



FRANCHISE DISCLOSURE DOCUMENT

CarePatrol Franchise Systems, LLC

900 Wilshire Drive, Suite 102

Troy, MI 48084-1600

(480) 626-2450

FDD@CarePatrol.com – www.CarePatrol.com/franchising

CarePatrol Franchise Systems, LLC (“CarePatrol”) offers franchises for the operation of a business that provide senior living placement, referral and consulting services for families in need of independent living community, assisted living community, memory care, nursing home, or similar facility for the seniors in their lives.

The total investment necessary to begin operation of a single CarePatrol franchise ranges from \$51,120 to \$110,970. This includes a payment of \$30,595 to us or an affiliate for our Reduced Initial Fee Offering or a payment of \$ 67,595 to us or an affiliate for our Standard Offering.

At our discretion, we may offer to qualified candidates the right to purchase more than one, single unit franchise. Qualified candidates that are allowed to purchase additional franchises will be required to sign a separate franchise agreement for each franchise they purchase.

The total investment necessary to begin operation of a new multiple unit CarePatrol franchise ranges from \$80,520 to \$224,820. This includes a payment of \$50,595 for two units and \$70,595 for three units for our Reduced Initial Fee Offering or a payment of \$115,095 for two units and a payment of \$157,595 for three units of our Standard Offering both of which must be paid to us 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, franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no government agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient to you. To discuss the availability of disclosures in different formats, contact David Tarr at 900 Wilshire Dr., Suite 102, Troy, MI 48084-1600, (480) 626-2450, dtarr@bestlifebrands.com.

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

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

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

Issuance Date: April 1, 2023; Amended October 1, 2023

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Exhibit G & H.
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 A 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 CarePatrol 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 CarePatrol franchisee?	Exhibits G & H list 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 C.

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:

Out-of-State Dispute Resolution. The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Arizona. 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 Arizona than in your own state.

Spousal Liability. Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both you and your spouse's marital personal assets, perhaps including your house, at risk if your franchise fails.

Sales Performance Required. You must maintain minimum sales performance levels. Your inability to maintain these levels may result in loss of any territorial rights you are granted, termination of your franchise, and loss of your investment.

Mandatory Minimum Payments. You must make minimum royalty payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.

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

DISCLOSURES REQUIRED BY MICHIGAN LAW

The following is applicable to you if you are a Michigan resident or your Franchised Business will be located in Michigan.

THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU.

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

- iv. The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.
- (h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third-party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).
- (i) A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE ATTORNEY GENERAL.

If the franchisee has any questions regarding this notice, those questions should be directed to the Michigan Department of Attorney General, Consumer Protection Division, Attn.: Franchise, 670 Law Building, Lansing, Michigan 48913, telephone: (517) 373-7117.

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ITEM 1

THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language in this Franchise Disclosure Document, “we,” “us,” “our,” or “CarePatrol” means CarePatrol Franchise Systems, LLC, the franchisor. “You,” “your,” or “Franchisee” means the person, and its owners, if the Franchisee is a business entity, who buys the franchise from CarePatrol.

The Franchisor and Predecessor

CarePatrol Franchise Systems, LLC is a Delaware limited liability company that was organized on January 31, 2018. Our principal business address is located at 900 Wilshire Dr., Suite 102, Troy, MI 48084-1600 and our telephone number is (480) 626-2450. We do not do business under any names other than our legal name “CarePatrol Franchise Systems, LLC” and our trade names “Care Patrol,” “CarePatrol” and “CarePatrol Franchise Systems.”

Our predecessor, CarePatrol Franchise Systems, LLC, was an Arizona limited liability company that was organized on January 20, 2009, and began offering CarePatrol franchises in April 2009. We began offering area representative franchises in 2012. Area representatives solicit, screen and recruit CarePatrol franchises in a defined development territory and provide certain administrative functions with respect to these franchises. Area representatives are not required to operate a CarePatrol business. As of the issuance date of this Disclosure Document, we have two area representative franchises. Area representative franchises are offered under a separate disclosure document. We have never offered a franchise in any line of business other than CarePatrol Business franchises and CarePatrol area representative franchises.

We are not engaged in any business other than offering CarePatrol and area representative franchises and administering the CarePatrol franchise system. We have not operated a business similar to the CarePatrol business being offered under this franchise.

Our Parents and Affiliates

Our immediate parent company is Best Life Brands, LLC, a Michigan limited liability company, whose principal place of business is 900 Wilshire Drive, Suite 102, Troy, MI 48084-1600. Best Life Brands, LLC is owned entirely by CFC Holding Company, LLC, a Delaware limited liability company, whose principal place of business is 45 Rockefeller Center 630 Fifth Avenue, Suite 400, New York, NY 10111. CFC Holding Company, LLC’s majority owner is TRC CFC, LLC, whose principal place of business is 45 Rockefeller Center, 630 Fifth Avenue, Suite 400, New York, NY 10111.

The name and principal business address of each of the companies that directly or indirectly control TRC CFC, LLC are as follows:

Name of Company	Principal Business Address	Ownership or Control of Company
RMCF IV Associates AIV I, L.P.	45 Rockefeller Center, 630 Fifth Avenue, Suite 400, New York, NY 10111	Owned by various individual investors and investor groups.
Riverside Micro-Cap Fund IV-A, L.P.	45 Rockefeller Center, 630 Fifth Avenue, Suite 400, New York, NY 10111	Owned by various individual investors and investor groups.
CFC Blocker Corporation	45 Rockefeller Center, 630 Fifth Avenue, Suite 400, New York, NY 10111	Wholly owned by Riverside Micro-Cap Fund IV-A, L.P.

Name of Company	Principal Business Address	Ownership or Control of Company
TRC CFC, LLC	45 Rockefeller Center, 630 Fifth Avenue, Suite 400, New York, NY 10111	Majority owned by RMCF IV Associates AIV I, L.P. Minority owned by CFC Blocker Corporation

RMCF IV Associates AIV I, L.P. and Riverside Micro-Cap Fund IV-A, L.P. are part of The Riverside Company, a global private equity firm focused on investing in and acquiring growing businesses and it maintains its principal business address at 45 Rockefeller Center, 630 Fifth Avenue, Suite 400, New York, NY 10111.

Our Affiliates

“Affiliate” means an entity controlled by, controlling, or under common control with another entity. However, it is important to note that each of our affiliates are separate, distinct, independently-owned and operated companies.

Common Control Affiliates

Through common control with Best Life Brands, LLC, we are affiliated with the franchise programs offered by:

- Blue Moon Franchise Systems, LLC (“Blue Moon”) whose principal place of business is 900 Wilshire Drive, Suite 102, Troy, MI 48084. Since August 2013, Blue Moon has offered franchises that provide services dedicated to selling the personal property including, but not limited to, furniture, tools, jewelry, décor as well as the provision of consignment sales for those who are downsizing, relocating, or are deceased under the Blue Moon name. As of December 31 2022, Blue Moon had 91 franchises in operation in the U.S. Blue Moon has never offered any services similar to those offered by CarePatrol nor has it offered franchises in other lines of business.
- Boost Franchise Systems, LLC (“Boost”) whose principal address is 900 Wilshire Drive, Suite 102, Troy, MI 48084. Since July 2021, Boost has offered franchises that provide intermittent care ordered by a doctor and is performed by a Home Health Aide (HHA), Licensed Practical Nurse/Licensed Vocational Nurse (LPN/LVN), Registered Nurse (RN), Physical Therapy (PT), Occupational Therapy (OT), Speech Language Pathologist (ST) and Medical Social Worker (MSW) to patients of all ages with acute and chronic long term complex health conditions within the patient’s residence or within health care facilities. As of December 31, 2022, Boost had six franchises in operation in the U.S three of which are owned by our parent company, Best Life Brands, LLC and currently operate under the name of PROHealth Home Care Services, LLC, a California limited liability company. PROHealth maintains its principal business address at 4221 Wilshire Blvd, #275, Los Angeles, CA 90010. Boost has never offered services similar to those offered by CarePatrol nor has it offered franchises in other lines of business.
- ComForCare Franchise Systems, LLC whose principal place of business is 900 Wilshire Drive, Suite 102, Troy, MI 48084. Since April 2001, ComForCare has offered franchises which provide (i) companionship and personal/domestic care services, and other special needs services, primarily on a non-medical basis, for seniors and people of all ages so that they may remain in their residences, (ii) supplemental healthcare staffing services for persons who need this kind of assistance in their home or a facility in which they reside, and (iii) private duty nursing services (extended hourly nursing care for the treatment of medical ailments, Non-Medicare). As of December 31, 2022, ComForCare has 218 franchises in the U.S. and 11 franchises in Canada. ComForCare has never offered any services similar to those offered by CarePatrol nor has it offered franchises in other lines of business.

Agent for Service of Process

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

Description of the Franchised Business

We offer franchises for the use of our “CarePatrol” trademarks, trade names, service marks, and logos (“Proprietary Marks”) for the operation of CarePatrol Businesses (“CarePatrol Franchise(s)” or (“Franchise(s)”). CarePatrol Businesses are operated under our CarePatrol system (“System”). The System utilizes a health care concept composed of a certain number of integral parts, all of which are absolutely necessary for a successful operation and are fully described in the confidential manuals (“Manuals”). The System may be changed or modified by us throughout your ownership of the Franchise. CarePatrol Businesses provide senior living placement, referral and consulting services for families in need of an independent living community, assisted living community, memory care, nursing home, or similar facility for the seniors in their lives within their Protected Territory under the CarePatrol brand. CarePatrol Businesses operating under the System and Proprietary Marks are referred to in this Franchise Disclosure Document as a “CarePatrol Business” or “Franchised Business.” You will operate your Franchised Business from an approved location. You must sign our standard franchise agreement attached to this Franchise Disclosure Document as Exhibit B (“Franchise Agreement”). You may operate one CarePatrol Business for each Franchise Agreement you sign.

Market and Competition

The target market for CarePatrol clients includes individuals who are elderly and need assistance with their daily living activities. The average assisted living resident is 84 years old. Based on current statistics and projections, the market for assisted living placement services is growing due to the increasing number of seniors in need of assisted living accommodations and in-home care.

The market for referral and senior placement services is newly developed and moderately competitive. Franchisees compete primarily with other businesses that offer referral and senior placement services, some of which operate through franchise systems.

Your competitive advantage in the marketplace will be based on your adherence to our standards and guidelines, as well as your entrepreneurial and managerial abilities and focus on customer service in the operation of your Franchise Business.

Laws and Regulations

You must comply with all federal and state licensing and other regulatory requirements relating to the operation of your Business. Nevada has laws that prohibit assisted living facilities from paying individuals or agencies for placing individual residents at their facility. However, Nevada does not prohibit the individuals in need of placement services or their families from paying for these services. Texas and Oklahoma have laws that prohibit charging a percentage fee and arranging for transportation to see a facility. We will alter our system in these states to comply with state and local laws. You should only seek to place clients in state licensed, certified or accredited facilities (if applicable.) You should verify that the appropriate insurance is in place for each facility with which you do business. There may be other local, state and/or federal laws or regulations pertaining to your Business with which you must comply. We strongly suggest that you investigate these laws before buying this franchise.

ITEM 2

BUSINESS EXPERIENCE

Chief Executive Officer:

J.J. Sorrenti

J.J. Sorrenti has served as the Chief Executive Officer (CEO) of our parent, Best Life Brands, LLC, as well as the Manager/CEO of Best Life Brands, LLC parent, CFC Holding Company, LLC, since March 2020 (both companies are based in Troy, MI). Prior to joining Best Life Brands, J.J. was the President and Director of Safeguard Business Systems, Inc. ("Safeguard") (Dallas, TX) since its formation in September 2014 through February 2020. In addition, from January 2009 through February 2020, J.J. served as the: President and Director of Safeguard's two franchising arms (also based in Dallas, TX), SBS and SF Systems; the Vice President of Strategic Channels for Deluxe Small Business Sales, Inc., including the DFS Group; and the President of Safeguard Business Systems Limited, which was Safeguard's Canadian affiliate. J.J. also serves as a Director and Secretary of Snappy Casual Corporation and has held that position since February 2004 and has been a member of Snappy Casual Texas, LLC since June 2013 (both companies are based in Sewickley, PA). He is also a board member for the Gals Scholarship Foundation, a 501(C)(3) public charity that awards scholarships to women in golf. J.J. is also a trustee for the Board of the International Franchise Association's Education Foundation.

Chief Financial Officer:

Kevin Vesely

Kevin Vesely has served as Director and Secretary of the Franchisor since September 2023. Kevin has also served as the Chief Financial Officer of our parent company, Best Life Brands, LLC, since September 2023. Prior to joining Best Life Brands, LLC, Kevin was the Vice President of Finance for Sonova, Inc. (Chicago, IL) from March 2022 to September 2023. Kevin was the CFO of Alpaca Audiology from October 2019 to March 2022 when it was acquired by Sonova, Inc.. Previously Kevin was a director with PwC's National Office (Florham Park NJ) from June 2017 to October 2019. Kevin is a Certified Public Accountant (CPA) licensed in the State of Arkansas.

Chief Marketing Officer

Jennifer LoBianco

Jennifer LoBianco (aka Jennifer LoBianco Gregersen) has served as the Chief Marketing Officer (CMO) since December 2022 (Troy, MI). Jennifer was Senior Vice President of Marketing from June 2021 to December 2022. Prior to joining Best Life Brands, LLC, Jennifer was the CMO at Huntington Learning Center (Oradell, NJ) from February 2018 to May 2020. Jennifer previously was the CMO at American Financial Resources (Parsippany, NJ) from March 2016 to February 2018. Jennifer also serves in a voluntary capacity as an advisory council member and mentor with the Buccino Leadership Institute at Seton Hall University (South Orange, NJ).

Brand President:

Becky Bongiovanni, CSA*

Becky Bongiovanni is our co-founder and has been our Brand President since January 1, 2019. Prior to this, Becky was our Chief Operating Officer since May 2011. She has also served as the Treasurer of the National Post-Acute Care Continuum, a 501(c)(3) organization from January 2016 to August 2018.

Director of Operations:

Colleen Sieber

Colleen Sieber has served as our Director of Operations since September 2020. Prior to joining CarePatrol, Colleen served as the Director of Operations for Fitness Together from July 2018 until April 2020.

Vice President of Franchise Development:

David Tarr

David Tarr has served as the Vice President of Franchise Development since November 2022. Prior to that, David had been Director of Franchise Development with The Rep'm Group based in Charlotte, NC from February 2020 to October 2022. The Rep'm Group is a full-service franchise growth enabler helping

emerging, and established franchise brands grow by assisting with franchise development, franchise marketing, franchise operations, and franchise real estate location and build-out. Before that, David was Director of Franchise Development for St. Gregory Development Group based in Cincinnati, OH from May of 2018 to Jan of 2020. St. Gregory was a franchise sales organization assisting emerging, and established franchisors in growing their market share via third party franchise development.

Director of Resales:

Branden Worback

Branden Worback has served as the Director of Resales for our parent company, Best Life Brands, LLC since February 2020. Prior to this, Branden served as the Director of Operations for our affiliate, ComForCare Franchise Systems, LLC (Troy, MI), from January 2019 to February 2020. From January 31, 2017, to December 31, 2018, he was the Director of Operations for the predecessor of ComForCare Franchise Systems, LLC, ComForCare Health Care Holdings, LLC (Troy, MI).

In-House Counsel:

Stephen D. Greenwald

Stephen D. Greenwald, Esq. has served as our in-house counsel since our inception as well as the in-house counsel of our affiliates: Troy, MI based Boost Franchise Systems, LLC (since July 2021, Troy), MI based ComForCare Franchise Systems, LLC (since December 2018), and Troy, MI based CarePatrol Franchise Systems, LLC (since January 2019). In addition, Stephen is the general counsel of our parent, Troy, MI based Best Life Brands, LLC (since January 2019). From January 31, 2017 to December 31, 2018, he was the in-house counsel for our predecessor parent, ComForCare Health Care Holdings, LLC (Troy, MI). Stephen serves on the board of the Home Care Association of America and is a member of the State Bar of Michigan.

Minority Owner:

Steven Siegel

Steve has been a minority owner of our parent, CFC Holding Company, LLC, since January 2017. In addition, Steve is the: Managing Partner of Brookside Consulting, a franchise and retail consulting firm based in Thornton, New Hampshire (since 2001), a senior advisor to the Riverside Company, a private equity firm based in Cleveland, Ohio, (since 2011), a director of AIA (Adventures in Advertising), It's Just Lunch (a franchisor of professional dating services), Clintar (a commercial property services provider), and the New Hampshire Music Festival (all since 2011). *CSA stands for Certified Senior Advisor, a designation granted by the Society of Certified Senior Advisors.

ITEM 3

LITIGATION

Administrative Actions

Federal Trade Commission Docket No C-4379

On December 3, 2012, the Federal Trade Commission ("FTC") issued an administrative complaint against CAREPATROL, Inc. (which is not an existing entity but was incorrectly named), alleging issues with certain wording on CarePatrol's website. The FTC objected to wording that seemed to imply that CarePatrol "monitors or grades the care history and violations of all or a substantial majority, of assisted living facilities in a consumer's desired location," that it was incorrect to list every state under a "Click Below to Meet our Consultants" heading, in states in which CarePatrol does not have franchises, as CarePatrol does not have consultants in every state, and that CarePatrol "does not monitor or grade assisted living facilities based on most recent state inspections" in non-franchised areas. There was no intent to mislead, and the wording was for marketing and internet search engine optimization purposes only. The FTC sought to have CarePatrol change the website. In compliance, CarePatrol modified the wording on its website pursuant to FTC instructions. No consumer was involved nor made any complaint. There was no fine or penalty imposed.

In 2007, the predecessor franchisor (ComForCare Health Care Holdings, Inc.) to our Common Controlled Affiliate, ComForCare Franchise Systems, LLC, filed a franchise renewal application in Maryland that was effectuated December 10, 2007, and subsequently, in 2008, filed an amendment application that was effectuated October 7, 2008. After ComForCare's Maryland registration expired on December 10, 2008, ComForCare sold three franchises in Maryland. On April 15, 2010, ComForCare and the Maryland Securities Commissioner, reached an agreement to enter a Consent Order pursuant to which ComForCare agreed to cease and desist from offering or selling franchises in violation of Maryland Franchise Law and agreed to offer rescission to the three Maryland franchises. One franchisee elected to rescind. Other than the actions detailed above, no other actions are required to be disclosed in this Item.

ITEM 4

BANKRUPTCY

No bankruptcy information is required to be disclosed in this Item.

ITEM 5

INITIAL FEES

Single Unit Franchise

Standard Offering. At the time you sign the Franchise Agreement, you will pay us: (i) an initial franchise fee of \$57,000; (ii) a \$10,000 training fee (which includes, but is not limited to; expenses related to your initial training at our Designated Location, initial on-site training in your territory, and the provision of certain sales and marketing programs); and (iii) a \$595 initial license fee for our proprietary client data and management software. The initial fees for the Standard Offering during the time period indicated above are uniformly imposed.

Reduced Initial Fee Offering. At our discretion, we may offer you the right to purchase a CarePatrol Franchise under our Reduced Initial Offering. If you are approved, at the time you sign the Franchise Agreement, you will pay us: (i) an initial franchise fee of \$20,000; (ii) a \$10,000 training fee (which includes, but is not limited to; expenses related to your initial training at our Designated Location, initial on-site training in your territory, and the provision of certain sales and marketing programs); and (iii) a \$595 initial license fee for our proprietary client data and management software. The initial fees for the Reduced Initial Fee Offering are uniformly imposed.

PLEASE NOTE: In exchange for the payment of a reduced initial franchise fee, you will be required to pay us a higher ongoing Royalty Fee – 12.5% of your Gross Sales (or certain minimum fees, whichever is greater) than the Standard Offering ongoing Royalty Fee – 6% to 10% of your Gross Sales (or certain minimum fees, whichever is greater) depending on your monthly Gross Sales. Please see Item 6 for additional information regarding your Royalty Fee obligations.

Standard Offering Single Unit Franchise with Additional Beds

At our sole discretion, and depending on availability, we may award you the right to increase your Protected Territory through the purchase of additional beds (as described in Item 12.) Your initial franchise fee will be the initial fee as stated above plus each additional bed awarded multiplied by \$32.00. As an example, if you are awarded the Standard Offering and are granted an additional 500 beds, your initial franchise fee would be \$73,000 (\$57,000 + (500 beds x \$32.00)). This is in addition to our \$10,000 training fee and \$595 software license fee. Please note: (i) this is only available to those who are granted a franchise under our Standard Offering, (ii) we will not adjust a viable territory to add additional beds to your territory, and (iii) any additional beds must be located in ZIP codes that adjoin the original Protected Territory.

Multi-Unit Development; Expansion

At our discretion, we may offer to qualified candidates the right to purchase more than one single franchise unit. Qualified candidates who are allowed to purchase additional units will be required to sign a separate franchise agreement for each franchise they purchase.

Standard Offering. Approved purchasers of two single units will pay an initial franchise fee of \$104,500 (\$57,000 for the first unit purchase and \$47,500 for the second unit purchased). Purchasers of three single units will pay an initial franchise fee of \$147,000 (\$57,000 for the single unit purchase; \$47,500 for the second unit purchased; and \$42,500 for the third unit purchased). Any additional units purchased thereafter will be an additional \$42,500 each. In addition, you will pay us; (i) one \$10,000 training fee regardless of the number of units purchased, and (ii) a \$595 initial software license fee for each unit purchased. The initial fees for the Standard Offering during the time period indicated above are uniformly imposed.

Reduced Initial Fee Offering. Approved purchasers of two single units will pay an initial franchise fee of \$40,000 (\$20,000 for each unit purchased). Approved purchasers of three single units will pay an initial franchise fee of \$60,000 (\$20,000 for each unit purchased). Any additional units purchased thereafter will be an additional \$20,000 each. In addition, you will pay us; (i) one \$10,000 training fee regardless of the number of units purchased, and (ii) a \$595 initial software license fee for each unit purchased. The initial fees for the Reduced Initial Fee Offering are uniformly imposed.

