execution and delivery of this Agreement and the performance of Franchisee's obligations hereunder, does not: (1) conflict with, violate, result in a breach of or constitute a default (or an event which, with notice or passage of time or both, would constitute a default) under, or result in the termination or in a right of termination or cancellation of, any other agreement to which Franchisee or any such holder is party or by which Franchisee or any such holder, or any of their respective assets may be bound; (2) violate any order, writ, injunction, decree, judgment or ruling of any court or governmental authority; or (3) violate any applicable law.

(c) Franchisee represents and warrants to Franchisor that neither Franchisor nor any of its representatives has made any of the following representations:

(i) that Franchisor guarantees, conditionally or unconditionally, or makes a written or oral representation (1) that would cause a reasonable person in Franchisee's position to believe that income is assured, (1) that Franchisee will derive income from the Business, (3) that Franchisee's investment is protected from loss or (4) that Franchisee can earn a profit in excess of its initial payment;

(ii) that Franchisor will refund all or part of the fees paid by Franchisee (including, without limitation, a representation that Franchisor will refund Franchisee's Initial Franchise Fee or return any promissory note upon termination or non-renewal of the Business) or repurchase any of the products, equipment, supplies, goods or chattels supplied by Franchisor or its affiliate to Franchisee;

(iii) that Franchisee will be provided with retail outlets or accounts, or assistance in establishing retail outlets or accounts, for the sale or distribution of goods or services; or

(iv) ~~(iii)~~that there is a market for the goods or services to be offered, sold or distributed by Franchisee.

(d) ~~(iv)~~Franchisee agrees that it will notify Franchisor in writing immediately upon the occurrence of any event that would render the foregoing representations and warranties of this Section incorrect. Franchisee acknowledges that Franchisor is relying on the representations and warranties set forth above in deciding to grant a franchise to Franchisee.

15.20 Acknowledgments

Franchisee acknowledges and represents the following to Franchisor to induce it to enter into this Agreement:

(a) FRANCHISEE HAS READ THIS AGREEMENT AND THE FRANCHISE DISCLOSURE DOCUMENT AND ALL OTHER RELATED AGREEMENTS AND DOCUMENTS AND UNDERSTANDS AND ACCEPTS THE TERMS, CONDITIONS, AND COVENANTS CONTAINED IN THIS AGREEMENT AS BEING REASONABLY

NECESSARY TO MAINTAIN THE SYSTEM'S HIGH STANDARDS OF QUALITY AND SERVICE AND THE UNIFORMITY OF THOSE HIGH STANDARDS IN ORDER TO PROTECT AND PRESERVE THE GOODWILL OF THE MARKS. FRANCHISEE ACKNOWLEDGES THAT FRANCHISOR OR ITS REPRESENTATIVES HAVE FULLY AND ADEQUATELY EXPLAINED THE PROVISIONS OF SUCH DOCUMENTS TO THE SATISFACTION OF FRANCHISEE;

(b) FRANCHISEE HAS CONDUCTED AN INDEPENDENT INVESTIGATION OF THE BUSINESS. FRANCHISEE RECOGNIZES THAT THE NATURE OF THIS BUSINESS MAY EVOLVE AND CHANGE OVER TIME, THAT IT INVOLVES BUSINESS RISKS AND THAT THE SUCCESS OF THE VENTURE DEPENDS PRIMARILY UPON FRANCHISEE'S INDIVIDUAL AND INDEPENDENT BUSINESS ABILITY AND EFFORTS. FRANCHISEE UNDERSTANDS THAT THE BUSINESS IS A RELATIVELY NEW CONCEPT THAT ENTAILS BUSINESS RISKS. FRANCHISEE HAS CONSULTED WITH SUCH PROFESSIONAL ADVISORS OF FRANCHISEE'S CHOOSING AS FRANCHISEE DEEMS NECESSARY, INCLUDING LEGAL COUNSEL, REGARDING ALL ASPECTS OF THE BUSINESS CONTEMPLATED BY THIS AGREEMENT, ALL RELATED AGREEMENTS, AND THE BUSINESS RELATIONSHIP CREATED THEREBY, AND TO DETERMINE THAT FRANCHISEE IS FINANCIALLY PREPARED TO ASSUME THE RISKS THAT MAY BE INVOLVED IN SUCH A BUSINESS VENTURE;