PLEASE NOTE: In exchange for the payment of a reduced initial franchise fee, you will be required to pay us a higher ongoing Royalty Fee – 12.5% of your Gross Sales (or certain minimum fees, whichever is greater), for each territory, than the Standard Offering ongoing Royalty Fee – 6% to 10% of your Gross Sales (or certain minimum fees, whichever is greater), for each territory, depending on your monthly Gross Sales. Please see Item 6 for additional information regarding your Royalty Fee obligations.

You may not purchase multiple units from both offerings. Any and all multiple units must be either via the Standard Offering or the Reduced Initial Fee Offering.

Expansion; Discounts

Occasionally we may establish various franchise expansion programs, which are generally, but not exclusively, available only to existing franchise owners. These programs are intended to provide incentives for existing franchise owners to expand their existing franchise territories, acquire existing franchise operations from other franchise owners or expand into additional franchise territories. Under these programs, which are established and maintained at our sole discretion, initial franchise fees for additional franchise territories may be reduced, rebated or provided certain credits, provided that the new existing franchise meets certain sales or other performance criteria. However, any such expansion must be solely through the offering program of the franchisee's original franchise agreement(s). For instance, if you purchased your Franchised Business under our Standard Offering, any future expansions must also be under the then Standard Offering program.

Deposit

If the funding for the purchase of your CarePatrol franchise comes in part or in full from the SBA 7(a) loan program or from a loan against your retirement benefits (e.g., 401k loan), we, at our sole discretion, may allow you to pay a deposit upon execution of your franchise agreement/s in lieu of the full initial franchise fee. This deposit must be at least 20% of the initial franchise fee owed with the remaining balance of your initial franchise fee due in full the sooner of your funding from the SBA or 401k loan or 60 days from your Franchise Agreement's Contract Date. This deposit is non-refundable and you will owe the remaining balance of the initial franchise fee whether you successfully obtain an SBA or retirement benefits loan. Please note, if you are eligible to participate in this deposit program, you will still be required to pay the single \$10,000 training

fee (regardless of the number of units purchased) the \$595 initial license fee, per unit purchased, when you pay your deposit upon execution of the franchise agreement/s. You are not eligible to participate in this deposit program if you elect (and qualify) to participate in the initial franchise fee financing program described in Item 10 – Financing. We reserve the right to offer, modify, withdraw or reinstate this program in the future without notice to you.

Purchase of Existing Franchise (Transfer)

If you are a new Franchisee and purchase an existing Franchised Business, you will pay us the \$10,000 Training Fee and the \$595 initial software fee, all payable upon execution of the Franchise Agreement. If you are an existing Franchisee, and purchase another existing Franchised Business, you will only have to pay us the \$10,000 Training Fee which, again, is payable upon execution of the Franchise Agreement.

PLEASE NOTE: If you purchased your Franchised Business(es) under the Reduced Initial Fee Program, upon transfer, the transferee may not elect to change their Royalty Fee to the then lower Standard Offering rate.

Affiliated Franchises

At our discretion, we may offer qualified candidates, who are currently existing franchisees, the right to purchase a franchise from one of our affiliated brands (as described in Item 1). Such franchisees must independently qualify to own and operate that brand per its then current standards and requirements. If so awarded, the initial franchise fee will be 50% of that brand's then current fee for the first unit purchased only.

Conversion Single Unit Development

At our discretion, we may offer qualified candidates the right to purchase and convert a currently operating independent senior placement business into a CarePatrol franchise ("Conversion Program"). We may, but are not obligated, to reduce (or waive) the initial franchise fee for a converted franchise based on such factors as the length of time you have been in business and revenue being generated. The conversion initial franchise fee is deemed fully earned and nonrefundable upon payment. During our fiscal year 2022, we did not grant any conversion franchises.

Veteran's Discount

To honor those men and women who have served in the United States military, the Veterans Transition Franchise Initiative, known as "VetFran," was developed to help those individuals transition to civilian life. This initiative is a voluntary effort of International Franchise Association (IFA) member-companies that is designed to encourage franchise ownership by offering financial incentives to honorably discharged veterans. CarePatrol offers a 20% discount off the initial franchise fee for the first single unit purchased to individuals who qualify under VetFran.

First Responder's Discount

CarePatrol offers a 15% discount off the initial franchise fee for the first single unit purchased to individuals who serve (or have served) their communities and country as first responders. The term "first responder" refers to those individuals who in the early stages of an incident are responsible for the protection and preservation of life, property, evidence, and the environment, including emergency response providers as defined in section 2 of the Homeland Security Act of 2002 ([6 U.S.C. § 101](#)), as well as emergency management, public health, clinical care, public works, and other skilled support personnel (such as equipment operators) that provide immediate support services during prevention, response, and recovery operations.

Current Franchise Employee Discount

We offer a \$15,000 discount off the initial franchise fee to any current employee of a CarePatrol Franchised Business who wishes to become a CarePatrol franchisee. In order to qualify for this discount, the employee must have worked for an existing CarePatrol Franchised Business for at least 12 months as well as meet our then current new franchisee standards and requirements. Thereafter, if the employee is awarded a CarePatrol Franchised Business, the owner of the CarePatrol that employed him/her will receive a \$15,000 referral fee (upon receipt by us of the full discounted initial franchise fee from the employee.) These prospective franchisees are still required to complete all new franchisee training programs although we may accelerate or modify the training requirements, at our discretion, based on the prospective franchisee's operational experience or business acumen. The prospective franchisee cannot be bound by any existing franchise broker and/or franchise referral programs. In addition, you or your immediate relatives cannot have any ownership or equity in their proposed Franchised Business. The Referral Fee is not available for the state of Washington and for the resales of existing Franchised Businesses. We reserve the right to offer, modify, withdraw or reinstate any referral program in the future without notice to you.

General Information Regarding Initial Fees

If you have signed a deposit agreement or a promissory note in favor of us for a portion of the initial franchise fee, you will pay to us the portion that has not been financed. No other payments will be made to us for goods or services before the opening of your Franchised Business. The initial franchise fees are fully earned and are non-refundable in consideration of administrative and other expenses incurred by us in granting the Franchised Business.

Referral Fee

If you refer an unrelated, third-party prospective franchisee directly to us and the prospective franchisee is granted the right to purchase a Franchised Business, upon receipt of the full initial franchise fee, we will pay you a single \$15,000 referral fee ("Referral Fee"). These referred prospective franchisees cannot be bound by any existing franchise broker and/or franchise referral programs. In addition, you or your immediate relatives cannot have any ownership or equity in their proposed Franchised Business. The Referral Fee is not available for the state of Washington and for the transfers of existing Franchised Businesses. We reserve the right to offer, modify (including reducing the Referral Fee), withdraw or reinstate any referral program in the future without notice to you.

ITEM 6

OTHER FEES

RECURRING FEES			
TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Royalty Fee (Notes 1, 2, & 3)	<i>Standard Offering.</i> 6% to 10% of Gross Sales with a minimum Royalty Fee per Month	25 th day of each month, collected two months in arrears	Your Royalty is an ongoing payment that allows you to use the Proprietary Marks and the intellectual property of the System and pays for our ongoing support and assistance.
	<i>Reduced Initial Fee Offering.</i> 12.5% of Gross Sales with a minimum Royalty Fee per Month	(Or as updated in operational manuals)	

RECURRING FEES			
TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
National Invoicing Fee (Note 1, 2, & 4)	\$0, \$60, or \$120 depending on amount invoiced	Upon receipt of payment from Partner Facility	Payable to us. We have established (and will continue to do so) certain partnerships with regional and national senior care and living facilities (“Partner Facility/ies”) wherein such Partner Facilities remit client placement fees directly to us for placements you make within their facility.
National Advertising Fee (Notes 1, 2, & 5)	1% of Gross Sales with a monthly minimum of \$300 per month.	25 th day of each month, collected two months in arrears (Or as updated in operational manuals)	Payable to us
Local Marketing Spend (Note 1 & 6)	2% of Gross Sales with a monthly minimum of \$1000	Month incurred	Payable directly to third-party vendors. Please see Items 7 & 11 for additional information.
Technology Fee (Note 14)	\$449 per month	20 th day of each month, collected in the current month (Or as updated in operational manuals)	This fee covers the costs associated with the client management software and other technologies that are utilized in the operation of your Franchised Business. We reserve the right to increase this fee in the event we offer updated or additional software or technology for use in the Franchised Business.
Google Workspace® Fee	\$16.50 per month, per Google Workspace account	20 th day of each month, collected one month in arrears (Or as updated in operational manuals)	You and your key employees are required to utilize Google’s Workspace® as your email platform. At the time of this disclosure, this fee is \$16.50 per month per Google Workspace license (plus any taxes, if applicable). We reserve the right to increase this fee up to \$25.00 per month per Google Workspace license.
Accounting Software Fee	Varies	Monthly subscription	Payable to vendor. We currently require that you purchase or lease the latest version of the QuickBooks Online Plus (“QBOE”) Business Package. See Item 11 for additional information. If you do not have accounting experience, we strongly recommend you utilize a third-party book keeper.

RECURRING FEES			
TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Certified Senior Advisor Fees	\$1,495-\$1,795.00 initial fee; \$175 annual renewal fee	Lump Sum / Annually	Payable directly to the Society of Certified Senior Advisors. You must become a Certified Senior Advisor (CSA) through the Society of Certified Senior Advisors. You must obtain this certification before you open your Franchised Business.
National Trade Organization Membership Fee	\$200.00-\$500.00 annually	Invoiced	Payable directly to approved national trade organization/s. You must maintain membership in our approved senior placement national and state trade organizations.
Society for Human Resources Management (SHRM) Membership Fee	Currently \$219 per year	Invoiced	Payable directly to SHRM
Insurance	Cost of premium plus our related expenses	Invoiced	If you fail to obtain required insurance, we may (but need not) obtain it, and you must reimburse us for the cost of the premium(s) and our related expenses in obtaining it.

EVENT RELATED FEES			
TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Protected Territory Change Fee	\$5,000	At the time of change	In the event you unilaterally request that we change your Protected Territory from the one granted to you in the Franchise Agreement/s. We are not obligated to grant such a request.
New Managing Owner and/or New Managing Employee Training Fee (Note 14)	\$2,000 per person	10 days after invoice	Payable to us. If during the term of our Franchise Agreement, you appoint a new Managing Owner or new Managing Employee, that new individual must attend all phases of our training program as described in Item 11.
Marketer Training Fee (Note 14)	\$1,000 per person	10 days after invoice	Payable to us
Supplemental Training Fee & Refresher	\$500 per day (plus expenses)	10 days after invoice	Payable to us

EVENT RELATED FEES			
TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Training Fee (Note 7 & 14)			
Annual Conference Registration Fee (Note 8 & 14)	Up to \$750 per conference for two attendees; \$350 per attendee, thereafter	Upon event registration	Payable to us
Annual Conference Absentee Fee (Note 8 & 14)	\$1,500	10 days after Annual Conference	Payable to us
Regional Meeting Registration Fee (Note 9 & 14)	Up to \$250 per attendee	Upon event registration	Payable to us
Regional Meeting Absentee Fee (Note 9 & 14)	\$500	10 days after Annual Conference	Payable to us
Transfer Fee	\$15,000 at the time of transfer if the transfer involves 50% or more change of ownership. If the transfer involves less than a 50% change of ownership, the transfer fee will be calculated based upon the percentage of ownership change. If the entire business is transferred to an unrelated third-party, the transferee or you must also pay the Training Fee.	Prior to Training	Payable to CarePatrol at Transfer Closing
Renewal Fee	\$7,500	At time you sign the Renewal Agreement	Automatically deducted by CarePatrol via EFT when you sign the then current Franchise Agreement.
Third-party Broker Listing Fee (Note 10)	Varies by broker	Upon execution of new franchise agreement by buyer	Payable to CarePatrol or escrow agent
Examination/Audit of Your Records and Under Reporting Penalty	\$300 per day per person plus: expenses, full amount of any underpayment, \$5,000 penalty, and interest on any underpayment	Upon demand	Cost of audit is payable only if the understatement exceeds two percent (2%).

EVENT RELATED FEES			
TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Client and Location Infraction Fee (Note 11 & 14)	Two times (2x) full placement fee realized.	Upon demand	Payable to us or affected franchisee
Client Resolution Fee (Note 12 & 14)	Greater of \$500 or \$50/hour	Upon demand	Payable to us
Unapproved Services Fee (Note 1)	1% of Gross Sales	Monthly	Payable to us in the event you utilize our Proprietary Marks in the provision of unapproved services
Interest	18% or the maximum allowed by law	Incurred immediately if late on any fees owed to us	Payable to us
Late Payment Fee	Up to \$150 per week for each individual payment past due	Upon demand	Payable to us. Late fees begin from the date payment was due, but not received, or date of underpayment.
Late Reporting Fee	Up to \$150 per report per week for each required report that has not been submitted	Upon demand	Payable to us. Late fees begin from the date the report was due, but not received.
Drivers' Safety Course (Note 13)	Varies	Upon demand	Payable to state approved third-party driver safety course

Notes to "Other Fees" Table:

All fees paid to us, unless otherwise noted, are uniform and are non-refundable and are due and payable for each territory owned. Fees paid to vendors or other suppliers may be refundable depending on the vendors and suppliers. We currently require you to pay fees and other amounts due to us via electronic funds transfer ("EFT") or other similar means. You must complete the Automated Clearing House Payment Authorization Form (for Electronic Funds Transfer) "ACH Payment Authorization," attached as Addendum D to the Franchise Agreement, for direct debits from your business bank operating account. We can require an alternative payment method or payment frequency for any fees or amounts owed to us or our affiliates under the Franchise Agreement. All fees are current as of the issuance date of this Disclosure Document. Certain fees that we have indicated may increase over the term of the Franchise Agreement.

1. Gross Sales. The term "Gross Sales" means the aggregate amount of all sales and services and the aggregate of all charges for all services performed (including service charges in lieu of gratuity) whether for cash, on credit or otherwise, made and rendered in, about, or in connection with the Business, including revenue derived as a direct or indirect consequence of use of our Proprietary Marks or any aspect of the System as well as from the proceeds from any business interruption insurance. Gross Sales may not be modified for uncollected amounts (except as indicated below). Notwithstanding the above, you may reduce or offset your Gross Sales for:
 - (a) Sales, value added, or retailer's excise taxes paid or accrued by you;
 - (b) National Invoicing Fees.
 - (c) Unrealized placement fees wherein the client passes away or moves out of the facility (also known as Care Providers) resulting in no fees being paid to you by the facility as stipulated by the agreement you have with the facility; and

- (d) Client referral fees paid to another franchisee. To avoid any confusion, any placement fees realized by the franchisee that receives a referral from another franchisee would be included in the recipient's Gross Sales and thus be subject to the Royalty Fee.

For purposes of the Royalty Fee, the sale is made at the earlier of delivery of service or receipt of payment.

2. For the purpose of the Franchise Agreement, "Open Date" will mean the sooner of 30 days from your completion of the Initial Training Program or the date you begin soliciting senior placements. However, regardless of the occurrence of these events, you will be deemed open for the purpose of payment of fees and related obligations beginning no later than 120 days from the date you signed your Franchise Agreement (the "Contract Date.")
3. During the term of the Franchise Agreement, on the 20th day of each month, collected two months in arrears, you will pay us a monthly Royalty Fee as calculated follows:

STANDARD OFFERING ROYALTY FEE CALCULATION	REDUCED INITIAL FEE OFFERING ROYALTY FEE CALCULATION
10% of Gross Sales up to \$16,667; plus 8% of Gross Sales between \$16,668 to \$33,334; plus 6% of Gross Sales over \$33,335	12.5% of Gross Sales

The Royalty Fee is subject to the following monthly minimum royalty (the "Minimum Monthly Royalty Fee"). Each month, you must pay a Royalty Fee equal to the greater of the Standard Royalty Fee Calculation set forth in the above table or the Minimum Monthly Royalty Fee set forth in the table below.

TIME IN BUSINESS AND MINIMUM ROYALTY FEE CALCULATION		
IF YOUR CURRENT TIME IN BUSINESS PERIOD IS....	YOUR MINIMUM MONTHLY ROYALTY FEE WILL BE...	
	STANDARD OFFERING	REDUCED INITIAL FEE OFFERING
Open Date through the 2 nd Month of Operation	The Standard Offering Royalty Fee Calculation	The Reduced Initial Fee Offering Royalty Fee Calculation
3 rd Month of Operation through the 12 th Month of Operation	Greater of \$300 or the Standard Offering Royalty Fee Calculation	Greater of \$475 or the Reduced Initial Fee Offering Royalty Fee Calculation
13 th Month of Operation through the 24 th Month of Operation	Greater of \$600 or the Standard Offering Royalty Fee Calculation	Greater of \$950 or the Reduced Initial Fee Offering Royalty Fee Calculation
25 th Month of Operation through the 36 th Month of Operation	Greater of \$900 or the Standard Offering Royalty Fee Calculation	Greater of \$1,425 or the Reduced Initial Fee Offering Royalty Fee Calculation
37 th Month of Operation through the 48 th Month of Operation	Greater of \$1,200 or the Standard Offering Royalty Fee Calculation	Greater of \$1,875 or the Reduced Initial Fee Offering Royalty Fee Calculation
49 th Month of Operation through the Remaining Term	Greater of \$1,500 or the Standard Offering Royalty Fee Calculation	Greater of \$2,350 or the Reduced Initial Fee Offering Royalty Fee Calculation
Any Interim Period Month	Greater of \$3,000 or the Standard Offering Royalty Fee Calculation	Greater of \$4,700 or the Reduced Initial Fee Offering Royalty Fee Calculation

- (a) The monthly Royalty Fee for a Conversion Franchise will be determined at the time of the conversion.
4. During the term of the Franchise Agreement, we will remit to you the placement fees we receive on your behalf from a Partner Facility within seven days of receipt of payment by us less the amounts indicated in the table below:

Placement Invoice Amount (Paid to us by the Partner Facility)	National Invoicing Fee (Retained by us)
\$0 - \$1,999	\$0
\$2,000 - \$3,999	\$60
\$4,000 and greater	\$120

5. During the term of the Franchise Agreement, on the 20th day of each month, collected two months in arrears, you will pay us a monthly National Advertising Fee as calculated follows

NATIONAL ADVERTISING FEE CALCULATION	
TIME IN BUSINESS	NATIONAL ADVERTISING FEE
Open Date through the 2 nd Month of Operation	1% of Gross Sales
3 rd Month of Operation through Remaining Term	Greater of \$300 or 1% of Gross Sales

- (a) We reserve the right to increase this fee to the greater of 2% of Gross Sales with a minimum of \$600 per month.
6. You agree to dedicate at least eight (8) hours a week and spend the greater of 2% of your monthly Gross Sales or \$1,000 on local marketing efforts in order to establish brand awareness and generate acquisition of clients through channels such as, but not limited to: offline marketing (radio, billboards, direct mail); digital marketing (social media, Google ads, and SEO); and community networking (booths at local events, membership in local chapters of trade, healthcare, and networking organizations, etc.).
7. You will pay this fee for Supplemental Training and Refresher Trainings. Please see Item 11 for more information. You must reimburse us for all costs incurred by our representative including their travel, meals, and lodging. If you cancel a scheduled visit after we have incurred any expenses, you must reimburse us for these costs.
8. You are required to attend the Annual Conference. Currently, we charge up to \$750 for the first two attendees and up to \$350 per attendee thereafter. In the event you are unable to attend the Annual Conference, you may send an employee, who has been approved for attendance by us. If you fail to attend the Annual Conference (or send an approved employee in your stead), you will be charged a \$1,500 absentee fee ("Annual Conference Absentee Fee"), via EFT, 10 days after the missed Annual Conference concludes. We may increase the Annual Conference Fee with 90 days' written notice prior to the Annual Conference. All Annual Conference attendees are responsible for all of their own travel costs and expenses of lodging, transportation and meals. We reserve the right not to conduct an Annual Conference.
9. You are required to attend one Regional Meeting each year. Currently we charge up to \$250 per attendee. In the event you are unable to attend the Regional Meeting, you may send an employee,

who has been approved for attendance by us. If you fail to attend the Regional Meeting (or send an approved employee in your stead), you will be charged a \$500 absentee fee ("Regional Meeting Absentee Fee"), via EFT, 10 days after the Regional Meeting(s) conclude. We may increase the Regional Meeting Fee with 90 days' written notice prior to the first scheduled Regional Meeting. All Regional Meeting attendees are responsible for all of their own travel costs and expenses of lodging, transportation and meals.

10. If a franchise sales broker is used to sell your Franchised Business, you must pay that broker a Third-Party Broker Sales Fee. Fees vary by broker. For example, some brokers may charge you a flat fee to sell your Franchised Business or a percentage of your eventual sale price (or a combination of both.) It is your responsibility to understand the terms and conditions, including the fees, any Third-Party Broker may require of you. Additionally, these fees may be assessed for each individual territory sold and must be paid to a licensed escrow agent or to us to then disburse any amounts owed to third-party brokers.
11. If you place a client in another franchisee's territory without that franchisee's permission or authorization, you will pay that franchisee two times (2x) the full placement fee realized. In addition, you will be subject to a penalty of up to \$5,000, for each client specific infraction, payable to us. You are responsible (rather than us) for any payments or penalties owed to another franchisee for such infractions. We have no obligation to investigate or enforce this provision.
12. In the event we assist in resolving an issue between two or more franchisees regarding a violation of the client and location restriction policy, we may charge the involved parties a client resolution fee that is the greater of \$500 or \$50/hour. This fee will be invoiced and payable via ACH 10 days from receipt of corresponding invoice. We have no obligation to assist in the investigation of such matters.
13. Because safety is of the utmost importance to our brand, we may require that you attend a driver's safety course of our choosing at your cost if we receive complaints regarding unsafe driving by you or your employees.
14. We may increase the amount of a fixed fee or fixed payment due under the Franchise Agreement or a related agreement. An annual increase to each particular fixed fee or fixed payment may occur only once during any calendar year and may not exceed the corresponding cumulative percentage increase in the Index since the date of the Franchise Agreement or, as the case may be, the date that the last Annual Increase became effective for the particular fixed fee or fixed payment being increased. Annual Increases will be made at the same time during the calendar year. "Annual Increase" means the increase in the amount of a fixed fee or fixed payment due us or an affiliate under a franchise agreement or a related agreement. "Index" means the Consumer Price Index for All Urban Consumers (CPI-U) for the U.S. City Average for all Items (1982-1984=100), not seasonally adjusted, as published by the United States Department of Labor, Bureau of Labor Statistics. If the Index is discontinued or revised during the term of the Franchise Agreement, the other governmental index or computation with which it is replaced shall be used to obtain substantially the same result as would be obtained if the Index has not been discontinued or revised.

ITEM 7

ESTIMATED INITIAL INVESTMENT

TABLE A.
YOUR ESTIMATED INITIAL INVESTMENT – SINGLE UNIT FRANCHISE

TYPE OF EXPENDITURE	REDUCED INITIAL FEE TERRITORY	STANDARD TERRITORY	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS MADE
Initial Franchise Fee (Note 1)	\$20,000	\$57,000	Lump sum	Upon execution of Franchise Agreement	CarePatrol
Training Fee	\$10,000		Lump sum	Upon execution of Franchise Agreement	CarePatrol
Travel Expenses for Training (Note 2)	\$2,500 - \$5,200		As incurred	As incurred	Vendors
Real Estate & Related Expenses (Note 3)	\$150 - \$200		As incurred	As incurred	Vendors
Office Equipment (Note 4)	\$1,100 - \$2,250		Lump sum	Before opening	Vendors
Computer Systems (Note 5)	\$2,500 - \$3,750		As incurred	Before opening	Vendors
Signs	\$0 - \$550		Lump sum	Before opening	Vendors
Certified Senior Advisor Certification	\$1,495 - \$1,795		Lump sum	When you enroll	Society of Certified Senior Advisors
Professional Fees & Business Licenses (Note 6)	\$1,725 - \$2,725		As incurred	As incurred	Vendors
Vehicle – Deposit & 3 Lease Payments (Note 7)	\$0 - \$5,000		Installments	As incurred	Suppliers
Insurance – 3-6 months (Note 8)	\$650 - \$2,500		As incurred	As incurred	Vendors
Additional Funds – 3 Months (Note 9)	\$11,000 - \$20,000		As incurred	As incurred	Various
Total (Notes ((a) & (b))	\$51,120	\$110,970			

TABLE B.
YOUR ESTIMATED INITIAL INVESTMENT – MULTIPLE UNIT FRANCHISE

TYPE OF EXPENDITURE	REDUCED INITIAL FEE TERRITORY	STANDARD TERRITORY	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS MADE
Initial Franchise Fee (Note 1)	\$40,000	\$147,000	Lump sum	Upon execution of Franchise Agreement	CarePatrol

TABLE B.
YOUR ESTIMATED INITIAL INVESTMENT – MULTIPLE UNIT FRANCHISE

Training Fee	\$10,000	Lump sum	Upon execution of Franchise Agreement	CarePatrol
Travel Expenses for Training (Note 2)	\$5,000 - \$8,000	As incurred	As incurred	Vendors
Real Estate & Related Expenses – 3 months (Note 3)	\$150 - \$2,400	As incurred	As incurred	Vendors
Office Equipment (Note 4)	\$1,500 - \$2,600	Lump sum	Before opening	Vendors
Computer Systems (Note 5)	\$3,000 - \$4,250	As incurred	Before opening	Vendors
Signs	\$0 - \$550	Lump sum	Before opening	Vendors
Certified Senior Advisor Certification	\$1,495 - \$1,795	Lump sum	When you enroll	Society of Certified Senior Advisors
Professional Fees & Business Licenses (Note 6)	\$1,725 - \$2,725	As incurred	As incurred	Vendors
Vehicle - Deposit & 3 Lease Payments	\$0 - \$10,000	Installments	As incurred	Suppliers
Insurance – 3 - 6 months (Note 8)	\$650 - \$2,500	As incurred	As incurred	Vendors
Additional Funds – 3 Months (Note 9)	\$17,000 - \$33,000	As incurred	As incurred	Various
Total (Notes ((a) & (b))	\$80,520	\$224,820		

(a) These figures are based on estimates from our experience in this industry since 2006. The range has been provided because expenses may vary based on local market conditions. Additional funds for working capital needs may be required.

All of the fees paid to us are not refundable. The fees that are paid to vendors, landlords, and other service providers may not be refundable.

(b) To account for inflation, we have increased the upper cost of the following expenditures by 4%: Travel Expenses for Training, Real Estate & Related Expenses, Office Equipment, Computer Systems, Signs, and Insurance.

Notes to Tables A & B:

1. The Initial Franchise Fee for a:

- a. Standard Offering: a single-unit Franchise is \$57,000; a two-pack, multi-unit franchise is \$104,500 (\$57,000 for the first unit and \$47,500 for the second unit); for a three-pack, multi-

unit franchise is \$147,000 (\$57,000 for the first unit, \$47,500 for the second unit, and \$42,500 for the third unit.)

- i. Qualifying franchisees may be eligible to finance part of this fee either via a Deposit Agreement as identified in Item 5 or through the financing program as identified in Item 10 – Financing.
 - b. Reduced Initial Fee Offering: a single-unit Franchise is \$20,000; a two-pack, multi-unit franchise is \$40,000 (\$20,000 for the first unit and \$20,000 for the second unit); for a three-pack, multi-unit franchise is \$60,000 (\$20,000 for the first unit, \$20,000 for the second unit, and \$20,000 for the third unit.)
2. Your Managing Owner or your Managing Employee are required to attend the entire initial training program including the in-person training conducted at our Designated Location (Please see Item 11).
3. CarePatrol is a home-based business, however, unless you obtain a commercial office, you must obtain a P.O. Box for formal CarePatrol correspondence. A typical new CarePatrol office would require 300-500 square feet of space. Rent is estimated to be \$9,000 annually depending on size, condition and location of leased premises.
4. This estimates your costs to purchase a smart phone, digital camera, and other basic office supplies. If you are a multi-unit franchisee, we recommend you purchase a smart phone and digital camera for each territory. You must obtain and use a phone number that is used exclusively for CarePatrol business purposes.
5. This amount is necessary to purchase and/or license your computer hardware, software, data storage, and access fees. This amount also includes a \$595 initial license fee (for each territory purchased) for our proprietary client data and management software, your Technology Fee, and Google Workspace Fee.
6. This fee includes any legal, accounting, licensing, and business consulting services you may need.
7. Due to the nature of this business, you must have a vehicle. We do not have any standards or specifications for your vehicle other than it must be well maintained (clean and damage free). For purposes of this estimate, we assume that if you purchase a single-unit franchise, you will lease one vehicle while if you purchase a multi-pack, you will lease one additional vehicle. The low estimate assumes you already own or lease a vehicle, in which case you will not incur any additional expense.
8. The estimated cost for all insurance during the first year of operation is \$2,500 - \$5,000 exclusive of commercial property insurance and workers' compensation insurance because those vary by location and whether you have leased commercial office space. We may reasonably increase the minimum liability protection requirement annually and require, at any time on reasonable prior notice to you, different or additional kinds of insurance to reflect inflation, changes in standards of liability or higher damage awards in public, product or motor vehicle liability litigation or other relevant changes in circumstances. You are required to obtain your insurance from our designated insurance broker. Additional information regarding your insurance requirement can be found in Item 8 Restrictions on Sources of Products and Services; Current Source Restricted Items; Insurance Policies.
9. We require that you begin your Franchised Business with at least 3 months of additional working capital funds but recommend you have at least 6 months in reserve. Included in these expenses is \$1,500 which we suggest should go toward local marketing/branding efforts to "introduce" your CarePatrol to the community. The higher expense level includes payroll/payroll costs for at least one other full-time employee for a single-unit franchise and at least one other full-time employee and a part time employee for a multi-unit franchise (either a marketer or administrator, depending on your role in your Franchised Business) but do not include an owner's salary. These figures are estimates

and we cannot guarantee that you will not incur additional expenses starting the business.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Standards and Specifications

To ensure that the highest degree of quality and service is maintained, you must operate the Franchised Business in strict conformity with the methods, standards, and specifications that we list in our proprietary and confidential Manual, which may exist in various parts, locations, and formats, and may include a combination of audio, video, written material, electronic media, website content, and/or software components. You must not: (i) deviate from these methods, standards, and specifications without our prior written consent, or (ii) otherwise operate in any manner which reflects adversely on our Proprietary Marks or the System. Our Manual states our standards, specifications, and guidelines for all goods and services that we require you to obtain in establishing and operating your Franchised Business.

We may, from time to time, notify you of new or modified standards, specifications, and guidelines through periodic amendments, or supplements to the Manual or through written communication (including electronic communication).

You must purchase, install, maintain in sufficient supply, and use, only those items that conform to the standards and specifications described in the Manual or otherwise in writing; you must not use nonconforming items. In addition, you must sell or offer for sale only those products and services that we have expressly approved for sale in the Manual or otherwise in writing, and discontinue selling any products or services that we, at our discretion, determine may adversely affect the System. You must not offer any unapproved products or services.

Purchases from Approved Suppliers

As described below in more detail, we currently require that you purchase or lease the following source restricted goods and services: computer equipment; marketing materials; certain operating supplies; and insurance policies. We estimate that nearly 5% of the total purchases and leases that will be required to establish your Business and 3% of your ongoing operating expenses will consist of source restricted goods or services.

Senior Advisor Certification

We require that you obtain and maintain through the term of the Franchise Agreement certification as a Certified Senior Advisor (“CSA”) as granted through the Society of Certified Senior Advisors. CSA certification is offered through online and live classroom settings. It consists of approximately 60 hours of home study. We explicitly reserve the right to change the underlying senior certification provider or to require additional certifications from our existing senior certification vendors.

Software

You must license our proprietary client data and management software as well license, from Intuit, the latest version of QuickBooks Online Plus (“QBOE”) Business Package.

Marketing Materials

All of your marketing materials (brochures, business cards, etc.) must comply with our standards, requirements and specifications as stated in the Manual, that may be changed from time to time. We must approve all of your marketing materials and/or advertisements before you use them. You are not currently required to purchase these materials from any specific vendor however we reserve the right to require that

you do so in the future.

Operating Supplies

You must purchase certain operating supplies that meet our standards and specifications, including a smart phone and digital camera as stated in our Manuals, that may be changed from time to time. You may purchase these items from any supplier of your choosing.

Insurance Policies

You must obtain the insurance coverage that we require from time to time (whether in the Franchise Agreement or in the Manual). You must purchase these policies through our designated insurance broker:

1. Commercial general liability insurance, written on an occurrence policy form, including bodily injury, property damage, personal injury, products and completed operations liability coverage with a limit of not less than \$1,000,000 (\$3,000,000 in aggregate);
2. Professional liability insurance, written on an occurrence policy form, with a combined single limit of not less than \$1,000,000 (\$3,000,000 in aggregate);
3. Automobile liability insurance for all non-owned, and hired automobiles, with a single limit coverage of not less than \$1,000,000;
4. Network security insurance (cyber insurance) with a minimum \$250,000 aggregate; maximum \$5,000 retention/deductible (retro inception) which is comprised of: Electronic information security event coverage up to \$250,000 and privacy crisis management expense, with coverage up to \$250,000;
5. If applicable, worker's compensation and employer's liability to meet statutory requirements of your state(s) of operation. You shall maintain worker's compensation and employers' liability insurance coverages regardless if mandated by state law; and
6. Other insurance as may be required by the state or locality in which the franchised business is located and operated.

Employment Practices Liability Insurance

We strongly recommend, but do not require, in addition to the coverages listed above, you obtain Employment Practices Liability Insurance coverage (EPLI). In you elect to purchase EPLI, you should seek coverage with a minimum aggregate of \$250,000 including sub-limits of at least: \$100,000 for FLSA/wage and hour claims, \$100,000 for violation of employee privacy claims and \$25,000 for work eligibility (I-9) claims. In addition, the policy should include: independent contractors in the definition of potential employees as well as third-party coverage.

Sexual Abuse and Molestation Coverage

We recommend, but do not require, in addition to the coverages listed above, and as part of your professional liability coverage, you also obtain sexual molestation and abuse coverage with a minimum sub-limit of \$100,000.

Umbrella/Excess Liability Policy

Some independent and assisted living communities, memory care nursing homes, etc. may require vendors to obtain, in addition to the above coverages, a \$1,000,000 umbrella or excess liability policy. If a facility in your area with whom you elect to work requires this coverage, you can expect approximately \$1,500 per year in additional premium costs.

Auto Coverage

We recommend purchasing a commercial auto insurance policy for your vehicle. In the event that you elect to

continue your personal auto insurance policies, a “Business Use Endorsement” is required to be added to the policy along with a \$1,000,000 personal umbrella policy.

Extended Reporting Policy (Tail Coverage)

You are required to carry occurrence form insurance coverage but if your then coverage upon the termination or expiration of your Franchise Agreement is written on a claim made basis, you must obtain a three-year extended reporting policy (also known as tail coverage).

Additional Insurance Requirements

You must also purchase any other limits and coverage that we periodically require. The required coverage and policies are subject to change. All insurance policies must be endorsed to: (i) name us (CarePatrol Franchise Systems, LLC) as additional insureds; (ii) contain a waiver by the insurance carrier of all subrogation rights against us; and (iii) provide that we receive 10 days’ prior written notice of the termination, expiration, cancellation or modification of the policy. Proof of all coverages must be provided to us annually.

Purchase Agreements

In the future, we may try to negotiate relationships with suppliers to enable our affiliates and franchisees to purchase certain items at discounted prices (we do not have any purchase agreements in place at this time). If we succeed, you will be able to purchase these items at the discounted prices that we negotiate (less any rebates or other consideration paid to us). Alternatively, we reserve the right to purchase the items in bulk and resell them to you at our cost plus a reasonable markup (your total cost to purchase the items from us will not exceed your total cost to purchase the items directly from the supplier without the benefit of our group purchasing power). There are no purchasing cooperatives, although we reserve the right to establish one or more purchasing cooperatives in the future. You do not receive any material benefits for using designated or approved suppliers other than having access to any discounted pricing that we negotiate.

Franchisor Revenues from Source Restricted Purchases

We are currently the designated supplier for some of your marketing materials. We derive revenue from these purchases. We may designate ourselves as an approved or designated supplier for other items in the future. No persons affiliated with us are currently approved suppliers. You are required to obtain and maintain membership in The National Placement and Referral Alliance. Other than The National Placement and Referral Alliance, there are no approved or designated suppliers in which any of our officers owns an interest.

We may receive rebates, payments or other material benefits from suppliers based on franchisee purchases and we have no obligation to pass them on to our franchisees or use them in any particular manner. However, we do not currently receive any rebates, payments or other material benefits from suppliers.

For the year ending December 31, 2022, our revenue from the license of Google Workspace® to our franchisees was \$58,509 or 1.07% of our total revenue of \$5,447,857.

Approval of New Suppliers

If you would like to use any product or service in establishing or operating your business that we have not approved (for products and services that require supplier approval), you must request approval by providing us with a sample of the item you would like us to approve. We do not charge a fee for this approval. Unless we provide you written approval within 30 days of your request, your request will be deemed unapproved. We may revoke the approval of a supplier if it fails to continue to meet our standards. We will notify you if we revoke our approval of a product, service or supplier and you must immediately stop purchasing said products or services or utilizing that supplier.

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 obligation in these agreements and other items of this Disclosure Document.

OBLIGATION	SECTION IN AGREEMENT	DISCLOSURE DOCUMENT ITEM
a. Site selection and acquisition/lease	Section 1, 5 & Addendum B & H	Item 11
b. Pre-opening purchase/lease	Section 1 & 5	Item 11
c. Site development and other pre-opening requirements	Section 1, 5 & Addendum B & H	Items 7, 8, & 11
d. Initial and ongoing training	Section 4	Item 11
e. Opening	Section 4, Addendum B & G	Item 11
f. Fees	Section 3, Addendum G & H	Items 5, 6, 7, 11,
g. Compliance with standards and policies/Operating Manual	Section 4, 5, 6, 7, 9, 11, & 12	Item 11
h. Trademarks and proprietary information	Section 8 & 9	Items 13 & 14
i. Restrictions on products/service offered	Section 1, 5, & 7	Items 8 & 16
j. Warranty and customer service requirements	Section 5, 6, & 7	Item 11
k. Territorial development and sales quotas	Section 1, 5, 6, & Addendum G & H	Item 12
l. Ongoing product/service purchases	Section 5 & 6	Item 8
m. Maintenance, appearance and remodeling requirements	Section 1, 2, & 5	Item 11
n. Insurance	Section 12	Item 7
o. Advertising	Section 3 & 10	Items 7 & 11
p. Indemnification	Section 18	Not applicable
q. Owner's participation/management/staffing	Section 5	Items 15
r. Records and reports	Section 12	Item 11
s. Inspections and audits	Section 12	Items 6
t. Transfer	Section 13	Item 17
u. Renewal	Section 2	Item 17
v. Post-termination obligations	Section 15 & Addendum H	Item 17

OBLIGATION	SECTION IN AGREEMENT	DISCLOSURE DOCUMENT ITEM
w. Non-competition covenants	Section 16 & Addendum H	Item 17
x. Dispute resolution	Section 23	Item 17
y. Guaranty	Section 17 & Attachment	Item 15

ITEM 10

FINANCING

FINANCING PROGRAM OVERVIEW	
Loan Amount	Up to 50% of Initial Franchise Fee (for Standard Offering only)
Interest Rate	10% per annum
Term	60 months
Loan Start Date	Open Date

We have no obligation to provide you any financing, but we may agree to finance up to 50% of the Initial Franchise Fee for qualified prospective franchisees who are awarded a franchise under our Standard Offering under specified terms and conditions. Our decision to finance the Initial Franchise Fee may be based, in part, on your credit-worthiness, the collateral you have available to secure the financing and our then-current financing policies. We also explicitly reserve the right to conduct credit score inquiries as long as the loan exists.

You must make a written representation to us, in a form we specify, confirming the dollar amount of your obligations. The representation must remain true through execution of your Franchise Agreement and we may elect not to approve a transfer, including a transfer to a corporation or other entity wholly owned by you, if you do not either maintain the same investment in your Franchised Business or pay any loans payable to us and our affiliates, if applicable, in full.

Your Loan Start Date will be the earlier of your Open Date or six months from your Contract Date. Interest will begin accruing on your Loan Start Date. We currently charge an interest rate of 10% per annum.

If we agree to finance a portion of the Initial Franchise Fee, you must sign a promissory note when you sign the Franchise Agreement. An example of our promissory note is attached as Addendum I to the Franchise Agreement. You must pay us the down payment when you sign the Franchise Agreement and pay the balance in monthly installments.

You must make note payments to us by ACH. Some banks and other financial institutions may charge a fee for electronic transfers but these electronic transfer fees are often negotiable. Monthly payments will begin no later than six months from your Franchise Agreement's Contract Date, regardless of when you complete training or open your business. The length of the repayment term is 60 months.

We require a security interest in the franchise. You must sign a security agreement, substantially in the form included in the promissory note attached as Addendum J to the Franchise Agreement, on all your assets, including after acquired property and we will file a UCC financing statement with the appropriate governmental authority. We have the right to require additional forms of security.

You may prepay the note at any time without penalty. If you default, we may declare the entire remaining amount due. If you do not pay us the entire balance, and any accrued, unpaid interest, you may be responsible for the court costs and attorneys' fees we incur in collecting the debt from you. We may terminate your Franchise Agreement if you do not pay us.

You must waive your rights to certain notices of a collection action in our promissory note, security agreement and guaranty but there are no waivers of defense in our promissory note, security agreement or guaranty. If you are a legal entity, your shareholders, members, partners and/or owners must personally guarantee the debt and agree to pay the entire debt and all collection costs. We have the right to require a spouse's personal guaranty.

We may sell, assign or discount any promissory note or other obligation arising out of the Franchise Agreement to a third-party. If we sell or assign your promissory note, it will not affect our obligation to provide the services to you that are described in the Franchise Agreement but the third party may be immune under the law to any defenses to payment you may have against us.

We may periodically agree with third-party lenders to make financing available to our qualified franchisees and we may, at our sole discretion, refer you to a third-party lender for financing. We have no control over whether financing will be offered to you by any third-party lender. The lender is not obligated to provide financing to you or to any other franchisee that the lender finds does not meet its credit requirements and loan criteria. If we refer you to a third-party lender for financing, we may agree to take a short-term promissory note (in a form we provide to you) until your financing is arranged. You must use the proceeds from the lender to pay any promissory note to us.

We do not guarantee your obligations to third parties.

We may, in limited circumstances, agree to finance a portion of any expansion fee for qualified franchisees at an 10% interest rate under specified terms and conditions. Our decision to finance an expansion fee may be based, in part, on your credit-worthiness, the collateral you have available to secure the financing and our then-current financing policies.

ITEM 11

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

Except as listed below, CarePatrol is not required to provide you with any assistance.

Pre-Opening Obligations

Before you open your business, we will:

1. Designate your Protected Territory (Section 1 and Addendum B of the Franchise Agreement). You may request specific areas, but we have ultimate decision-making authority over the territory granted in the Protected Territory. Your Protected Territory will be agreed upon with you prior to signing the Franchise Agreement.
2. Provide you with the requirements you must fulfill before attending the initial training program. (Section 5, Franchise Agreement)
3. Provide a Training Program for up to two (2) people as described further below (Section 5, Franchise Agreement).

Site Development

CarePatrol is a home-based business. We do not impose any standards or have any requirements for your home office other than requiring that you utilize a P.O. for official CarePatrol business. You have the unrestricted right to relocate your home office at any time; however, you must notify us of this move, in

writing, at least thirty (30) days prior. You may, if you choose to do so, establish a separate office in a commercial facility. If you elect to lease commercial office space, it must be centrally located within your territory and you must seek our approval prior to executing a lease and/or relocating. You are responsible for all costs, liability, and expenses and for locating, selecting, procuring, obtaining and developing this space. We currently do not require that you purchase or lease from us or our affiliates, any other goods, services or supplies, for the establishment or operation of the Franchised Business. However, you may not have access to any discounted pricing we negotiate if you choose not to utilize our designated or approved suppliers.