(c) FRANCHISEE HAS NOT RECEIVED OR RELIED UPON ANY PROMISE, REPRESENTATION, GUARANTY OR WARRANTY, EXPRESSED OR IMPLIED, ABOUT THE POTENTIAL VOLUME, REVENUES, PROFITS, OR SUCCESS OF THE BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT;

(d) FRANCHISEE IS AWARE OF THE FACT THAT SOME PRESENT OR FUTURE FRANCHISEES MAY OPERATE UNDER DIFFERENT FORMS OF AGREEMENTS, AND CONSEQUENTLY, THAT FRANCHISOR'S OBLIGATIONS AND RIGHTS WITH RESPECT TO ITS VARIOUS FRANCHISEES MAY DIFFER MATERIALLY;

(e) NO REPRESENTATIONS HAVE BEEN MADE OR AUTHORIZED BY FRANCHISOR, OR BY ITS OFFICERS, DIRECTORS, MANAGERS, SHAREHOLDERS, MEMBERS, EMPLOYEES, SALES PERSONNEL, AGENTS OR OTHER REPRESENTATIVES, THAT ARE CONTRARY TO THE STATEMENTS MADE IN THE FRANCHISE DISCLOSURE DOCUMENT HERETOFORE RECEIVED BY FRANCHISEE OR TO THE TERMS CONTAINED IN THIS AGREEMENT, AND FRANCHISEE HAS NOT RELIED UPON ANY OTHER SUCH REPRESENTATIONS;

(f) IN ALL OF THEIR DEALINGS WITH FRANCHISEE, THE OFFICERS, DIRECTORS, MANAGERS, SHAREHOLDERS, MEMBERS, EMPLOYEES, SALES PERSONNEL, AGENTS AND REPRESENTATIVES OF FRANCHISOR ACT ONLY IN A REPRESENTATIVE CAPACITY, NOT IN AN INDIVIDUAL CAPACITY, AND THIS AGREEMENT, AND ALL BUSINESS DEALINGS BETWEEN FRANCHISEE AND SUCH INDIVIDUALS AS A RESULT OF THIS AGREEMENT, ARE SOLELY BETWEEN FRANCHISEE AND FRANCHISOR;

(g) FRANCHISEE ACKNOWLEDGES THAT IN EACH CASE IN WHICH FRANCHISOR MAY EXERCISE ANY OPTION OR OTHER RIGHT UNDER THIS AGREEMENT OR UNDER ANY AGREEMENT CONTEMPLATED HEREBY, FRANCHISOR MAY DO SO IN ITS DISCRETION, WITHOUT LIABILITY OR OTHER OBLIGATION. SO AS TO PRESERVE THE FLEXIBILITY TO DEAL WITH PRACTICAL SITUATIONS, FRANCHISOR MAY, IN ITS DISCRETION, ELECT TO NOT ENFORCE (OR TO SELECTIVELY ENFORCE) ANY PROVISION OF THIS AGREEMENT, OR ANY OTHER AGREEMENT, ANY POLICY OR OTHERWISE, WHETHER WITH RESPECT TO FRANCHISEE OR ANY OTHER FRANCHISEE OR OTHERWISE, AND FRANCHISOR MAY APPLY DIFFERENT POLICIES TO ANY FRANCHISEE, ALL WITHOUT LIABILITY OR OTHER OBLIGATION, AND ANY SUCH ACTS OR OMISSIONS WILL NOT LIMIT OR OTHERWISE AFFECT FRANCHISOR'S RIGHTS, WHETHER TO STRICTLY ENFORCE THIS AGREEMENT OR OTHERWISE; AND

(h) THE APPLICATION MADE BY FRANCHISEE IS TRUE AND CORRECT. FRANCHISEE HAS MADE NO INCORRECT STATEMENT IN THE APPLICATION OR IN THIS AGREEMENT, OR FAILED TO MAKE ANY STATEMENT THAT WOULD BE NECESSARY TO MAKE THE STATEMENTS IN THE APPLICATION OR IN THIS AGREEMENT, NOT MISLEADING.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date stated on the first page hereof.

Franchisor:

CAREAGAPE FRANCHISE CORPORATION
a California corporation

By:________________________________

Title:_______________________________

Date:_______________________________

Franchisee:

____

____
(Signature)

____
(Print Name and Title, if applicable)

Date:_______________________________

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EXHIBIT A

GEOGRAPHIC AREA AND LOCATION

Description of Geographic Area (attach map):______________________________________
____
____
____
____
____

Location of Franchised Business:

____

____

____

Franchisor:	Franchisee:
CAREAGAPE FRANCHISE CORPORATION	_______________________________
By:_____________________________	By:_____________________________
Name & Title:_____________________	Name & Title:_____________________
Date:___________________________	Date:___________________________

EXHIBIT B

SPOUSAL CONSENT

The undersigned being the spouse of Franchisee (or the spouse of an owner of Franchisee) hereby states:

1) That he or she has read and understands the Franchise Agreement and the Franchise Disclosure Document; and

2) That he or she consents to the terms and conditions of the Franchise Agreement, including but not limited to those concerning transfer; and

3) That he or she consents to execution of the Franchise Agreement by Franchisee; and

4) That he or she consents to execution of the Guaranty and Assumption of Franchisee's Obligations.

Dated:______________________ Signature:__________________________

Print Name:_________________________

By his or her signature below, Franchisee hereby states that he or she is not married and does not have a spouse.

Dated:______________________ Signature:__________________________

Print Name:_________________________

Dated:______________________ Signature:__________________________

Print Name:_________________________

EXHIBIT C

INFORMATION REGARDING NON-INDIVIDUAL FRANCHISEES

(1) If Franchisee is a corporation or partnership or other entity, there is set forth below the name, address, title and percentage ownership of each shareholder, partner or member of Franchisee:

NAME	ADDRESS	TITLE	PERCENTAGE OWNERSHIP

(2) If Franchisee is a corporation or limited liability company, there is set forth below the name, address and title of each officer and director or manager of Franchisee:

NAME	ADDRESS	TITLE

(3) The address where Franchisee's records are maintained is:

____
____
____

(4) There is set forth below the name, address and title of each of Franchisee's principal officers or partners who will be devoting their full time efforts to the operation of the ~~Franchised~~ Business.

NAME	ADDRESS	TITLE

DATE: ______________________

____
Name and Title of Person Completing Exhibit

____
Signature

EXHIBIT D

GUARANTY AND ASSUMPTION OF FRANCHISEE'S OBLIGATIONS

In consideration of, and as an inducement to, the execution of that certain Franchise Agreement ("**Agreement**") with Careagape Franchise Corporation, a California corporation ("**Franchisor**"), of even date herewith, each of the undersigned hereby personally and unconditionally: (1) guarantees to Franchisor and its successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement, that _______________, a(n) ____________________ ("**Franchisee**") shall punctually pay and perform each and every undertaking, agreement, and covenant set forth in the Agreement; and (2) agrees to be personally bound by and personally liable for the breach of each and every provision in the Agreement, including but not limited to monetary obligations and dispute resolution procedures.

Each of the undersigned waives: (1) acceptance and notice of acceptance by Franchisor of the foregoing undertakings; (2) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed; (3) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed; (4) any right he/she may have to require that an action be brought against Franchisee or any other person as a condition of liability; and (5) any and all other notices and demands and legal and equitable defenses to which he/she may be entitled.

Each of the undersigned consents and agrees that: (1) his/her liability under this guaranty shall be joint and several; (2) he/she shall render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so; (3) he/she will individually comply with all the provisions and subsections of the Agreement and any renewals and amendments thereto; (4) such liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Franchisee or any other person; and (5) such liability shall not be diminished, relieved, or otherwise affected by any extension of time, credit, or other indulgence which Franchisor may, from time to time, grant to Franchisee or to any other person, including, without limitation, the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall, in any way, modify or amend this Guaranty which shall be continuing and irrevocable during the term of the Agreement and thereafter.

If any provision of this Guaranty is deemed to be invalid or inoperative, for any reason, that part shall be deemed modified to the extent necessary to make it valid and operative or if it cannot be so modified, then severed, and the remainder of the Guaranty shall continue in full force and effect as if it had been executed and entered into with the invalid portion so modified or eliminated.

This Guaranty will continue in effect as to each of the undersigned until the date that Franchisee fully performs all its obligations under the Agreement, or until one or more of the undersigned fully perform them in Franchisee's stead, or until Franchisor agrees in writing to release such person from his or her obligations hereunder.

Each of the undersigned waives claim for exemplary or punitive damages arising out of this Guaranty, the Franchisor-Franchisee relationship, the performance of the Agreement, any breach of the Agreement, or the development or operation of any Careagape™ business.

IN WITNESS WHEREOF, each of the undersigned hereto affixed his/her signature effective on the same day and year as the executed Agreement.