Many of your business activities will be conducted from your vehicle. Because safety is of the utmost importance to our brand, we may require that you attend a driver's safety course of our choosing at your cost if we receive complaints regarding unsafe driving by you or your employees.

Time to Open

You may not open your Franchised Business before: (i) successful completion of the initial training program (including all Phases of Franchisor, on-site and E-Learning training) with us being the sole determinate regarding your readiness; (ii) you purchase all required insurance; and (iii) you obtain all required licenses, permits and other governmental approvals. We anticipate that a typical CarePatrol franchisee will open his or her CarePatrol business within 12 weeks after signing the Franchise Agreement. Some of the factors that may affect this time are financing, completion of training, obtaining insurance, and complying with local laws and regulations. Unless we agree to the contrary, your Business must be open the sooner of 30 days from your completion of Phase Two Training or 120 days from the time of signing your franchise agreement. Your failure to open within this period constitutes an event of default under your Franchise Agreement, and can lead up to and include termination of your Franchise Agreement.

Obligations After Opening

During the operation of your Franchised Business we:

1. Will provide you access to the Manuals.
2. Will conduct, at our discretion, additional training that you are required to attend. (Section 4, Franchise Agreement).
3. Will provide ongoing guidance and recommendations on ways to improve the marketing and operation of your Franchised Business by telephone during normal business hours or through visits by our field representatives.
4. Will refer leads we receive (if any) that relate to placements in your territory (Section 4. Franchise Agreement.)
5. Will research and develop new marketing procedures and lead sources as deemed necessary, and communicate this information to you.

Advertising

The Fund

We have created a national marketing fund (the "Fund") and require you to pay a monthly National Marketing Fee of the greater of 1% of your Gross Sales or \$300 per month (see Item 6.) The Fund will be administered by us, or our affiliates or designees, at our discretion, and we may use a professional advertising agency or media buyer to assist us. The Fund will be in a separate bank account, commercial account, or savings account. We may use the Fund for marketing, advertising, research, sales promotion, collateral material development, public and consumer relations, recruitment efforts, website development and search engine optimization, the development of marketing-technology for the System, content and social media development, and any other purpose to promote the franchised brand. In addition, the Fund may be applied toward: franchisor specific (not franchisee) internet and/or e-commerce programs, Franchisor SEO efforts, client and referral lead management, and the reasonable salaries, benefits, and expenses of personnel who

create, manage and administer recruiting and branding programs, may include but not limited to, marketing department personnel, external agencies and consultants. We will not use the Fund to defray any of our expenses except for our costs and overhead that we incur in activities related to the administration of the Fund, including costs of personnel for creating, implementing, and managing advertising and marketing programs. We will not use the Fund contributions for advertising that is principally a solicitation for the sale of Franchises, but we reserve the right to include a notation in any advertisement indicating “Franchises Available” or similar phrasing.

The Fund is not a trust fund, and we do not have any fiduciary duty to you with respect to the Fund’s administration, activities, or expenditures. We will direct all advertising and promotional programs, with sole discretion over the creative concepts, materials, and media used in such programs, and the placement and allocation thereof. We are not required to spend any amount on advertising in the area or territory in which you are located. You agree and acknowledge that the Fund’s objectives are to maximize general public recognition and acceptance of the Proprietary Marks for the benefit of the System; and that we are not obligated, in administering the Fund, to make expenditures for you that are equivalent or proportionate to your contribution, or to ensure that any particular franchisee or geographic region benefits directly or pro rata from the advertising or promotion conducted under the Fund. We have established a Marketing Advisory Council (“MAC”) with representatives from a group of franchisees and CarePatrol management personnel. The MAC serves in an advisory capacity and does not have the authority to establish or modify the policies of CarePatrol. The MAC will have input into formulating advertising and marketing plans, programs and policies that affect franchisees. The MAC will initially have four franchisee members and four management members. As the system grows, the MAC will have the authority to expand the representation. The MAC may be dissolved at any time by CarePatrol by issuing notice to all members of the MAC and the MAC will determine the proper method for handling any remaining balances in the Fund.

An unaudited statement of the operations of the Fund, as shown on the book of the Fund, will be prepared annually by us. Upon thirty (30) days of a written request by you, we will provide you an unaudited statement of the expenditures from the account. During our last fiscal year, we collected \$396,551 in National Marketing Fees. Of this, our spend was \$619,013 (6.8% of the total Fund amount) which was paid to our marketing firm that provides strategic guidance and creative execution to CarePatrol through research, brand positioning exercises, developed media plans, design work, social media, email, and other similarly related marketing support services. All remaining monies in the Fund is maintained in a dedicated CarePatrol specific Fund bank account for use in current and future advertising and marketing activities. (Please see Sections 3 & 11 of the Franchise Agreement for additional information.)

Local Advertising

You must spend, on a monthly basis, the greater of 2% of your monthly Gross Sales or \$1,000 on local marketing activities. To that end, we have developed advertising and communications materials that you may use in your marketing program. We will also continue to test and develop, through active franchisees, new advertising techniques and tools for you to use in your market (Section 4 & 10 of the Franchise Agreement).

At your own expense, you may develop advertising materials for use in your local market. However, you may not use any unapproved advertising materials until the Franchisor marketing department has approved them. In order to obtain approval, you must submit true copies of any proposed advertising materials to our marketing department. Thereafter, unless we approve them within 30 days of submission, such submissions will be deemed unapproved and you may not use them.

We do not require participation in any local or regional advertising cooperative.

Computer Systems

You are required, at your expense, to purchase or lease, and thereafter maintain and use, only such computer(s), hardware (including, without limitation, laptops, tablets, smart phones, etc.), software

(including, without limitation, our Calculated Care franchise management software), firmware, web technologies or applications, required dedicated Internet access and power lines, modem(s), printer(s), and other related accessories or peripheral equipment, and methods of operation, as we specify in the Manual or otherwise in writing (collectively, “Computer System”). We estimate that the initial cost to purchase and/or license your computer hardware, software, data storage and access fees, as well as paying your Technology Fee and Google Workspace Fee, will range between \$2,500 and \$3,500. The Computer System will have the capacity to electronically exchange information, messages, and other data with other computers, by such means (including, but not limited to, the Internet), and using such protocols as we may reasonably prescribe in the Manual or otherwise in writing. You will keep your Computer System in good maintenance and repair and, at your expense, promptly make any and all additions, changes, modifications, substitutions, and/or replacements to your Computer System as we direct. You will pay any and all, annual, monthly or otherwise, software fees, or other fees, as required by us or our approved suppliers in order to maintain your Computer System. Currently, the fee associated with our required operating software is \$449 per month. You acknowledge and agree that we or our suppliers have the right to increase or decrease the software fees at any time, in their sole discretion, upon written notice to you. You further acknowledge and agree that we reserve the right to change our approved suppliers, including any software suppliers, at any time and at our sole discretion. You may not alter your Computer System, or use alternative software or suppliers of technology, without our prior written approval. If you are in default of any obligations under this Franchise Agreement, we may, in addition to any other remedy we may have under this Franchise Agreement, temporarily inhibit your access to all or part of the Computer System, including Calculated Care, until you have cured such default completely. Computer systems are vulnerable to varying degrees to computer viruses, bugs, power disruptions, communication line disruptions, Internet access failures, Internet content failures, data related problems and attacks by hackers and other unauthorized intruders (“E-Problems”). We have taken reasonable steps so E-Problems will not materially affect our business. We do not guarantee that information or communication systems we or others supply will not be vulnerable to E-Problems. It is your responsibility to protect yourself from E-Problems. You should also take reasonable steps to verify your suppliers, lenders, landlords, customers, and governmental agencies on which you rely, have reasonable protection from E-Problems. This may include trying to secure your Computer Systems (including firewalls, password protection, and anti-virus systems), and to provide backup systems. We will have independent access to the information generated by and stored in the Computer Systems.

Website and Internet

We have the right, but not the obligation, to establish and maintain a website to promote the Proprietary Marks and/or the System (the “Website”): (i) We will have sole control over all aspects of the Website, and can discontinue operation of the Website at any time without notice to you; (ii) unless you obtain our prior written consent, you are prohibited from establishing or maintaining a separate website or otherwise maintaining another presence on the Internet through any social networking site in connection with the operation of the Franchise Business; (iii) we have the right to modify or supplement our policies regarding social media and Internet use at any time in writing, whether as part of the Manuals, or otherwise.

If you are in default of any obligations under the Franchise Agreement, we may, in addition to our other remedies, temporarily remove reference to your Franchised Business from the Website, and/or discontinue your access to the Website, until such defaults are cured to our satisfaction. We may, at our option, discontinue, replace, and/or modify the Website at any time and at our sole discretion. Nothing in this Section will limit our right to maintain websites other than the Website, or to maintain other portals.

Unless otherwise authorized by us, you will only use an e-mail address, related to or associated with the operation of your Franchised Business, which is a part of the “CarePatrol.com” Internet domain name or other domain as authorized by the Manual.

Phone Number/s.

You must obtain at least one, new, separate dedicated phone number for your Franchised Business. Upon

expiration or termination of the Franchise Agreement for any reason, you must transfer (port) that number to us. In the event you fail to obtain a new, separate dedicated phone number to operate your Franchised Business, whichever phone number you have provided us and have had us use to market and advertise your business must be transferred (ported) to us even if this number was previously used by you for personal or unrelated business reasons.

Information Security System Requirements

We expressly reserve the right to implement further policies or guidelines regarding information security including, but not limited to: risk management protocols, email encryption standards, document retention policies, PCI compliance and the use of third-party security advisors and their security systems/products. You understand that either us, or our approved third-party information security system providers, may charge you both initial and ongoing fees for the creation, implementation and maintenance of any information security system we, at our sole discretion, deem necessary.

Accounting System

You will use and maintain, at your expense, a specific system and/or process of accounting (“Accounting System”). The Accounting System may involve, at our discretion, third-party subscription fees, the purchase of software and updates, storing and/or transferring information electronically, and your active and continual participation in entering data and information needed to ensure the accuracy of the Accounting System.

We and our selected third-party vendors, at all times, have the right to access the information and data related to the Accounting System. We will also, at all times, have the right to modify, change, or replace the Accounting System, at which time you will be required to, at your expense, comply with such modification, change, or replacement.

Table of Contents of our Manuals

We disseminate our Manuals electronically. Therefore, the following number of pages per chapter is just an approximation of the actual size of the information provided.

Topic	No of Pages
Welcome	3
Setting Up Your Franchise	7
Brand Standards	39
Provider Development	69
Local Marketing	137
Client Management	175
Invoice/Reports	295
Resources	307

Training Program

Our Training Program has two phases and takes approximately 12 weeks to complete. Training occurs in our Designated Location (currently Gilbert, Arizona) and within your Approved Location/Protected Territory and is a combination of self-study, eLearning, virtual classes, in person, and field training. However, we expressly reserve the right: to modify the training program, the frequency of training, and the location of your training at any time.

You, the owners, must attend and complete all three phases of our Training Program. You must pay all travel and lodging expenses incurred by you or your other approved attendees in connection with any training conducted regardless of location.

Our training program is conducted under the supervision of Becky Bongiovanni, our President, and our designated training team. Becky has 20 years' experience in senior placement services and the training of franchisees. The training team includes departmental experts, franchise business consultants and our Franchise trainer. In addition, certain current or former franchisees who have mastery of our System may provide training to new franchisees.

PHASE ONE TRAINING

Phase One Training begins once you have signed your Franchise Agreement and can take 6 weeks to complete. It occurs at our Designated Location and your Approved Location and/or Protected Territory via a combination of self-study, eLearning, virtual classes and field training. However, we expressly reserve the right to conduct any training scheduled at our Designated Location, or conducted in-person within your Approved Location/Protected Territory by a member of our team, remotely via a mix of eLearning and Virtual Classes. All assignments must be completed and you must pass all Phase One tests, with a score of 85% or higher, to be eligible to begin your Phase Two Training.

TRAINING PROGRAM			
SUBJECT	HOURS OF INTERACTIVE TRAINING	HOURS OF FIELD TRAINING	LOCATION
Establishing Your Business	4	N/A	Remote/Online within the Approved Location/Protected Territory
Outfitting Your Business	4	N/A	Remote/Online within the Approved Location/Protected Territory
Weekly Foundational Training Check-ins	4	N/A	Remote/Online within the Approved Location/Protected Territory
Communication	2	N/A	Remote/Online within the Approved Location/Protected Territory
Provider Development elearning	5	N/A	Designated Location and/or Remote/On-line within the Approved Location/Protected Territory
Client Management elearning	5	N/A	Designated Location and/or Remote/On-line within the Approved Location/Protected Territory
Marketing elearning	5	N/A	Designated Location and/or Remote/On-line within the Approved Location/Protected Territory
Referral Development elearning	5	N/A	Designated Location and/or Remote/On-line within the Approved Location/Protected Territory

TRAINING PROGRAM			
Certified Senior Advisor (CSA) Certification The Journey of Aging Health Transitions as People Grow Older Quality of Life Choices for Older Adults Financial and Estate Planning for Age 65 and Older Federal and State Programs for Retirement and Health Care Essentials Ethics for Working with Older Adults.	60	N/A	Remote/Online within the Approved Location/Protected Territory
Insurance	1	N/A	Remote/Online within the Approved Location/Protected Territory
TOTALS	95	0	

PHASE TWO TRAINING

Phase Two Training begins once you have completed your Phase One Training and can take 6 weeks to compete. It occurs at our Designated Location and your Approved Location and/or Protected Territory via a combination of self-study, eLearning, virtual classes, in-person, and field training. however, we expressly reserve the right to conduct any training scheduled at our Designated Location, or conducted in-person within your Approved Location/Protected Territory by a member of our team, remotely via a mix of eLearning and Virtual Classes. All assignments must be completed and all tests passed, with 85% or higher, to be eligible to open your location. We typically conduct Phase Two training monthly, or as needed to meet the collective needs of new Franchisees. We reserve the right to modify the training program or the frequency of training at any time. You must pay all travel and lodging expenses incurred by you or your other approved attendees in connection with the Phase Two Class Room Training. Your training team reserves the right to delay opening if you have not satisfactorily completed the assigned tasks and provide additional training and support.

TRAINING PROGRAM			
SUBJECT	HOURS OF INTERACTIVE TRAINING	HOURS OF FIELD TRAINING	LOCATION
Understanding Business Metrics	6	N/A	Designated Location and/or Remote/On-line within the Approved Location/Protected Territory

TRAINING PROGRAM			
Client Management Training	8	N/A	Remote/Online within the Approved Location/ Protected Territory
Weekly Training Check-ins with Coach	4	N/A	Remote/Online within the Approved Location/Protected Territory
Operations (Systems) Training	5	N/A	Designated Location and/or Remote/On-line within the Approved Location/Protected Territory
Referral Development Training	8	N/A	Remote/Online within the Approved Location/ Protected Territory
Marketing Training	3	N/A	Designated Location and/or Remote/On-line within the Approved Location/Protected Territory
Sales Training	10	N/A	Remote/Online within the Approved Location/ Protected Territory
Accounting & Reporting	2	N/A	Remote/Online within the Approved Location/ Protected Territory
Presentation	2	N/A	Designated Location and/or Remote/On-line within the Approved Location/ Protected Territory
Ethics	2	N/A	Designated Location and/or Remote/On-line within the Approved Location/ Protected Territory
Course of Action	1	N/A	Designated Location and/or Remote/On-line within the Approved Location/ Protected Territory
Evaluation	1	N/A	Designated Location and/or Remote/On-line within the Approved Location/ Protected Territory
Referral Development Field Visit	N/A	4	In-person and/or Designated Location and/or Remote/On-line within the Approved Location/ Protected Territory
Provider Development Field Visit	N/A	8	In-person and/or Designated Location and/or Remote/On-line within the Approved Location/Protected Territory
Business Development Field Visit	N/A	4	In-person and/or Designated Location and/or Remote/On-line within the Approved Location/Protected Territory
TOTALS	52	16	

Resale Training

If you purchased your Franchised Business via a resale, your training may be adjusted to account for support and assistance provided to you from the transferring franchisee.

Supplemental Training

Upon your written request, we may provide additional assistance or training to you at a mutually convenient time. We will charge you the Supplemental Training Fee of \$500 per day, plus expenses, as further described in Item 6 (which includes the day of travel) for any such training that you request, and we provide. If we provide the training within your Territory, you must also reimburse us for all costs incurred by our representative for meals and lodging (including travel, meals and lodging costs we incur for trips that you need to cancel or reschedule).

Refresher Training

From time to time, and in our sole discretion, we may require that the Managing Owner or Managing Employee that operate the business attend refresher training courses. We may charge you the Refresher Training Fee of \$500 per day, plus expenses, as further described in Item 6. We may require this training as a result of our assessment of your performance. The refresher training is approximately three days for the Franchisees that operate the business. If we provide the training within your Territory, you must also pay the Supplemental Training Fees and reimburse us for all costs incurred by our representative for meals and lodging (including travel, meals and lodging costs we incur for trips that you need to cancel or reschedule).

Periodic Training

From time to time, and in our sole discretion, we may offer additional training courses for Managing Owners or Managing Employees that operate the business. We may designate these training courses as optional or mandatory. Managing Owners and Managing Employees that operate the business are required to attend all mandatory courses. You are responsible for any travel, meal, and lodging expenses related to this training.

New Managing Owner or New Managing Employee Training

If you appoint a new Managing Employee or a new Managing Owner after we conduct our pre-opening initial training program, you must pay us the New Managing Owner/New Managing Employee Training Fee of \$2,000 per person, plus expenses, as further as described in Item 6. In addition, the new Managing Employee must attend and successfully complete all two phases of our training program (or the then current, complete training program) prior to assuming responsibility for the management of your Business. You are responsible for all expenses related to this New Manager Training including those related to travel, meals, and lodging.

Training Employees

You are solely responsible for the training of all non-owner employees. However, if you hire a key employee (nonowner) to manage and oversee operations of your CarePatrol location, they are required to attend and successfully complete the Phase One and Two training program. We may charge you the Training Fee of \$2,000 per person, plus expenses, as further as described in Item 6. You are responsible for all expenses related to your Managing Employee attending our training including those related to travel, meals, and lodging.

ITEM 12

TERRITORY

The Franchise Agreement designates the Approved Location for the Franchised Business. If no Approved Location exists at the time you sign the Franchise Agreement, as is typically the case, we will describe the Approved Location in an amendment to the Franchise Agreement after you select and we approve the Approved Location. You may not relocate your office without our express written consent, not to be unreasonably withheld. Any relocation is at your sole expense.

Territory

You will have the right to operate your Franchised Business in a territory ("Protected Territory"). Your Protected Territory will be based on the number of beds, the number of senior housing facilities, and the total population within the Protected Territory. Your Protected Territory will be defined by reference to specified U.S. Postal Service ZIP codes that will be described in Addendum B of the Franchise Agreement. ZIP codes are a system of postal codes used by the United States Postal Service ("USPS") and the USPS may change them from time to time. The map of your Protected Territory is for illustrative purposes only and will outline the ZIP codes as they exist in your Protected Territory on the date you sign your Franchise Agreement. Changes by the USPS may affect the ZIP codes that make up your Protected Territory. For example, if the USPS moves certain addresses from a ZIP code in your Protected Territory into a ZIP code in another franchisee's area or into an unassigned area, those addresses will no longer be part of your Protected Territory. However, we will work with you to minimize the impact of such a change. In addition, we reserve the right to adjust your Protected Territory's demographic makeup based on market conditions. Notwithstanding the above, your Protected Territory will have at least 1,200 beds. You understand that over the term of your franchise agreement, the demographics of your Protected Territory may change which may result in your Protected Territory either gaining or losing some or all of the underlying demographics. We are not obligated to make any changes to your Protected Territory as a result of any of these changes. You will conduct your Franchised Business solely within your Protected Territory, meaning all of your marketing activities must be directed within your Protected Territory. We determine Protected Territory populations using GbBis mapping application, and population statistics/estimates are updated every 6 months as released by the United States Census Bureau. Statistics for housing units, facilities, *et.al.*, are updated on an annual basis. More information regarding GbBis can be found at www.gbbis.com.

Your Protected Territory is protected only to the extent that we will not locate another franchise or company-owned location within your Protected Area. You will not receive an exclusive territory. You may face competition from other franchises, from outlets that we own, or from other channels of distribution or competitive brands that we control. You may not sell products or services from any location other than at or from within your Protected Territory Area and may not sell products or services identified by the CarePatrol trademarks through any other channels of distribution, including the Internet (or any other existing or future form of electronic commerce). Except as expressly provided in the Franchise Agreement or Manual, you will concentrate all Franchised Business advertising and solicitation within the Protected Territory.

We reserve the right to: (i) offer and sell products and services similar to those provided by you via alternative channels of distribution, including the Internet and other channels of e-commerce; (ii) establish and operate, and license others, the right to establish and operate, businesses using the Proprietary Marks and System at any location outside of your Protected Territory; (iii) establish and operate, and grant others the right to establish and operate, businesses that offer similar products to those offered by us under any other mark other than the Proprietary Marks at any location; (iv) acquire, or be acquired by, any company, including a company operating one or more businesses offering products or services similar to those offered by us, in any location; and (v) use the Proprietary Marks and System, and license others to use the Proprietary Marks and System,

to engage in any other activities not expressly prohibited by the Franchise Agreement.

We are not required to pay you any compensation if we exercise any of these rights.

You may not solicit clients or tour facilities within your Protected Territory until we have deemed your open. You may not solicit clients or tour facilities outside of your Protected Territory. However, you may service clients who reside outside of your Protected Territory if: (i) the client is solicited by you while inside your Protected Territory; or (ii) the client is specifically referred to you by one of your other clients or other referral sources. Under no circumstances may you tour facilities located outside of your Protected Territory unless: (i) you obtain our prior written approval if the facility is not located within an area serviced another franchisee; or (ii) you obtain prior written permission from us or the Franchisee who own the rights to the Protected Territory in which the facility is located. If we authorize you to operate in an area outside of your Protected Territory and that area is subsequently awarded to another Franchisee or operated by us, then you must immediately transition all clients, contracts and accounts to the new Owner or us (as applicable). You will not be entitled to any further compensation from the assigned clients, contracts and accounts beyond such time that the Protected Territory Area is awarded. You may enter into cooperative marketing agreements and sales activities with other franchise owners in your, or their, Protected Territory.