GUARANTOR(S)

By:____ Date:________________________

Print Name:______________________________

By:____ Date:________________________

Print Name:______________________________

By:____ Date:________________________

Print Name:______________________________

By:____ Date:________________________

Print Name:______________________________

By:____ Date:________________________

Print Name:______________________________

EXHIBIT E

No Change was made to this Exhibit

EXHIBIT F

No Change was made to this Exhibit

EXHIBIT G

No Change was made to this Exhibit

EXHIBIT H

No Change was made to this Exhibit

EXHIBIT I

No Change was made to this Exhibit

EXHIBIT J

No Change was made to this Exhibit

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:

State	**Effective Date**
California	Pending

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

RECEIPT

The Disclosure Document summarizes certain provisions of the franchise agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If Careagape Franchise Corporation offers you a franchise, it must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

New York requires that we give you this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

Michigan requires that we give you this Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Careagape Franchise Corporation does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the applicable state agency listed in Exhibit A.

Following is information about the franchise ~~seller~~ sellers involved in this transaction:

☐ Joseph U. Alvarez, 4931 Carthage Street, Placentia, California 92870; (714) 646-6750.

☐ Marian C. Meija, 4931 Carthage Street, Placentia, California 92870; (714) 646-6750.

~~☐ ____~~

Issuance Date: ~~February~~ March 1, ~~2019~~ 2020

Careagape Franchise Corporation authorizes the respective state agencies listed on Exhibit B to receive service of process in the particular state.

I received a Disclosure Document dated ~~February 1, 2019~~ March 1, 2020 that included the following Exhibits:

A. ~~A.~~ List of State Franchise Administrators	~~F~~G. Sample ~~Asset Purchase Agreement~~Lease
~~B.List of Agents for Service of Process~~	~~G. Sample Lease~~
B. ~~C.Financial Statements~~ List of Agents for Service of Process	H. State-Specific Addenda to Franchise to Disclosure Document
C. Financial Statements	I. Careagape Standards Manual Table of Contents
D. ~~D.~~ Franchise Agreement and State-Specific Addenda	~~I. Careagape Standards Manual Table of Contents~~
	J. SBA Addendum
	~~J. SBA Addendum~~
E. ~~E.~~ Conversion Addenda	K. Information on Franchisees
F. Sample Asset Purchase Agreement	State Effective Dates Page

~~Date: ____________________~~

~~Franchisee: ______________________________~~

~~Print Name: ______________________________~~

~~Individually and as an officer, partner or member of~~

~~____,~~

~~a ______________________________,~~
~~which has been or will be formed to act as franchisee~~

~~Address:______________________________~~
~~______________________________~~

~~Telephone:~~
~~______________________________~~

Date: ______________________ Franchisee: ______________________
______________________ Print Name: ______________________
______________________ Individually and as an officer, partner or member of
____,

______________________ a ______________________,
______________________ which has been or will be formed to act as franchisee

______________________ Address: ______________________
______________________ Telephone: ______________________

RECEIPT

The Disclosure Document summarizes certain provisions of the franchise agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If Careagape Franchise Corporation offers you a franchise, it must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

New York requires that we give you this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

Michigan requires that we give you this Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Careagape Franchise Corporation does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the applicable state agency listed in Exhibit A.

Following is information about the franchise ~~seller~~ sellers involved in this transaction:

☐ Joseph U. Alvarez, 4931 Carthage Street, Placentia, California 92870; (714) 646-6750.
☐ Marian C. Meija, 4931 Carthage Street, Placentia, California 92870; (714) 646-6750.
☐ ____

Issuance Date: ~~February~~ March 1, ~~2019~~ 2020

Careagape Franchise Corporation authorizes the respective state agencies listed on Exhibit B to receive service of process in the particular state.

I received a Disclosure Document dated ~~February 1, 2019~~ March 1, 2020 that included the following Exhibits:

A. ~~A.~~ List of State Franchise Administrators ~~F~~G. Sample ~~Asset Purchase Agreement~~Lease

~~Date: ____________________~~

~~Franchisee: ______________________________~~
~~Print Name: ______________________________~~
~~Individually and as an officer, partner or member of~~
~~____,~~
~~a ______________________________________,~~
~~which has been or will be formed to act as franchisee~~

~~Address: ________________________________~~

~~Telephone: ______________________________~~

Date: ______________________________ Franchisee: ______________________________
______________________________ Print Name: ______________________________
______________________________ Individually and as an officer, partner or member of
____,

______________________________ a ______________________________,
______________________________ which has been or will be formed to act as franchisee

______________________________ Address: ______________________________
______________________________ Telephone: ______________________________