Minimum Performance Requirements

In order to maintain your territorial rights, we require you meet the following Minimum Performance Requirements:

BY THE END OF YOUR...	YOU MUST ACHIEVE ...
Open Date through the 12 th Month of Operations	Gross Sales of \$50,000 or make 15 placements, whichever is greater.
13 th Month of Operations through the 24 th Month of Operations	Gross Sales of \$75,000 or make 20 placements, whichever is greater.
25 th Month of Operations through the 36 th Month of Operations	Gross Sales of \$125,000 or make 35 placements, whichever is greater.
37 th Month of Operations through the 48 th Month of Operations	Gross Sales of \$250,000 or make 70 placements, whichever is greater.
49 th Month of Operations through the Remaining Term	Gross Sales of \$350,000 or make 85 placements, whichever is greater
Any Quarterly Interim Period	Gross Sales of \$87,500 or make 25 placements, whichever is greater.

For any renewal term, you must attain and maintain the highest gross minimum sales indicated above for the operation of the Franchised Business by the first month of the renewal term.

The Minimum Performance Requirements for a transfer or Conversion Franchisee is determined at the time of the conversion.

If you choose to convert your existing estate sale business to a Conversion Franchised Business, your Protected Territory may have more or less population than as stated above depending on factors that include the location of your Conversion Franchised Business, our Protected Territory criteria, and your current trade area. Your Protected Territory will be defined in the Franchise Agreement after our completion of a review of your prior business operations.

If you are converting an existing business to a Conversion Franchised Business and have clients outside the Protected Territory, you may, as determined by us based on facts and circumstances, be prohibited from

continuing to provide services to such clients if such clients are receiving such services in another franchisee's Protected Territory.

If the franchise agreement is the result of a transfer, the Minimum Performance Standard under the new franchise agreement (if applicable) will be based on Minimum Performance Requirements the transferring franchisee was required to obtain during the previous year of operation. For example, if the Transferor was in their third year of operation, the new franchisee's Minimum Performance Standard would be based on the requirements of a franchise operating under their second year of operation (Gross Sale of \$125,000 or 45 placements, whichever is greater.)

Your failure to meet these Minimum Performance Requirements constitutes a default under your Franchise Agreement, permitting us to terminate your franchise, refuse to enter into a renewal agreement with you, reduce the size of your Protected Territory, or limit your territorial rights. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

The designated minimum performance levels do not imply that you will achieve these amounts or any other amounts within any certain time frame.

National Accounts

We, and our affiliates, have the right to enter into agreements with National Accounts, both inside and outside the Protected Territory. A "National Account" is a referral source that offers - on a local, statewide, national or regional basis - the opportunity for Franchisees in the applicable geographic area to provide any Approved Services and/or Approved Products to the referral source's members, affiliates, or, however designated, other persons who have a similar relationship with that referral source. In addition, we may remove you from participating in the National Accounts program if you are in default of your Franchise Agreement or any other agreement with us or you are not qualified to provide the services requested by the National Account(s). Thereafter we may: (i) provide the services requested by the National Account(s) inside the Protected Territory, or (ii) contract with a third-party, which may be another CarePatrol franchisee, to provide the services requested by the National Account(s) inside the Protected Territory. We are not required to pay you any consideration or compensation if we or a third-party provide services to a National Account(s) inside your Protected Territory. We make no guarantees or promises that you will receive any referrals or generate any revenue through your participation in our National Accounts Program.

ITEM 13

TRADEMARKS

We are the owner of exclusive registered trademark rights with the United States Patent and Trademark Office ("USPTO") as well as common law rights, in the CarePatrol name and logo identified in the chart below. We grant you a limited, non-exclusive license to operate your business under the name "CarePatrol." We may secure additional trademarks that you may use to operate and identify your business. This includes trade names, trade dress, service marks, trademarks, and logos that are used to operate and identify your business and these are collectively referred to as the "Marks."

We are the lawful and sole owner of the domain name www.carepatrol.com (and others): (i) we retain the sole right to advertise on the Internet and to create, use or discontinue using a website containing the Marks; and (ii) You, unless authorized in writing, are forbidden from linking or framing our website, conducting any business or offering to sell or advertise any products or services on the Internet, or creating or registering any Internet domain name in connection with your franchise.

The following table shows the status of federal trademark registrations and applications for federal

registration on the Principal Register with the United States Patent and Trademark Office (“USPTO”) for registrations of these Marks licensed to you.

MARK	REGISTRATION NUMBER	REGISTRATION DATE
CAREPATROL	5835831	August 13, 2019

As of the Issue Date of this Disclosure Document, we have submitted all required affidavits and other filings necessary to maintain the registrations above.

We may establish new Marks in the future and you must use and display the Marks according to our specifications. You must modify or discontinue use of a trademark or trade dress if we modify or discontinue using it. You will bear all costs associated with changes to the Marks or introduction of new Marks. You must follow our rules when you use these Marks. You cannot use a name or Mark as a part of a Franchisor name or with modifying works, designs, or symbols except for those which CarePatrol has licensed to you. You may not use the registered CarePatrol name in the sale of an unauthorized product or service or in any manner we do not authorize in writing. You may not use any other Mark, name, commercial symbol or logo in connection with the operation of your Franchised Business.

There is presently no effective determination of the U.S. Patent and Trademark Office, Trademark Trial and Appeal Board, the trademark administrator of this state, or any state or federal court, of any pending infringement, opposition or cancellation proceeding or any pending material litigation involving the Marks which is relevant to the use of the Marks in accordance with the terms of the Franchise Agreement in this state, and no agreements exist which significantly limit in any manner material to you, the rights of CarePatrol to use or license the use of Marks, names, logos, or symbols.

You may not use the term “CarePatrol” in your business entity’s legal name. You must not contest, directly or indirectly, our use or, rights in and ownership of the Marks, trade secrets or methods and procedures are a part of the System. You must not register, seek to register or contest our sole right to register, use and license others to use the Marks, names, information, and symbols.

You must immediately notify us of the use of, or claim or rights to, a trademark identical to or confusingly similar to any Marks, and we have sole discretion to take the action it deems appropriate. If it deems such action necessary and appropriate, although we are not required to do so, we will protect the right to use the Marks and defend you against claims of infringement or unlawful competition arising out of the use of the Marks. We have the right to control any administrative proceedings or litigation involving a trademark license to you by us.

Any goodwill associated with the Marks, including any goodwill which might be deemed to have arisen through your activities, inures directly and exclusively to the benefit of CarePatrol. There are no either superior prior rights or infringing uses known to CarePatrol that could materially affect your use of the Marks in this state or in any state where the business is to be located.

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We do not currently own any rights to any patent that is material to the Franchised Business, nor are there any pending patent applications material to the Franchised Business.

The information in the Manual, as well as certain other written materials developed by us to assist you in the operation of your Franchised Business, is proprietary, and is protected by copyright and other laws. The designs contained in the Proprietary Marks, the layout of our advertising materials, the content and format of

our products, and any other writings and recordings in print or electronic form are also protected by copyright and other laws. In addition, although we have not applied for copyright registration for some of our advertising materials, the content and format of our products, or any other writings and recordings, we claim common law and federal copyrights in these items. We grant you the right to use this proprietary and copyrighted information (the “Works”) for the operation of your Franchised Business, but such copyrights remain our sole property.

You are prohibited from copying, or otherwise reproducing or making the Works available to any unauthorized person. Any software or Work provided to you, in whole or in part, must be returned to us if you materially breach the Franchise Agreement, or if the Franchise Agreement is terminated or expires.

You must not directly or indirectly contest our right to our claimed copyrights that are a part of the Franchised Business. You must notify us immediately if you learn about an infringement or challenge to our copyrighted Works. We will take the action we think is appropriate. We have the right to control any administrative proceedings or litigation involving a Work subject to copyright that is licensed to you by us. You must modify or discontinue use of a Work if we modify or discontinue using it. You will bear all costs associated with changes to Works or introduction of new Works. You must follow our rules when you use these Works.

Our Manual, electronic information and communications, sales and promotional materials, the development and use of our System, standards, specifications, policies, procedures, information, client lists, pricing, customer service, networking, concepts and systems on, knowledge of, and experience in the development, operation, and franchising of CarePatrol Businesses, our training materials and techniques, information concerning product and service sales, operating results, financial performance and other financial data of CarePatrol Businesses, and other related materials, are proprietary and confidential (“Confidential Information”) and are our property, to be used by you only as described in the Franchise Agreement and the Manual. Where appropriate, certain information has also been identified as trade secrets (“Trade Secrets”). You must maintain the confidentiality of our Confidential Information and Trade Secrets and adopt reasonable procedures to prevent unauthorized disclosure of our Confidential Information and Trade Secrets.

We will disclose parts of the Confidential Information and Trade Secrets to you as we deem necessary or advisable for you to develop your Franchised Business during training and in guidance and assistance furnished to you under the Franchise Agreement, and you may learn or obtain from us additional Confidential Information and Trade Secrets during the term of the Franchise Agreement. The Confidential Information and Trade Secrets are valuable assets of ours and are disclosed to you on the condition that you, and your owners, if you are a business entity, and employees, agree to maintain the information in confidence by entering into a confidentiality agreement we can enforce.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

The Franchise Agreement requires that you designate an employee, if not the owner, who will be primarily responsible for the daily management and supervision of the Business (the “Managing Owner” or the “Managing Employee”). We must approve the owner or employee that you appoint to serve as the Managing Owner/Employee. The Managing Owner or Managing Employee must dedicate his or her full-time efforts to your Business. Any new Managing Owner or Managing Employee must successfully complete all phases of the initial training program before becoming involved with the supervision, management or operation of the Business. “Full-time” is defined as the expenditure of at least 35 hours of work per week, including vacation, sick leave, and other excused absences.

If you are awarded multiple Franchised Businesses, in addition to the staffing above, you must also employ, on a full-time basis, a dedicated marketer for each additional territory.

All of your officers, employees, independent contractors and other agents or representatives who attend our training program and/or may have access to our confidential information must sign the Confidentiality Agreement which is attached to the Franchise Agreement.

All of the owners of the Franchise must sign a personal guaranty in the form attached to the Franchise Agreement.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer and sell only products and services that we have expressly approved for sale in the Manual or otherwise in writing. You must discontinue selling and offering for sale any products or services that we disapprove in writing at any time. You must not offer any unapproved products or services. You have the ability to set your own prices for products or services sold through your Franchised Business.

You may not solicit sales outside your Protected Territory (see Item 12 and Section 6 of the Franchise Agreement for more information on restrictions).

Except as described in the preceding paragraph, you are not restricted by the Franchise Agreement, or any of our practices or customs, regarding the products or services you offer for sale or to whom you may sell. You must comply with all reasonable requirements if we supplement, improve, or modify the System, including offering and selling new or different services and products that we specify. We have the right to change the types of authorized goods and services, and there are no limits on our right to make changes.

ITEM 17

RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

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.

THE FRANCHISE RELATIONSHIP		
PROVISION	SECTION IN FRANCHISE OR OTHER AGREEMENT	SUMMARY
a. Length of the franchise term	Section 2	10 years
b. Renewal or extension of the term	Section 2	If you are in good standing and you meet other requirements, you may add one (1) successor renewal terms and the then current term length. In addition, if you purchase your Franchised Business(es) under the Reduced Initial Fee Program, upon renewal, <u>you may not</u> switch your Royalty Fee to the then lower Standard Offering rate. Your renewal agreement, if so offered, will contain the fees associated with the then Reduced Initial Fee Offering Program.

THE FRANCHISE RELATIONSHIP

c. Requirements for franchisee to renew or extend	Section 2	Renewal means the right to sign a new franchise agreement. Give timely written notice; not be in default; be current in debt obligations; execute our then-current franchise and any ancillary documents (this new franchise agreement may have materially different terms and conditions than your original Franchise Agreement); at our option, execute with us a mutual general release of claims; pay renewal fee. In addition, if you purchased your Franchised Business(es) under the Reduced Initial Fee Program, upon renewal, you may not switch your Royalty Fee to the then lower Standard Offering rate. Your renewal agreement, if so offered, will contain the fees associated with the then Reduced Initial Fee Offering Program.
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 14	We cannot terminate the Franchise Agreement without cause.
g. “Cause” defined – curable defaults	Section 14	You have 30 days to cure: nonpayment of fees, failure to obtain an office lease, failure to attend training, authorized use of Proprietary marks, failure on three or more occasions in any 12 months to submit financial statements, reports or other data, and any other breach of the agreement not listed.
h. “Cause” defined – non-curable defaults	Section 14	Bankruptcy, unsettled judgments, loss or right to conduct business, loss of home care license (if applicable), abandonment of Franchised Business.
i. Franchisee’s obligation on termination/nonrenewal	Section 15	Termination of the Franchise Agreement will require removal of identification, payment of amounts due and return of Manual, operating software and confidential information.
j. Assignment of contract by franchisor	Section 13	No restrictions on our right to assign.
k. “Transfer” by franchisee – defined	Section 13	Includes transfer of contract or assets or ownership change.

THE FRANCHISE RELATIONSHIP

l. Franchisor approval of transfer by franchisee	Section 13	We have the right to approval all transfers, but will not unreasonably withhold approval. However, if you purchase your Franchised Business(es) under the Reduced Initial Fee Program, upon transfer, the transferee <u>may not</u> switch their Royalty Fee to the then lower Standard Offering rate. The transferee's franchise agreement, if so offered, will contain the fees associated with the then Reduced Initial Fee Offering Program.
m. Conditions for franchisor approval of transfer	Section 13	New Franchisee qualifies, business transfer fee paid, business transfer training reserve provided, purchase agreement approved, training arranged and current franchisee agreement signed by new franchisee. No transfer fee for transfer to immediate family member. However, if you purchase your Franchised Business(es) under the Reduced Initial Fee Program, upon transfer, the transferee may not switch their Royalty Fee to the then lower Standard Offering rate. The transferee's franchise agreement, if so offered, will contain the fees associated with the then Reduced Initial Fee Offering Program.
n. Franchisor's right of first refusal to acquire franchisee's business	Section 13	We can match any offer for the franchisee's business.
o. Franchisor's option to purchase franchisee's business	Not applicable	Not applicable
p. Death or disability of franchisee	Section 13	Franchise must be assigned by estate to an approved buyer in six months.
q. Non-competition covenants during the term of the franchise	Section 16 – Addendum H – Multiple Unit Agreement	No involvement in competing business anywhere in U.S.
r. Non-competition covenants after the franchise is terminated or expires	Section 16 – Addendum H – Multiple Unit Agreement	No competing business for two years within 75 miles of your location or within 75 miles of another CarePatrol franchise.
s. Modification of the agreement	Section 21	No modification generally, except in writing. Manual may be modified. Only the terms of the franchise agreement and Disclosure Document are binding (subject to state law). Any representations or promises outside of the Disclosure document or franchise agreement may not be enforceable.

THE FRANCHISE RELATIONSHIP		
t. Integration/merger clause	Section 19	On the terms of the Franchise Agreement are binding (subject to federal law). Any other promises may not be enforceable, except as set forth in this Disclosure Document.
u. Dispute resolution by arbitration or mediation	Section 23	Except for certain claims, the parties must first mediate any dispute subject to applicable state law.
v. Choice of forum	Section 11	Arizona (subject to applicable state law)
w. Choice of law	Section 22	Arizona law applies (subject to applicable state law)

ITEM 18

PUBLIC FIGURES

We do not use any public figure to promote the franchise.

ITEM 19

FINANCIAL PERFORMANCE REPRESENTATIONS

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

This Item 19 contains historical financial performance data as provided by certain CarePatrol franchisees. The representations made in this Item 19 are based upon the franchise system's outlets existing for the period of time indicated below unless otherwise specifically excluded, as discussed below.

The financial performance information included in Tables A and B below reflect average gross sales by year in operation.

The financial performance information included in Tables C and D below reflect average gross sales by quartile.

Only franchises that were open and in operation during the entire period of January 1, 2022 through December 31, 2022 (the "Measurement Period") were included. We consider a franchisee to be "open and in operation" once they have completed their training and all assigned door opening tasks.

The financial performance information presented below has been extracted from revenue reports provided to us by the Franchisees.

**TABLE A – GROSS SALES INFORMATION BY FRANCHISE TERRITORY
OPERATING PRIOR TO JANUARY 1, 2022**

TIME IN BUSINESS	TERRITORIES	AVERAGE GROSS SALES	NUMBER/ PERCENT ATTAINED OR EXCEEDED AVERAGE	MEDIAN GROSS SALES	NUMBER/ PERCENT ATTAINED OR EXCEEDED MEDIAN	HIGHEST PERFORMER	LOWEST PERFORMER
<i>60+ months</i>	81	\$404, 175	31 (38%)	\$314,025	41 (51%)	\$1,289,806	\$31,905
<i>49-60 months</i>	6	\$261,282	1 (17%)	\$179,316	3 (50%)	\$715,223	\$169,008
<i>37-48 months</i>	12	\$210,500	5 (42%)	\$170,338	6 (50%)	\$605,071	\$43,552
<i>25-36 months</i>	13	\$157,871	4 (31%)	\$107,104	7 (54%)	\$640,017	\$59,537
<i>12-24 months</i>	15	\$103,194	6 (40%)	\$96,413	8 (53%)	\$322,734	\$6,398
<i>Total</i>	127	\$318,363	47 (37%)	\$195,925	65 (51%)	\$1,289,806	\$6,122

**TABLE B - GROSS SALES INFORMATION BY FRANCHISE OWNER OPERATING
PRIOR TO JANUARY 1, 2022**

TIME IN BUSINESS	OWNERS	AVERAGE GROSS SALES	NUMBER/ PERCENT ATTAINED OR EXCEEDED AVERAGE	MEDIAN GROSS SALES	NUMBER/ PERCENT ATTAINED OR EXCEEDED MEDIAN	HIGHEST PERFORMER	LOWEST PERFORMER
<i>60+ months</i>	72	\$476,019	31 (43%)	\$356,989	36 (50%)	\$1,415,364	\$45,085
<i>49-60 months</i>	5	\$276,098	1 (20%)	\$171,429	3 (60%)	\$715,223	\$169,008
<i>37-48 months</i>	11	\$207,340	4 (36%)	\$144,524	6 (55%)	\$605,071	\$43,552
<i>25-36 months</i>	12	\$183,624	3 (25%)	\$112,750	6 (50%)	\$791,186	\$59,537
<i>12-24 months</i>	11	\$102,321	4 (36%)	\$85,691	6 (55%)	\$322,734	\$6,398
<i>Total</i>	111	\$371,744	43 (39%)	\$257,120	57 (51%)	\$1,415,364	\$6,122

**TABLE C – GROSS SALES INFORMATION BY FRANCHISE TERRITORY
OPERATING PRIOR TO JANUARY 1, 2022**

QUARTILE	TERRITORY COUNT	AVERAGE REVENUE	NUMBER/ PERCENT ATTAINED OR EXCEEDED AVERAGE	MEDIAN REVENUE	NUMBER/ PERCENT ATTAINED OR EXCEEDED MEDIAN	HIGHEST PERFORMER	LOWEST PERFORMER
1	32	\$759,594	12 38%	\$670,271	16 50%	\$1,289,806	\$461,172
2	32	\$294,301	15 47%	\$277,407	16 50%	\$444,229	\$195,925
3	32	\$147,423	15 47%	\$146,128	16 50%	\$194,587	\$107,104
4	31	\$64,191	18 58%	\$73,104	16 52%	\$103,148	\$6,122
TOTALS	127	\$318,363	47 37%	\$195,925	65 51%	\$1,289,806	\$6,122

**TABLE D – GROSS SALES INFORMATION BY FRANCHISE OWNER
OPERATING PRIOR TO JANUARY 1, 2022**

QUARTILE	TERRITORY COUNT	AVERAGE REVENUE	NUMBER/ PERCENT ATTAINED OR EXCEEDED AVERAGE	MEDIAN REVENUE	NUMBER/ PERCENT ATTAINED OR EXCEEDED MEDIAN	HIGHEST PERFORMER	LOWEST PERFORMER
1	28	\$859,260	10 36%	\$804,567	14 50%	\$1,415,364	\$612,844
2	28	\$381,347	9 32%	\$340,049	14 50%	\$605,071	\$257,120
3	28	\$171,013	13 46%	\$169,509	14 50%	\$253,845	\$112,550
4	27	\$64,379	16 59%	\$73,104	14 52%	\$109,937	\$6,122
TOTALS	111	\$371,744	43 39%	\$257,120	57 51%	\$1,415,364	\$6,122

Table A & C Notes:

- (a) Tables A & C provides the annual average gross sales reported to us by an individual franchise territory. Table A is categorized by year in operation and Table C is broken down into quartiles.
- (b) We excluded 1 franchisee who has 2 territories because the franchisee reports sales information for both territories as a single territory unit; 7 territories were excluded for not reporting correctly or had halted development during the calendar year. 37 additional territories were excluded because they were not open or open for less than a year.
- (c) These tables include territories opened in each year from 2009 through December 31, 2021 with the distribution of start dates as follows: 2021-15, 2020-13, 2019-12, 2018-6, 2017-4, 2016-10, 2015-11, 2014-30, 2013-12, 2012-5, 2011-2, 2010-1, 2009-6. We consider a territory to be open once they have completed their training and their assigned door opening task.

Table B & D Notes:

- (a) Tabled B & D provide the annual gross sales reported by the franchisees, and aggregates gross sales by owner regardless of the number of territories they may own. As a result, the data represented in Table B & Table D may be more favorable than the data reported by franchise

territory as represented in Table A & Table C. Table B is categorized by year in operation and Table D is broken down into quartiles.

- (b) For purposes of this Item 19, the definition of Gross Sales can be found in “Additional Notes” at the end of this Item 19.
- (c) Of the 111 franchises listed in these tables, 13 of the included franchisees own 1 additional territory, 2 franchisees own 2 additional territories and 1 owns 3 additional territories.
- (d) 7 territories were excluded for not reporting correctly or had halted development during the calendar year.
- (e) For the distribution of start dates, please see Tables A & C; Note (b).

Table E. – 2021 to 2022 Year over Year Average Revenue/Growth by Territory

The information contained in the table below is based on the Table A - Gross Sales Information By Franchise Territory Operating Prior To January 1, 2021 as reported in our 2022 franchise disclosure document compared to Table A above.

TABLE E. – 2021 TO 2022 YEAR OVER YEAR AVERAGE REVENUE/GROWTH BY TERRITORY	
REPORTING YEAR	AVERAGE REVENUE BY TERRITORY
2021	\$248,203
2022	\$318,363
% GROWTH	28%

Table F. – 2022 Average and Median Placement Fees - Nationwide

The 143 franchised offices that reported data for Table E below may not be the same as those reporting under Tables A - D above.

TABLE F. 2022 AVERAGE AND MEDIAN PLACEMENT FEES - SYSTEMWIDE						
OWNERS	AVERAGE PLACEMENT FEE	PERCENT THAT EXCEEDED AVERAGE	MEDIAN PLACEMENT FEE	PERCENT THAT EXCEEDED MEDIAN	HIGHEST AND SECOND HIGHEST PERFORMER	LOWEST AND SECOND LOWEST PERFORMER
143	\$4,263	47%	\$4,116	50%	\$16,489 \$16,000	\$500 \$500

Additional Notes:

1. “Gross Sales” means the aggregate amount of all sales of services and the aggregate of all of your charges for all services performed (including service charges in lieu of gratuity) whether for cash or credit or otherwise, made and rendered in, about or in connection with a Franchised Business. The terms “Gross Sales” does not include any federal, state, municipal or other sales, value added or retailer’s excise taxes paid or accrued by Franchisee.

2. Written substantiation for the financial performance representation will be made available to prospective franchisees upon reasonable request.
3. **Some outlets have earned this amount. Your individual results may differ. There is no assurance that you'll earn as much.**
4. The disclosure figures for Table A – E do not reflect all other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of costs and expenses you will incur in operating your franchise business. Current franchisees or former franchisees listed in the Disclosure Document may be one source of this information.
5. Based on all of the matters mentioned in this Item 19, we recommend that you make your own independent investigation to determine whether or not the franchise may be profitable to you and worth the risk. We suggest strongly that you consult your financial advisor or personal accountant concerning financial projections and federal, state and local income taxes and any other applicable taxes that you may incur in owning and operating a franchised business.
6. Other than the preceding financial performance representation, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting David Tarr at CarePatrol Franchise Systems, LLC, 900 Wilshire Drive, Suite 102, Troy, MI 48084-1600, 480-626-2450, dtarr@bestlifebrands.com, the Federal Trade Commission and the appropriate state regulatory agencies.

ITEM 20

OUTLETS AND FRANCHISEE INFORMATION

TABLE 1 – SYSTEM-WIDE OULET SUMMARY FOR YEARS 2020 – 2022 (AS OF DECEMBER 31 OF EACH YEAR)				
OUTLET TYPE	YEAR	OUTLETS AT THE START OF THE YEAR	OUTLETS AT THE END OF THE YEAR	NET CHANGE
Franchised	2020	138	137	-1
	2021	137	141	+4
	2022	141	160	+19
Company-Owned	2020	0	0	0
	2021	0	0	0
	2022	0	0	0
Total Outlets	2020	138	137	-1
	2021	137	141	+4
	2022	141	160	+19

**TABLE 2 – TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS
(OTHER THAN THE FRANCHISOR) FOR YEARS 2020-2022**

STATE	YEAR	NUMBER OF TRANSFERS
Arizona	2020	0
	2021	0
	2022	1
Connecticut	2020	1
	2021	0
	2022	0
Florida	2020	2
	2021	0
	2022	1
Kansas	2020	0
	2021	0
	2022	1
Michigan	2020	0
	2021	1
	2022	0
Minnesota	2020	0
	2021	1
	2022	0
Missouri	2020	0
	2021	0
	2022	1
Nebraska	2020	2
	2021	0
	2022	0
New York	2020	1
	2021	0
	2022	0
Ohio	2020	0
	2021	2
	2022	0
Texas	2020	0
	2021	1
	2022	0
Utah	2020	0
	2021	0
	2022	1
Total	2020	6
	2021	5
	2022	4

**TABLE 3 – STATUS OF FRANCHISED OUTLETS¹
FOR YEARS 2020-2022**

STATE	YEAR	OUTLETS AT START OF YEAR	OUTLETS OPENED ²	TERMIN- ATIONS	NON- RENEWALS	REACQUIRED BY FRANCHISOR	CEASED OPERATIONS OTHER REASONS	OUTLETS AT END OF YEAR
Alabama	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Arizona	2020	8	0	0	1	0	1	6
	2021	6	0	0	0	0	0	6
	2022	6	1	0	0	0	1	6
Arkansas	2020	0	1	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	1	0	0	0	0	2
California	2020	18	3	0	2	0	3	16
	2021	16	4	2	2	0	3	13
	2022	13	1	0	0	0	0	14
Colorado	2020	5	0	0	0	0	0	5
	2021	5	0	0	0	0	0	5
	2022	5	0	0	0	0	0	5
Connecti- cut	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Delaware	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Florida	2020	18	1	0	0	0	3	16
	2021	16	1	0	0	0	1	16
	2022	16	4	1	1	0	1	17
Georgia	2020	4	1	0	0	0	0	5
	2021	5	0	0	0	0	1	4
	2022	4	0	0	0	0	0	4
Idaho	2020	2	0	0	0	0	1	1
	2021	1	1	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Illinois	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Indiana	2020	1	0	0	0	0	0	1
	2021	1	2	0	0	0	0	3
	2022	3	0	0	0	0	0	3
Kansas	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Kentucky	2020	0	1	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Louisiana	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	1	0
	2022	0	0	0	0	0	0	0
Maryland	2020	6	0	0	0	0	0	6
	2021	6	0	0	0	0	0	6
	2022	6	0	0	0	0	0	6

**TABLE 3 – STATUS OF FRANCHISED OUTLETS¹
FOR YEARS 2020-2022**

Massachusetts	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
Michigan	2020	5	3	0	0	0	0	5
	2021	8	0	0	1	0	0	7
	2022	7	2	0	0	0	0	9
Minnesota	2020	3	1	0	0	0	0	4
	2021	4	0	0	0	0	0	4
	2022	4	0	0	0	0	0	4
Missouri	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
Nebraska	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
New Hampshire	2020	1	0	0	0	0	1	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
New Jersey	2020	4	0	0	2	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	1	0	0	0	0	3
New York	2020	3	2	0	0	0	0	5
	2021	5	2	0	0	0	0	7
	2022	7	1	0	0	1	0	7
North Carolina	2020	3	1	0	0	0	0	4
	2021	4	1	0	0	0	1	4
	2022	4	1	0	0	0	0	5
Ohio	2020	8	0	0	0	0	0	8
	2021	8	1	0	0	0	0	9
	2022	9	0	0	0	0	0	9
Oregon	2020	2	1	0	0	0	1	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	1	0	0	1
Pennsylvania	2020	5	1	0	0	0	1	5
	2021	5	1	0	0	0	0	6
	2022	6	1	0	0	0	0	7
South Carolina	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	2	0	0	0	0	4
Tennessee	2020	4	0	0	0	0	0	4
	2021	4	1	0	0	0	0	5
	2022	5	0	0	0	0	0	5
Texas	2020	8	2	0	1	0	2	7
	2021	7	3	0	0	0	2	8
	2022	8	7	0	0	0	0	15
Utah	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	1	0	0	0	0	2
Virginia	2020	4	0	0	0	0	1	3
	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
Washington	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3

**TABLE 3 – STATUS OF FRANCHISED OUTLETS¹
FOR YEARS 2020-2022**

Wisconsin	2020	4	1	0	0	0	0	5
	2021	5	1	0	0	0	0	6
	2022	6	0	0	0	0	0	6
Totals	2020	138	19	0	6	0	14	137
	2021	137	18	2	3	0	9	141
	2022	141	25	1	2	1	2	160

TABLE 4 - STATUS OF COMPANY-OWNED OUTLETS FOR YEARS 2020 TO 2023

STATE	YEAR	OUTLETS AT START OF YEAR	OUTLETS OPENED	OUTLETS REACQUIRED FROM FRANCHISEE	OUTLETS CLOSED	OUTLETS SOLD TO FRANCHISEE	OUTLETS AT END OF YEAR
Totals	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0

TABLE 5 - PROJECTED OPENINGS AS OF DECEMBER 31, 2022

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	6	12	0
Florida	1	2	0
Georgia	0	1	0
Illinois	0	2	0
Kentucky	1	0	0
Maine	0	0	0
Michigan	1	2	0
New Jersey	0	1	0
New York	1	2	0
North Carolina	0	2	0
Oregon	0	0	0
Pennsylvania	1	2	0
South Carolina	0	1	0
Texas	1	4	0
Virginia	0	1	0
Washington	1	3	0
Wisconsin	0	1	0
Total	13	36	0

A list of all current CarePatrol franchisees is attached to this Disclosure Document as Exhibit F, including their names and the addresses and telephone numbers of their outlets as of December 31, 2022.

EXHIBIT G lists the name, city and state, and the current business telephone number (or, if unknown, the last known home telephone number) of every franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during our most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance date of this Disclosure Document. No franchisees have signed confidentiality clauses in the past three years restricting their ability to speak about their experience as a franchisee. **If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.**

ITEM 21

FINANCIAL STATEMENTS

Exhibit A includes the audited consolidated financial statement of CFC Holding Company, LLC, the parent of our parent, Best Life Brands, LLC for fiscal years 2020, 2021, and 2022. CFC Holding Company, LLC has guaranteed our performance with you.

ITEM 22

CONTRACTS

The following contracts are attached as Exhibits:

Exhibit B	Franchise Agreement
Exhibit D	Power of Attorney
Exhibit E	Sample Deposit Agreement
Exhibit F	Sample Release Agreement
Exhibit I	State Addenda

ITEM 23

RECEIPTS

Exhibit K is a document to use for acknowledging receipt of the Franchise Disclosure Document, including all exhibits, of the CarePatrol Franchised Business.

EXHIBIT A
FINANCIAL STATEMENTS

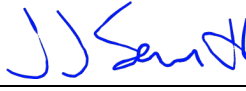
GUARANTEE OF PERFORMANCE

For value received, CFC Holding Company, LLC (the “Guarantor”), located at 45 Rockefeller Center, 630 5th Avenue, Suite 400, New York, NY 10111, absolutely and unconditionally guarantees to assume the duties and obligations of CarePatrol Franchise Systems, LLC, located at 900 Wilshire Dr., Suite 102, Troy, MI 48084 (the “Franchisor”), under its franchise registration in each state where the franchise is registered, and under its Franchise Agreement identified in its 2022 Franchise Disclosure Document, as it may be amended, and as that Franchise Agreement may be entered into with franchisees and amended, modified or extended from time to time. This guarantee continues until all such obligations of the Franchisor under its franchise registrations and the Franchise Agreement are satisfied or until the liability of Franchisor to its franchisees under the Franchise Agreement has been completely discharged, whichever first occurs. The Guarantor is not discharged from liability if a claim by a franchisee against the Franchisor remains outstanding. Notice of acceptance is waived. The Guarantor does not waive receipt of notice of default on the part of the Franchisor. This guarantee is binding on the Guarantor and its successors and assigns.

The Guarantor signs this guarantee at 900 Wilshire Dr., Suite 102, Troy, MI 48084, on this 31st day of March, 2023.

Guarantor:

CFC Holding Company, LLC

By: _____

Name: J.J. Sorrenti

Title: CEO



RSM US LLP

719 Griswold Street
Suite 820
Detroit, MI 48226
T +1 313 335 3900

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RSM US, LLP consents to the use in the Franchise Disclosure Document issued by CarePatrol Franchise Systems, LLC (the “Franchisor”) on April 1, 2023, as it may be amended, of our report dated March 27, 2023 relating to the consolidated financial statements of CFC Holding Company, LLC and Subsidiaries as of December 31, 2022 and 2021 and for the years ended December 31, 2022, 2021 and 2020.

RSM US LLP

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CFC Holding Company, LLC and Subsidiaries

Consolidated Financial Report
December 31, 2022

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Consolidated statements of cash flows	6-7
Notes to consolidated financial statements	8-21

Independent Auditor's Report

Board of Directors
CFC Holding Company, LLC and Subsidiaries

Opinion

We have audited the consolidated financial statements of CFC Holding Company, LLC and its subsidiaries (the Company), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, the related consolidated statements of operations, changes in members' (deficit) equity, and cash flows for the years ended December 31, 2022, 2021 and 2020, and the related notes to the consolidated financial statements (collectively, the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years ended December 31, 2022, 2021 and 2020 in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

RSM VS LLP

Detroit, MI
March 27, 2023

CFC Holding Company, LLC and Subsidiaries

Consolidated Balance Sheets
December 31, 2022 and 2021

	2022	2021
Assets		
Current assets:		
Cash	\$ 5,969,700	\$ 6,342,428
Restricted cash	4,029,309	3,031,624
Royalty receivables, net	2,175,573	1,426,293
Other receivables	4,367,812	3,093,034
Current deferred commissions	714,769	869,861
Current contract asset	270,933	318,733
Prepaid expenses	518,435	346,978
Total current assets	18,046,531	15,428,951
Property and equipment, net	95,904	93,392
Other assets:		
Right of use asset - operating leases, net	502,042	-
Goodwill, net	12,685,642	15,223,900
Franchise agreements, net	2,694,783	3,693,983
Trade names, net	1,443,696	1,549,346
Internally developed software, net	109,566	283,466
Noncurrent deferred commissions	1,095,787	651,149
Noncurrent contract asset	267,815	611,706
Total other assets	18,799,331	22,013,550
Total assets	\$ 36,941,766	\$ 37,535,893
Liabilities and Members' (Deficit) Equity		
Current liabilities:		
Accounts payable	\$ 2,849,921	\$ 1,790,614
Accrued liabilities	5,436,879	5,909,200
Current deferred revenue	1,438,265	1,490,482
Operating lease liabilities, current	117,574	-
Total current liabilities	9,842,639	9,190,296
Noncurrent deferred revenue	2,064,106	1,313,132
Operating lease liabilities noncurrent	456,502	-
Long-term debt, net of debt issuance costs	24,827,272	24,744,363
Members' (deficit) equity	(248,753)	2,288,102
Total liabilities and members' equity	\$ 36,941,766	\$ 37,535,893

See notes to consolidated financial statements.

CFC Holding Company, LLC and Subsidiaries

Consolidated Statements of Operations
Years Ended December 31, 2022, 2021 and 2020

	2022	2021	2020
Revenues:			
Franchise fees	\$ 2,974,329	\$ 3,937,072	\$ 2,641,074
Franchise royalties	14,267,295	12,946,253	12,423,342
National advertising fund revenue	2,805,447	2,506,896	609,201
Marketing fees	2,250,119	2,029,630	1,685,810
Technology fees	2,122,923	1,805,270	1,474,595
Patient service revenue	3,201,760	3,216,129	-
Other revenue	547,695	385,725	562,098
Total revenues	28,169,568	26,826,975	19,396,120
Expenses:			
General and administrative expenses	20,554,431	18,697,702	14,644,929
National advertising fund expense	2,805,447	2,506,896	609,201
Amortization expense	3,817,008	4,175,599	3,825,787
Transaction expenses	-	564,466	529,462
Franchise broker commissions	1,158,212	1,721,267	1,177,418
Total expenses	28,335,098	27,665,930	20,786,797
Operating loss	(165,530)	(838,955)	(1,390,677)
Other expense:			
Interest expense	2,371,325	2,312,146	1,480,598
Net loss	\$ (2,536,855)	\$ (3,151,101)	\$ (2,871,275)

See notes to consolidated financial statements.

CFC Holding Company, LLC and Subsidiaries

**Consolidated Statements of Changes in Members' (Deficit) Equity
Years Ended December 31, 2022, 2021 and 2020**

Balance at December 31, 2019	11,810,478
Dividend distribution	(3,500,000)
Net loss	(2,871,275)
Balance at December 31, 2020	<u>5,439,203</u>
Net loss	(3,151,101)
Balance at December 31, 2021	<u>2,288,102</u>
Net loss	(2,536,855)
Balance at December 31, 2022	<u><u>\$ (248,753)</u></u>

See notes to consolidated financial statements.

CFC Holding Company, LLC and Subsidiaries

Consolidated Statements of Cash Flows
Years Ended December 31, 2022, 2021 and 2020

	2022	2021	2020
Cash flows from operating activities:			
Net loss	\$ (2,536,855)	\$ (3,151,101)	\$ (2,871,275)
Adjustments to reconcile net loss to cash provided by operating activities:			
Depreciation	21,358	14,809	16,207
Accretion of debt issuance costs	82,909	82,910	93,107
Amortization	3,817,008	4,175,599	3,825,787
Loss on disposal of assets	-	183,130	-
Provisions for doubtful accounts	54,404	141,971	(79,111)
Changes in operating assets and liabilities, net of effects of business acquisitions:			
Royalty receivables	(2,047,201)	(69,116)	555,342
Other receivables	(31,261)	(832,100)	(667,036)
Deferred commissions	(289,546)	(487,861)	(517,790)
Contract asset	391,691	293,637	(522,274)
Prepaid expenses	(171,457)	53,881	5,218
Accounts payable	1,059,307	808,675	(635,339)
Accrued liabilities	(472,321)	2,345,450	2,171,193
Deferred revenue	698,757	589,339	407,126
Operating lease assets and liabilities	72,034	-	-
Net cash provided by operating activities	648,827	4,149,223	1,781,155
Cash flows from investing activities:			
Acquisition of businesses, net of cash acquired	-	(4,916,130)	-
Purchase of furniture and computers	(23,870)	(114,360)	(53,511)
Net cash used in investing activities	(23,870)	(5,030,490)	(53,511)
Cash flows from financing activities:			
Borrowings from loan	-	-	10,000,000
Payment of debt issuance costs	-	-	(250,000)
Distributions to members	-	-	(3,500,000)
Net cash provided by financing activities	-	-	6,250,000
Net increase (decrease) in cash	624,957	(881,267)	7,977,644
Cash and restricted cash:			
Beginning	9,374,052	10,255,319	2,277,675
Ending	\$ 9,999,009	\$ 9,374,052	\$ 10,255,319

(Continued)

CFC Holding Company, LLC and Subsidiaries

Consolidated Statements of Cash Flows (Continued)
Years Ended December 31, 2022, 2021 and 2020

	2022	2021	2020
Supplemental disclosure of cash flow information:			
Cash payments for interest	<u>\$ 2,028,736</u>	<u>\$ 2,025,173</u>	<u>\$ 1,387,491</u>
Supplemental schedule of noncash operating, investing and financing activities:			
Acquisition of businesses:			
Assets acquired	\$ -	\$ 1,200,188	\$ -
Liabilities assumed	-	290,464	-
Net identifiable assets acquired	-	909,724	-
Goodwill	-	4,095,739	-
Net assets acquired	-	5,005,463	-
Less cash acquired	-	(89,333)	-
Cash purchase price	<u>\$ -</u>	<u>\$ 4,916,130</u>	<u>\$ -</u>

See notes to consolidated financial statements.

CFC Holding Company, LLC and Subsidiaries

Notes to Consolidated Financial Statements

Note 1. Nature of Business and Significant Accounting Policies

Nature of business: CFC Holding Company, LLC and Subsidiaries (collectively, the Company) entered into an agreement to acquire 100% of the interest in ComForCare Healthcare Holdings, Inc. (Holdings) on January 31, 2017. The subsidiaries of the Company include Best Life Brands, LLC (BLB), ComForCare Franchise Systems, LLC (ComForCare), CarePatrol Franchise Systems, LLC (CarePatrol), Blue Moon Franchise Systems, LLC (Blue Moon), Boost Home Health, LLC (Boost), and PROHealth Home Health Services, LLC (PROHealth). BLB was formed as a holding company which is wholly owned by the Company. BLB wholly owns ComForCare, CarePatrol, Blue Moon, Boost, and PROHealth.

ComForCare is a franchisor of certain nonmedical home health care services and business operations primarily in North America. ComForCare provides a systematic method for starting and operating a home health care business under the trade name “ComForCare Home Care” and “At Your Side Home Care” (hereinafter collectively CHC). ComForCare provides its franchisees territorial rights for operation of their CHC businesses. They also provide initial training and ongoing support for franchisees to assure continuity and growth of their business operations.

CarePatrol is a franchisor that offers franchises for the operation of a business that provides assisted living senior referral and placement services, as well as information and marketing services for families looking for assisted living, in-home care and other senior-related services.

Blue Moon is a franchisor that provides management of estate sales.

Boost is a franchisor that provides home health programs relating to rehabilitation and clinical services that enhance at-home healing and support recovery.

PROHealth is a home health agency providing in home health care.

Significant accounting policies:

Basis of presentation: The consolidated balance sheets are presented as of December 31, 2022 and 2021. The consolidated statements of operations, changes in members' (deficit) equity, and cash flows are presented for the years ended December 31, 2022, 2021 and 2020. The accompanying consolidated financial statements of CFC Holding Company, LLC include its wholly owned subsidiaries, BLB, ComForCare, CarePatrol, Blue Moon, Boost and PROHealth. All intercompany accounts and transactions have been eliminated in consolidation.

Use of accounting estimates: The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and restricted cash: The Company maintains cash balances that, at times, may exceed federally insured limits. Management believes the Company is not exposed to any significant risk on these cash balances. Cash collected and held within the National Advertising Fund is recorded as restricted cash (see Note 6). In addition, the Company has approximately \$826,000 deposited in a separate bank account and designated as collateral for the letters of credit (see Note 7).

CFC Holding Company, LLC and Subsidiaries

Notes to Consolidated Financial Statements

Note 1. Nature of Business and Significant Accounting Policies (Continued)

The following table provides a reconciliation of cash and restricted cash (Note 6) reported within the consolidated balance sheets that sums to the total of the same such amounts shown in the consolidated statements of cash flows:

	2022	2021
Cash	\$ 5,969,700	\$ 6,342,428
Restricted cash	4,029,309	3,031,624
	<u>\$ 9,999,009</u>	<u>\$ 9,374,052</u>

Royalty receivables: Royalty receivables represent amounts due from franchisees pursuant to their individual franchise agreements. Royalty receivables are stated at historical value which approximates fair value. Management provides for probable uncollectible amounts through a charge to earnings and a credit to an allowance account based on the history of past write-offs and collections and its assessment of the current status of individual accounts. The Company routinely assesses the financial strength of its franchisees and, as a consequence, believes that its royalty receivable credit risk exposure is limited to the allowances provided.

The Company has deducted an estimated amount for accounts that will not be collected based on experience, historical payment patterns on amounts invoiced and the aging of outstanding balances. As of December 31, 2022 and 2021, royalty receivables were reduced by allowances for doubtful accounts of approximately \$300,000 and \$223,000, respectively.

Other receivables: Other receivables represent amounts due from franchisees pursuant to their individual franchise for franchise fees, marketing fees, technology fees, national ad fund revenue and other revenue. In addition, other receivables includes amounts due from patient service fees. Patient receivables are carried at the transaction price consisting of the original charge for the service provided, less any applicable discounts, explicit price concessions for contractual adjustments and an estimated allowance for implicit price concessions (formerly known as allowance for doubtful accounts).

Property and equipment: Property and equipment, which primarily consist of furniture and office equipment, are recorded at cost and depreciated over the estimated useful life of the assets using the straight-line method. Useful lives used to depreciate property and equipment range from three to seven years.

Goodwill: Goodwill results from business acquisitions and represents the excess of the purchase price over the fair value of the identifiable net assets acquired.

The Company follows an accounting alternative that allows it to amortize goodwill on a straight-line basis over a period of 10 years. Also pursuant to the accounting alternative, the Company will test its goodwill for impairment at the entity level only upon the occurrence of an event or circumstance that may indicate the fair value of the entity is less than its carrying amount. As of December 31, 2022 and 2021, the Company has determined that there was no occurrence of an event or circumstance that might indicate the fair value of the entity is less than the carrying amount.

Intangible assets: Intangible assets are amortized over their finite useful lives using the straight-line method. Intangible assets include franchise agreements, internally developed software and trade names.

CFC Holding Company, LLC and Subsidiaries

Notes to Consolidated Financial Statements

Note 1. Nature of Business and Significant Accounting Policies (Continued)

Impairment of long-lived assets: The Company reviews long-lived assets, including property and equipment and certain intangible assets, for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of these assets is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment charge to be recognized is measured by the amount by which the carrying amount of the asset exceeds the estimated fair value of the asset. There were no impairment charges for the years ended December 31, 2022 and 2021.

Deferred revenue: The Company receives deposits of initial and renewal franchise fees for certain territories and future rights to the ComForCare, CarePatrol, Blue Moon and Boost business models. The Company recognizes revenue when contracts have been signed and each performance obligation has been performed.

Debt issuance costs: Debt issuance costs associated with long-term debt are capitalized as a reduction to the related debt obligation and amortized over the terms of the related debt using the effective-interest method. Amortization expense is included within interest expense in the consolidated statements of operations.

Revenue recognition: The Company recognizes revenue in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 606, which provides a five-step model for recognizing revenue from contracts with customers as follows:

- Identify the contract with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognize revenue when or as performance obligations are satisfied

Nature of revenues: The Company's revenues consist of franchise revenue, which includes franchise royalties, advertising fund contributions, marketing fees, technology fees and initial and renewal franchise fees.

The Company also collects lead placement revenue, through its CarePatrol franchise.

CFC Holding Company, LLC and Subsidiaries

Notes to Consolidated Financial Statements

Note 1. Nature of Business and Significant Accounting Policies (Continued)

The Company collects patient service revenue, through its PROHealth subsidiary which is derived from patient service by providing medical services.

A summary of the Company's significant products and services are as follows:

Franchise revenues: Franchise agreements include (a) the right to use symbolic intellectual property over the term of each franchise agreement, (b) ongoing services, such as management of the advertising fund contributions, marketing services, and providing access to franchise specific technology, and (c) pre-opening services, such as training.

The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring goods and services to the customer. Agreements may include initial and renewal franchise fees (includes the right to use symbolic intellectual property and pre-opening services), royalties (includes the right to use symbolic intellectual property), marketing fees (ongoing services), technology fees (ongoing services), and National Ad Fund fees (ongoing services).

The right to use symbolic intellectual property and ongoing services are highly dependent upon and interrelated with the franchise right granted in the franchise agreement, so they are not considered to be individually distinct and, therefore, are accounted for as a single performance obligation (License of IP). The performance obligation under the franchise agreement is the promise to provide daily access to the symbolic intellectual property over the term of each franchise agreement, which is a series of distinct services that represents a single performance obligation. Although the franchisor's underlying activities associated with the symbolic intellectual property will vary both within a day and day-to-day, the symbolic intellectual property is accessed over time and the franchisee simultaneously receives and consumes the benefit from the franchisor's performance of providing access to the symbolic intellectual property (including ongoing services).

ComForCare royalties are calculated as a percentage of franchise sales that are related entirely to the License of IP performance obligation under the franchise agreement. These royalties are considered variable consideration. Royalty revenue is recognized as franchisee sales occur.

CarePatrol royalties are charged to some franchisees as a percentage of franchise sales and others as standard fixed amounts in which all royalties are related entirely to the License of IP performance obligation under the franchise agreement.

CarePatrol royalties charged as a percentage of franchise sales are considered variable consideration. Royalty revenue is recognized as franchisee sales occur.

CarePatrol royalties charged as standard fixed amounts are considered fixed consideration. Royalty amounts are billed each month for each franchisee. The agreements call for increasing fees throughout the life of the agreement. CarePatrol recognizes revenues for these standard amounts on a straight-line basis over the life of the agreements which results in a contract asset which is presented on the Company's consolidated balance sheets.

Blue Moon royalties are calculated as a percentage of franchise sales that are related entirely to the License of IP performance obligation under the franchise agreement. These royalties are considered variable consideration. Royalty revenue is recognized as franchisee sales occur.

CFC Holding Company, LLC and Subsidiaries

Notes to Consolidated Financial Statements

Note 1. Nature of Business and Significant Accounting Policies (Continued)

The Company charges marketing fees, technology fees and National Ad Fund fees which are related entirely to the License of IP performance obligation under the franchise agreement. These revenues are recognized as the fees are billed to franchisees.

Initial and renewal franchise fees are recognized as revenue in regard to two identified performance obligations within the contract. A portion of the fee is recognized when the Company provides training services, as these services are distinct within the contract. The remaining portion of the fees is recognized as revenue related to the License of IP performance obligation on a straight-line basis over the term of the respective agreement beginning when the franchisee signs an agreement. Stand-alone selling price for each performance obligation was determined using an expected cost plus margin approach for training and an observable selling price for the License of IP.

All franchise revenue is recognized over time as the services are provided to franchisees.

Lead placement revenue: Specific to placement services that CarePatrol provides, the Company collects a lead placement fee from retirement facilities when a senior is placed within that facility. This revenue is recognized at a point in time when placement has occurred.

Patient service revenue: PROHealth's patient service revenues are fee-for-service, the patient is charged a fee based on the services performed. For patients that receive treatment there is consent (written, implied or verbally) to obtain treatment. The Company receives payments directly from private consumers, commercial insurers, Medicare and other third-party payors. Revenue is recognized as performance obligations are satisfied.

Because all of its performance obligations relate to contracts with a duration of less than one year, the Company has elected to apply the optional exemption and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period.

The Company determines the transaction price based on standard charges for goods and services provided, reduced by explicit price concessions comprised of contractual adjustments provided to third-party payors and discounts provided to uninsured patients in accordance with the Company's policy, and implicit price concessions proved to uninsured patients. The Company determines its estimates of contractual adjustments and discounts based on contractual agreements, its discount policies, and historical experience. The Company determines its estimate of implicit price concessions based on its historical collection experience with this class of patients.

All patient service revenue is recognized at a point in time when the services are provided to the patients.

Total revenue recognized at a point in time and over time was as follows for the years ended December 31:

	2022	2021	2020
Revenue recognized at a point in time	\$ 3,410,580	\$ 3,381,192	\$ 461,805
Revenue recognized over time	24,758,988	23,445,783	18,934,315
	<u>\$ 28,169,568</u>	<u>\$ 26,826,975</u>	<u>\$ 19,396,120</u>

CFC Holding Company, LLC and Subsidiaries

Notes to Consolidated Financial Statements

Note 1. Nature of Business and Significant Accounting Policies (Continued)

Costs to obtain a contract

Franchise broker commissions paid to brokers that are incremental to the acquisition of customer contracts are capitalized as deferred franchise broker commissions on the consolidated balance sheets when the period of benefit is determined to be greater than one year. The Company determines the period of benefit for commissions paid for the acquisition of an initial contract by taking into consideration the initial estimated customer life, as well as future expectations about whether the renewal commission will be commensurate with the pattern of revenue recognition.

Leases: In February 2016, the FASB issued ASC Topic 842, Leases, to increase transparency and comparability among organizations related to their leasing arrangements. The update requires lessees to recognize most leases on their balance sheets as a right-of-use (ROU) asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term, measured on a discounted basis. Topic 842 also requires additional disclosure of key quantitative and qualitative information for leasing arrangements. Similar to the previous lease guidance, the update retains a distinction between finance leases (similar to capital leases in Topic 840, Leases) and operating leases, with classification affecting the pattern of expense recognition in the income statement. The Company adopted Topic 842 on January 1, 2022, using the optional transition method to the modified retrospective approach, which eliminates the requirement to restate the prior-period financial statements. Under this transition provision, the Company has applied Topic 842 to reporting periods beginning on January 1, 2022, while prior periods continue to be reported and disclosed in accordance with the Company's historical accounting treatment under ASC Topic 840, Leases.

The Company elected the "package of practical expedients" under the transition guidance within Topic 842, in which the Company does not reassess (1) the historical lease classification, (2) whether any existing contracts at transition are or contain leases, or (3) the initial direct costs for any existing leases. The Company has not elected to adopt the "hindsight" practical expedient, and therefore will measure the ROU asset and lease liability using the remaining portion of the lease term upon the adoption of Topic 842 on January 1, 2022.

The Company determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. A contract is or contains a lease when (i) explicitly or implicitly identified assets have been deployed in the contract and (ii) the Company obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. The Company also considers whether its service arrangements include the right to control the use of an asset.

The Company made an accounting policy election available under Topic 842 not to recognize ROU assets and lease liabilities for leases with a term of twelve months or less. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease (or January 1, 2022, for existing leases upon the adoption of Topic 842). The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives. To determine the present value of lease payments, the Company made an accounting policy election available to non-public companies to utilize a risk-free borrowing rate, which is aligned with the lease term at the lease commencement date (or remaining term for leases existing upon the adoption of Topic 842).

The Company has made an accounting policy election to account for lease and non-lease components in its contracts as a single lease component for its various asset classes. The non-lease components typically represent additional services transferred to the Company, such as common area maintenance for real estate, which are variable in nature and recorded in variable lease expense in the period incurred.

CFC Holding Company, LLC and Subsidiaries

Notes to Consolidated Financial Statements

Note 1. Nature of Business and Significant Accounting Policies (Continued)

Adoption of Topic 842 resulted in the recording of additional ROU assets and lease liabilities related to the Company's operating leases of approximately \$620,000 at January 1, 2022. The adoption of the new lease standard did not materially impact consolidated net earnings or consolidated cash flows and did not result in a cumulative-effect adjustment to the opening balance of retained earnings.

Recent accounting pronouncements: In June 2016, the FASB issued Accounting Standards Update (ASU) 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which creates a new credit impairment standard for financial assets measured at amortized cost and available-for-sale debt securities. The ASU requires financial assets measured at amortized cost (including loans, trade receivables and held-to-maturity debt securities) to be presented at the net amount expected to be collected, through an allowance for credit losses that are expected to occur over the remaining life of the asset, rather than incurred losses. The ASU requires that credit losses on available-for-sale debt securities be presented as an allowance rather than as a direct writedown. The measurement of credit losses for newly recognized financial assets (other than certain purchased assets) and subsequent changes in the allowance for credit losses are recorded in the statement of income as the amounts expected to be collected change. The ASU is effective for fiscal years beginning after December 15, 2022. The Company is currently evaluating the impact of adopting this new guidance on its consolidated financial statements and does not expect the impact to be significant.

Subsequent events: The Company has evaluated subsequent events for potential recognition and/or disclosure through March 27, 2023, the date the consolidated financial statements were available to be issued.

Note 2. Business Acquisitions

PROHealth Home Health Services, LLC acquisition:

Effective March 5, 2021, BLB acquired 100% of the membership interest in PROHealth for total consideration of \$5,005,463. BLB obtained control of the business by acquiring all of the rights to the inputs and processes of its business; therefore the acquisition was accounted for as a business combination. PROHealth is a home health agency providing in home health care. As a result of the acquisition, BLB and its investors seek to increase the value of their investment by having PROHealth's complementary services.

BLB funded the acquisition through the use of cash.

The goodwill arising from the above acquisition is largely due to the fair value of certain intangible assets along with the assembled workforce being subsumed into goodwill, the Company's presence in the marketplace, and its long-term expected revenue growth. A tax election was filed, therefore, goodwill is deductible for income tax purposes.

CFC Holding Company, LLC and Subsidiaries

Notes to Consolidated Financial Statements

Note 2. Business Acquisitions (Continued)

The business combination was accounted for under the acquisition method of accounting. The following table summarizes the consideration paid and assets acquired and liabilities assumed recognized at the fair value at the date of acquisition:

Consideration:

Cash	\$ 5,357,793
Due from seller	(352,330)
Total invested capital	<u>\$ 5,005,463</u>

Recognized amount of identifiable assets acquired and liabilities assumed:

Cash	89,333
Accounts receivable	874,475
Prepaid expenses and other assets	14,131
Property and equipment, net	18,249
Intangible assets	204,000
Accounts payable	(6,210)
Accrued expenses	(212,865)
Deferred revenue	(71,389)
Total identifiable net assets acquired	<u>909,724</u>
Goodwill	<u>4,095,739</u>
	<u>\$ 5,005,463</u>

In connection with the transaction, the Company incurred \$393,866 of transaction expenses which were expensed as incurred in the accompanying consolidated statements of operations.

Of the \$204,000 of identified intangible assets all was assigned to trade names (20 year life).

Note 3. Related-Party Transactions

The Company pays consulting fees to certain members of management of the Riverside Company. Consulting fees for the years ended December 31, 2022, 2021 and 2020 were approximately \$530,000, \$425,000 and \$519,000, respectively. Accrued consulting fees as of December 31, 2022 and 2021 were approximately \$78,000 and \$78,000, respectively, and were included in accrued liabilities in the accompanying consolidated balance sheets.

CFC Holding Company, LLC and Subsidiaries

Notes to Consolidated Financial Statements

Note 4. Property and Equipment

Property and equipment is summarized as follows:

	2022	2021
Furniture and fixtures	\$ 88,558	\$ 87,348
Computer equipment	53,217	30,557
Leasehold improvements	19,855	19,855
	161,630	137,760
Less: accumulated depreciation	(65,726)	(44,368)
	<u>\$ 95,904</u>	<u>\$ 93,392</u>

Note 5. Intangible Assets and Goodwill

Following is a summary of the intangible assets:

December 31, 2022				
	Amortization Period (in Years)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Franchise agreements—ComForCare	10	\$ 6,186,000	\$ (3,660,050)	\$ 2,525,950
Franchise agreements—CarePatrol	5	1,470,000	(1,445,500)	24,500
Franchise agreements—Blue Moon	5	433,000	(288,667)	144,333
Trade names	20	1,943,000	(499,304)	1,443,696
Software	5	912,000	(802,434)	109,566
		<u>\$ 10,944,000</u>	<u>\$ (6,695,955)</u>	<u>\$ 4,248,045</u>
Goodwill	10	<u>\$ 25,382,575</u>	<u>\$ (12,696,933)</u>	<u>\$ 12,685,642</u>

December 31, 2021				
	Amortization Period (in Years)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Franchise agreements—ComForCare	10	\$ 6,186,000	\$ (3,041,450)	\$ 3,144,550
Franchise agreements—CarePatrol	5	1,470,000	(1,151,500)	318,500
Franchise agreements—Blue Moon	5	433,000	(202,067)	230,933
Trade names	20	1,943,000	(393,654)	1,549,346
Software	5	912,000	(628,534)	283,466
		<u>\$ 10,944,000</u>	<u>\$ (5,417,205)</u>	<u>\$ 5,526,795</u>
Goodwill	10	<u>\$ 25,382,575</u>	<u>\$ (10,158,675)</u>	<u>\$ 15,223,900</u>

CFC Holding Company, LLC and Subsidiaries

Notes to Consolidated Financial Statements

Note 5. Intangible Assets and Goodwill (Continued)

The change in the carrying value of goodwill for the years ended December 31, 2022 and 2021, is as follows:

Balance at December 31, 2020	\$ 13,598,158
Acquisition of PROHealth	4,095,739
Amortization expense	(2,469,997)
Balance at December 31, 2021	15,223,900
Amortization expense	(2,538,258)
Balance at December 31, 2022	\$ 12,685,642

Amortization expense recognized on intangible assets and goodwill totaled \$1,278,750 and \$2,538,258, respectively, for the year ended December 31, 2022. Amortization expense recognized on intangible assets and goodwill totaled \$1,705,602 and \$2,469,997, respectively, for the year ended December 31, 2021. Amortization expense recognized on intangible assets and goodwill totaled \$1,697,104 and \$2,128,683, respectively, for the year ended December 31, 2020.

Estimated amortization expense for existing amortizable intangibles and goodwill is as follows for each of the next five years ending December 31:

	Intangible Assets	Goodwill
2023	\$ 896,683	\$ 2,538,258
2024	813,216	2,538,258
2025	715,750	2,538,258
2026	715,750	2,538,258
2027	148,700	1,041,655

Note 6. National Advertising Fund

The Company maintains a National Advertising Fund (NAF) for the creation and development of marketing, advertising, and related programs and materials for all franchises located in the United States and Canada. On behalf of the NAF, ComForCare collects 1% of gross monthly membership billings from franchisees. CarePatrol, Blue Moon and Boost collect varying amounts based on respective franchise agreements. The use of amounts received by the NAF is restricted to advertising, product development, public relations, merchandising, and administrative expenses and programs to increase sales and further enhance the public reputation of each brand. The Company consolidates and reports all balances held by the NAF within the consolidated financial statements. Amounts received and not spent by the NAF are reported as restricted cash which amounted to \$4,029,309 and \$3,031,624 as of December 31, 2022 and 2021, respectively. The Company records all revenues and expenses of the NAF within the consolidated statements of operations.

CFC Holding Company, LLC and Subsidiaries

Notes to Consolidated Financial Statements

Note 7. Long-Term Debt

On December 4, 2020, the Company amended a term note payable (New Term Loan) with a financial institution. The New Term Loan provides for \$25,000,000 in principal borrowings with the full principal amount being due on January 31, 2025. The new term loan was amended on May 7, 2022 and changed the monthly interest to London Interbank Offered Rate (LIBOR) plus 6.25% from the previous rate of LIBOR plus 7.25%.

Borrowings under the New Term Loan agreement are collateralized by substantially all assets of the Company. The term note agreement also includes certain affirmative and negative covenants restricting certain corporate acts and requires the maintenance of consolidated leverage and fixed charge coverage ratios.

In connection with the New Term Loan and previous term loan agreements, the Company incurred debt issuance costs of approximately \$666,000, which are amortized over the term of the debt facilities. Amortization of debt issuance costs of \$82,909, \$82,910, and \$93,107 has been included in interest expense for the years ended December 31, 2022, 2021 and 2020, respectively.

A summary of long-term debt is as follows as of December 31:

	2022	2021
Term loan	\$ 25,000,000	\$ 25,000,000
Less unamortized debt issuance costs	(172,728)	(255,637)
	<u>\$ 24,827,272</u>	<u>\$ 24,744,363</u>

The Company has letters of credit totaling \$825,000 and \$150,000 as of December 31, 2022 and 2021, respectively.

CFC Holding Company, LLC and Subsidiaries

Notes to Consolidated Financial Statements

Note 8. Operating Leases

The Company leases real estate under operating lease agreements that have initial term of 67 months. Some leases include one or more options to renew, generally at the Company's sole discretion, with renewal terms that can extend the lease twice up to a term of five years each. In addition, certain leases contain termination options, where the rights to terminate are held by either the Company, the lessor or both parties. These options to extend or terminate a lease are included in the lease terms when it is reasonably certain that the Company will exercise that option. The Company's operating leases generally do not contain any material restrictive covenants or residual value guarantees.

Operating lease cost is recognized on a straight-line basis over the lease term. Lease expense is approximately \$113,000 for the year ended December 31, 2022. Weighted average remaining on lease term is 4.6 years and the weighted average discount rate is 1.26%.

Supplemental cash flow information related to leases is as follows for the year ended December 31, 2022:

Operating leases	
Operating cash outflows - payments on operating leases	\$ 51,082
Right of use assets in exchange for new lease obligations:	
Operating leases	\$ 619,566

Future undiscounted cash flows for each of the next five years and thereafter and a reconciliation to the lease liabilities recognized on the consolidated balance sheets are as follows as of December 31, 2022:

Years ending December 31:	
2023	\$ 124,817
2024	127,331
2025	129,845
2026	132,358
2027	78,553
Total lease payments	592,904
Less imputed interest	(18,828)
Total present value of lease liabilities	<u>\$ 574,076</u>

CFC Holding Company, LLC and Subsidiaries

Notes to Consolidated Financial Statements

Note 8. Operating Leases (Continued)

Future minimum rentals, as determined under Topic 840, for all non-cancelable leases as of December 31, 2021 payments are as follows:

Years ending December 31:

2022	\$	51,082
2023		124,817
2024		127,331
2025		129,845
2026		132,358
Thereafter		78,553
Total minimum lease payments	\$	<u>643,986</u>

Note 9. Members' Equity

Members' (deficit) equity consisted of the following membership units:

	December 31, 2022	
	Units Authorized	Units Issued and Outstanding
Class A Units	1,000,000	23,619
Class B Units	3,029	2,763
	December 31, 2021	
	Units Authorized	Units Issued and Outstanding
Class A Units	1,000,000	23,619
Class B Units	3,029	2,670

Class A Units have voting rights on all matters requiring the consent, approval or vote of the Members. The Class A Units receive preference on distributions.

Class B Units are profit interests that do not have voting rights and have been issued to designated management employees of the Company without any corresponding capital contribution. The holders of these units are entitled to share in the appreciation of the Company's assets that occur subsequent to the date of grant. The Class B Units are dilutive to the participating preferred units.

CFC Holding Company, LLC and Subsidiaries

Notes to Consolidated Financial Statements

Note 9. Members' Equity (Continued)

The Company has issued and outstanding units of 2,763 and 2,670 to certain management employees as of December 31, 2022 and 2021, respectively. The units substantially vest upon a change in control of the Company, if still employed. The fair value of the awards at the date of grant is estimated using option pricing models. The expected terms assumption reflects the period for which the Company believes the awards will remain outstanding and is based on the expected behavior of the award holders. The Company determined the volatility of the fair value of its units through comparison to similar entities considering such characteristics as industry, stage of life cycle, size and financial leverage. The risk-free rate reflects the U.S. Treasury yield curve for similar expected life instruments in effect at the time of grant. During the years ended December 31, 2022 and 2021, 266 and 233 units, respectively, were forfeited.

As of December 31, 2022 and 2021 there was unrecognized compensation costs related to the Class B Units of approximately \$518,000 and \$477,000, respectively. The unrecognized compensation costs will be recognized at the time the vesting criterion is probable to occur.

Note 10. Income Taxes

As a limited liability company, the Company is treated as a partnership for federal and state income tax purposes. As such, the taxable income of the Company is allocated in the tax returns of its members for federal and state tax purposes in accordance with their respective ownership percentage. Accordingly, no provision for federal income taxes is included in the consolidated financial statements. Entity-level, composite state and local income taxes (benefits) are accrued at the applicable rates, if any, and are included in the consolidated statements of operations.

The FASB provides guidance for how uncertain tax provisions should be recognized, measured, disclosed and presented in the consolidated financial statements. The Company identifies its tax positions taken or expected to be taken in the course of preparing its tax returns and determines whether any tax positions are more likely than not of being sustained when challenged or when examined by the applicable tax authority. Management has determined that there are no uncertain tax positions at December 31, 2022 and 2021.

The Company's income tax filings are subject to audit by various taxing authorities. The Company's open audit period is 2020.

CFC Holding Company LLC
Balance Sheet
June 30, 2023

Assets

Cash	4,753,191
Restricted Cash	2,613,546
Accounts Receivable	7,154,785
Prepaid Expenses	4,202,960
Total Current Assets	18,724,481

Property and Equipment, Net	109,425
Other Assets, Net	15,702,295
Total Long-Term Assets	15,811,720

Total Assets	34,536,201
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Liabilities and Equity

Current Liabilities

Accounts payable	2,437,694
Accrued Expenses	1,704,129
Deferred Revenue	5,342,855
Other Current Liabilities	2,354,221
Total Current Liabilities	11,838,899

Senior Term Note A	25,000,000
Other Debt	325,228
Total Long Term Debt	25,325,228

Equity	(2,627,927)
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Total Liabilities and Shareholders' Equity	34,536,201
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**THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT.
PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE
ADVISED THAT NO INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT
HAS AUDITED THESE FIGURES OR EXPRESSED AN OPINION WITH
REGARD TO THE CONTENT OR FORM.**

CFC Holding Company LLC
Income Statement
For the Six Months Ended June 30, 2023

Revenue

Franchise Fees	32,666
Recurring Royalties	8,125,551
Recurring Marketing Fees	1,226,474
Recurring Software Fees	1,129,167
Corporate Lead Revenue	96,629
Corporate Store Revenue	939,407
Other Revenue	153,638

Total Revenues	11,703,532
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Operating Expenses

Marketing Expenses	865,529
Franchise Development	1,337,826
Franchise Support	1,632,798
Clinical And National Programs	111,564
Information Technology	995,322
Admin Expenses	2,245,312
Legal Expenses	190,834
Corporate Store Expense	1,714,990
Other Expenses	1,301,911

Total Operating Expenses	10,396,084
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Net Ordinary Income	1,307,448
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Other (Income)/ Expenses

Interest (Income)/Expense	1,474,616
Depreciation Expense	13,922
Amortization Expense	1,734,838
Taxes	13,723
Riverside Related	284,168

Total Other (Income)/ Expense	3,521,266
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Net Income	(2,213,818)
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TO THE CONTENT OR FORM.

EXHIBIT B
FRANCHISE AGREEMENT



Franchise Agreement

Offered by: CarePatrol Franchise Systems, LLC

FRANCHISEE

DATE OF AGREEMENT

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CAREPATROL FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT ("Franchise Agreement" or "Agreement") is made and entered into this _____ day of _____, 20____, ("Contract Date"), by and between CarePatrol Franchise Systems, LLC, a limited liability company formed and operating under the laws of the State of Delaware and having its principal place of business at 900 Wilshire Drive, Suite 102, Troy, MI 48084 ("we," "us," "our," or "Franchisor") and _____ formed and operating under the laws of the State of _____, and an individual, and having its principal place of business at _____ ("you," "your," or "Franchisee").

RECITALS

- A. We, as a result of the expenditure of time, skill, effort, funds, equities, and assets, have developed and own a unique and distinctive business model relating to the establishment and operation of a business ("Franchised Business" or "CarePatrol Business") that provides: provides senior living placement, referral and consulting services for families in need of independent living community, assisted living community, memory care, nursing home, or similar facility for the seniors in their lives. ("Approved Services").
- B. We use, promote, and license certain trademarks, service marks, and other commercial symbols for the operation of the Franchised Business, and we may create, use, and license other trademarks, service marks, and commercial symbols for the same use (collectively, "Proprietary Marks").
- C. The Franchised Business operates using certain confidential information, trade secrets, formats, designs, systems, methods, specifications, standards, and procedures, and Proprietary Marks, all of which may be improved, further developed, or otherwise modified by us (the "System").
- D. We permit certain individuals and/or entities to establish businesses for the purpose of implementing the Franchised Business under the System.
- E. As a franchise owner ("Franchise Owner") of a CarePatrol Business, you must comply with this Agreement in order to maintain the high and consistent quality that is critical to attracting and keeping clients of a CarePatrol Business and preserving the goodwill of the Proprietary Marks.

THE PARTIES AGREE AS FOLLOWS:

1. GRANT

- 1.1. The Recitals above are incorporated by reference into this Agreement.
- 1.2. We grant you the right, and you accept the obligation, to own and operate a Franchised Business in accordance with this Agreement and the System within the geographic area described in Addendum B ("Protected Territory").
- 1.3. Your Franchised Business will be located at the street address indicated in the first paragraph of this Agreement above ("Approved Location"). If a particular site has not been selected and approved at the time this Agreement is signed, after you have an Approved Location, we will unilaterally modify this Agreement as if originally set forth in this Agreement. Please see Section 5.2.
- 1.4. During the term of this Agreement, except as permitted by Section 1.5, we (including our affiliates) will not establish, or franchise any entity to establish, a Franchised Business within your Protected Territory.

1.5. You expressly acknowledge and agree that the franchise is non-exclusive. We retain the right, for ourselves, and/or through any affiliate, in any manner, and on any terms and conditions we deem advisable, and without granting you any rights therein:

1.5.1. To own, acquire, establish, and/or operate, and license others to establish and operate, Franchised Businesses outside the Protected Territory, regardless of their proximity to the Approved Location or your Protected Territory, or the impact on your existing or potential clients;

1.5.2. To use the Proprietary Marks and the System to market and sell, and grant others the right to market and sell, any products and services, similar to those which you will sell, through any channels of distribution within or outside of the Protected Territory, regardless of their proximity to the Approved Location or your Protected Territory, or the impact on your existing or potential clients. This includes, but is not limited to, other channels of distribution such as television, direct mail, mail order, catalog sales, telemarketing, over the Internet, via email, social media, and other channels of e-commerce;

1.5.3. To use and license others to use other proprietary and non-proprietary marks or methods, which are not the same as, or confusingly similar to the Proprietary Marks, whether in alternative channels of distribution, at any location, including within the Protected Territory, related to the operation of a business which may be the same as, similar to, or different from the business operated at your Franchised Business, or to sell products and services (regardless of similarity to products and services sold in your Franchised Business);

1.5.4. To anywhere purchase, merge, acquire (or be acquired by), affiliate with, or engage in any transaction with other businesses (whether competitive or not) having one or more businesses or locations, wherever located, including, but not limited to, transactions or arrangements involving competing outlets and/or brand conversions (to or from the CarePatrol brand and System);

1.5.5. To implement multi-area marketing programs that allow us, or others, to solicit or sell to clients anywhere. We also reserve the right to issue mandatory policies to coordinate such multi-area marketing programs;

1.5.6. To develop relationships and solicit business on behalf of the System within your Protected Territory to further develop our National Accounts, Partner Facilities, Community Integration Model Programs; and

1.5.7. To engage in any other activity, action, or undertaking that we are not expressly prohibited from taking under this Agreement.

1.6. You have no options or rights of first refusal or similar rights to acquire additional Franchised Businesses.

2. TERM, RENEWAL AND EXPIRED AGREEMENT

2.1. The term of this Agreement begins on the Contract Date and expires ten (10) years after the Contract Date, unless sooner terminated as provided in this Agreement.

2.2. We, at our sole discretion, may provide you with the right to renew Franchised Business(es) for one (1) additional term equal to the then-current initial term granted under the following terms and conditions:

- 2.2.1. You must give us written notice of your election to renew no fewer than six (6) months, and not more than twelve (12) months, prior to the end of the then-current term;
- 2.2.2. You must not be in default of any provision of this Agreement, or any other agreements between you and us (including any agreements between you and our affiliates), or of any standards set forth in the Manual (as the term is defined in Section 4.1), and you must have complied with all such agreements and the Manual since the Contract Date;
- 2.2.3. You must be current with respect to your obligations to your landlord, vendors, and any others with whom you do business;
- 2.2.4. You must execute the then-current form of franchise agreement, and all other agreements, legal instruments, and documents then customarily used by us in the execution of franchise agreements. The renewal franchise agreement, and any other agreements, legal instruments, and documents, may vary materially from those agreements, legal instruments, and documents currently in use by us, including a longer term and the payment of higher fees; with the exception you are not obligated to pay our then-current initial franchise fee;
- 2.2.4.1. If you purchased your Franchised Business(es) under the Reduced Initial Fee Program (as described in Section 3), you may not switch your Royalty Fee (as defined in Section 3) to the then lower Standard Offering Royalty Fees. Your renewal agreement, if so offered, will contain the fees associated with the then Reduced Initial Fee Offering Program.**
- 2.2.5. We may require you to attend our then-current training program(s);
- 2.2.6. Subject to state law, you and us will execute a General Release Agreement, Waiver and Release of Claims (Exhibit F), in a form prescribed by us, of any and all claims which each may have against the other, and their affiliates (except as to amounts then due to us for royalties, advertising contributions, materials, and the like), and their respective shareholders, directors, employees, and agents in their corporate and individual capacities. Unless otherwise prevented by state law, we will consider your failure to sign said release, and to deliver it to us for acceptance, and execution within thirty (30) days after it is delivered to you, to be an election not to acquire a successor franchise; and
- 2.2.7. You will pay us a renewal fee of \$7,500.
- 2.3. If you do not sign a new franchise agreement and initiate and comply with the renewal procedures outlined in this section prior to the expiration of this Agreement, and continue to accept the benefits of this Agreement after the expiration of this Agreement; then, at our option, this Agreement may be treated either as:
- 2.3.1. Expired as of the date of expiration, with you then operating without a Franchised Business, and in so doing, you would be in violation of our rights; or
- 2.3.2. Continued on a month-to-month basis ("Interim Period"), until you or we provide the other party with written notice of such party's intention to terminate the Interim Period; in which case, the Interim Period will terminate thirty (30) days after receipt of any such notice to terminate the Interim Period. In the latter case, all of your obligations will remain in full force and effect during the Interim Period, as if this Agreement had not expired, and all obligations and restrictions imposed upon you on the expiration of this Agreement, will be

deemed to take effect upon the termination of the Interim Period.

3. FEES

3.1. Initial Fees

3.1.1. Standard Offering.

3.1.1.1. Single Unit. Upon execution of this Agreement, you will pay us a non-recurring initial franchise fee of (i) a \$57,000 initial franchise fee; (ii) a \$10,000 Training Fee (which includes, but is not limited to; expenses related to your initial training at our Franchisor Headquarters, initial on-site training in your territory, and the provision of certain sales and marketing programs); and (ii) a \$595 initial software fee.

3.1.1.2. Multiple Units. At our discretion, we may offer you the right to purchase multiple single units. If you are approved, you will pay the following initial franchise fees: \$57,000 for the first single unit purchase; \$47,500 for the second unit purchased; \$42,500 for the third unit purchased; \$42,500 for the fourth unit purchased, as well as any thereafter. In addition, you will pay us: a single, \$10,000 training fee (regardless of how many units you purchase); and a \$595 initial license fee, per unit purchased, for our proprietary client data and management software. These are payable upon the execution of their respective franchise agreements.

3.1.2. Reduced Initial Fee Offering.

3.1.2.1. Single Unit. Upon execution of this Agreement, you will pay us a non-recurring initial franchise fee of (i) a \$20,000 initial franchise fee; (ii) a \$10,000 Training Fee (which includes, but is not limited to; expenses related to your initial training at our Franchisor Headquarters, initial on-site training in your territory, and the provision of certain sales and marketing programs); and (ii) a \$595 initial software fee.

3.1.2.2. Multiple Units. At our discretion, we may offer you the right to purchase multiple single units under our Reduced Initial Fee Offering. If you are approved, you will pay the following initial franchise fees: \$20,000 for the first single unit purchase; \$20,000 for the second unit purchased; \$20,000 for the third unit purchased; \$20,000 for the fourth unit purchased, as well as any thereafter. In addition, you will pay us: a single, \$10,000 training fee (regardless of how many units you purchase); and a \$595 initial license fee, per unit purchased, for our proprietary client data and management software. These are payable upon the execution of their respective franchise agreements.

3.1.2.3. A Franchised Business granted under our Reduced Initial Fee Offering is not eligible for financing through a promissory note.

3.1.3. If you are awarded the right to increase your Protected Territory through the purchase of additional beds, your Initial Franchise Fee will be the \$57,000 fee plus each additional bed multiplied by \$32.00. This is in addition to the \$10,000 Training Fee and \$595 initial software fee.

3.1.4. These are payable upon the execution of their respective franchise agreements.

3.1.5. If you are a new Franchisee and purchase an existing Franchised Business, you will pay us the initial \$10,000 Training Fee and the initial \$595 software fee, all payable upon execution of this

Agreement. If you are an existing Franchisee, and purchase another existing Franchised Business, you will only have to pay us the \$10,000 Training Fee which, again, is payable upon execution of this Agreement.

- 3.1.6. If you have signed a deposit agreement or a promissory note in favor of us for a portion of the initial franchise fee, you will pay to us the portion that has not been financed. The initial franchise fees are fully earned and are non-refundable in consideration of administrative and other expenses incurred by us in granting the Franchised Business.
- 3.1.7. *Protected Territory Change Fee.* We reserve the right to charge you a \$5,000 Protected Territory Change Fee in the event you unilaterally request that we change your Protected Territory as granted after this Agreement is executed, you may be subjected to a \$5,000 Protected Territory Change Fee. Please note, we are not obligated to change your Protected Territory but if your request is denied, no fee will be charged.
- 3.2. Gross Sales. The term "Gross Sales" means the aggregate amount of all sales and services and the aggregate of all charges for all services performed (including service charges in lieu of gratuity) whether for cash, on credit or otherwise, made and rendered in, about, or in connection with the Business, including revenue derived as a direct or indirect consequence of use of our Proprietary Marks or any aspect of the System as well as from the proceeds from any business interruption insurance. Gross Sales may not be modified for uncollected amounts (except as indicated below). Notwithstanding the above, you may reduce or offset your Gross Sales for:
- 3.2.1. Sales, value added, or retailer's excise taxes paid or accrued by you;
- 3.2.2. *National Invoicing Fee (as defined in Section 3.5.2).* However, to avoid any confusion, your portion of the invoiced Partner Facility Placement is part of your Gross Sales and subject to the Royalty Fee described below. As an example: If the placement invoiced by us on your behalf for a partner facility is \$2,000; we retain \$60 as our National Invoicing Fee with the remaining \$1,940 remitted deemed part of your Gross Sales for the month and thus subject to the Royalty Fee described below;
- 3.2.3. Unrealized placement fees wherein the client passes away or moves out of the facility (also known as Care Providers) resulting in no fees being paid to you by the facility as stipulated by the agreement you have with the facility; and
- 3.2.4. Client referral fees paid to another franchisee. To avoid any confusion, any placement fees realized by the franchisee that receives a referral from another franchisee would be included in the recipient's Gross Sales and thus be subject to the Royalty Fee.

For purposes of the Royalty Fee and the National Advertising Fee, the sale is made at the earlier of delivery of service or receipt of payment.

- 3.3. Sales Reporting. You are required to provide us a Gross Sales report ("Gross Sales Report") no later than 10 days subsequent to the end of each monthly billing period, based on your Gross Sales for that billing period. Gross Sales has the meaning ascribed to it in Section 3.2. The Gross Sales Report must contain an itemization of the Gross Sales for the preceding reporting period, as well as any other information required by us. You must provide us the Gross Sales Report via electronic submission, or as otherwise specified by us. You must provide us your Gross Sales Report even if you have no revenue to show for the period (this includes new franchisees who have just opened). We also expressly reserve the right to electronically pull any sales information or data from the operational software at any time. In addition, you will allow us unencumbered access to your electronic databases.

3.4. Open Date. For the purpose of this Agreement, “Open Date” will mean the sooner of 30 days from your completion of the Initial Training Program or the date you begin soliciting senior placements. However, regardless of the occurrence of these events, you will be deemed open for the purpose of payment of any fees and related obligations that you may have under this Agreement beginning no later than 120 days from the Contract Date.

3.5. Ongoing Fees.

3.5.1. *Royalty Fee.* During the term of the Franchise Agreement, you will pay us a non-refundable monthly Royalty Fee on the 25th day of each month, collected two months in arrears (or as updated in the Manuals). This Royalty Fee will be calculated (“Royalty Fee Calculation”) as follows:

ROYALTY FEE CALCULATION	
STANDARD OFFERING	REDUCED INITIAL FEE OFFERING
10% of Gross Sales up to \$16,667; plus 8% of Gross Sales between \$16,668 to \$33,334; plus 6% of Gross Sales over \$33,335	12.5% of Gross Sales

The Royalty Fee is subject to the following monthly minimum royalty (the “Minimum Monthly Royalty Fee”). Each month, you must pay a Royalty Fee equal to the greater of the Royalty Fee Calculation set forth in the above table or the Minimum Monthly Royalty Fee set forth in the table below.

TIME IN BUSINESS AND MINIMUM ROYALTY FEE CALCULATION		
IF YOUR CURRENT TIME IN BUSINESS PERIOD IS....	YOUR MINIMUM MONTHLY ROYALTY FEE WILL BE...	
	STANDARD OFFERING	REDUCED INITIAL FEE OFFERING
Open Date through the 2 nd Month of Operation	The Standard Offering Royalty Fee Calculation	The Reduced Initial Fee Offering Royalty Fee Calculation
3 rd Month of Operation through the 12 th Month of Operation	Greater of \$300 or the Standard Offering Royalty Fee Calculation	Greater of \$475 or the Reduced Initial Fee Offering Royalty Fee Calculation
13 th Month of Operation through the 24 th Month of Operation	Greater of \$600 or the Standard Offering Royalty Fee Calculation	Greater of \$950 or the Reduced Initial Fee Offering Royalty Fee Calculation
25 th Month of Operation through the 36 th Month of Operation	Greater of \$900 or the Standard Offering Royalty Fee Calculation	Greater of \$1,425 or the Reduced Initial Fee Offering Royalty Fee Calculation
37 th Month of Operation through the 48 th Month of Operation	Greater of \$1,200 or the Standard Offering Royalty Fee Calculation	Greater of \$1,875 or the Reduced Initial Fee Offering Royalty Fee Calculation

TIME IN BUSINESS AND MINIMUM ROYALTY FEE CALCULATION		
49 th Month of Operation through the Remaining Term	Greater of \$1,500 or the Standard Offering Royalty Fee Calculation	Greater of \$2,350 or the Reduced Initial Fee Offering Royalty Fee Calculation
Any Interim Period Month	Greater of \$3,000 or the Standard Offering Royalty Fee Calculation	Greater of \$4,700 or the Reduced Initial Fee Offering Royalty Fee Calculation

3.5.1.1. Your Royalty is an ongoing payment that allows you to use the Proprietary Marks and the intellectual property of the System and pays for our ongoing support and assistance.

3.5.2. *National Invoicing Fee.* During the term of the Franchise Agreement, we will remit to you the placement fees we receive on your behalf from a Partner Facility within seven days of receipt of payment by us less the amounts indicated in the table below:

Placement Invoice Amount (Paid to us by the Partner Facility)	National Invoicing Fee (Retained by us)
\$0 - \$1,999	\$0
\$2,000 - \$3,999	\$60
\$4,000 and greater	\$120

In the event a Partner Facility refuses or fails to remit a placement fee for any reason, we are not obligated to make a payment to you for this failure. If we do not get paid, you will not get paid. We explicitly reserve the right to offset any National Invoicing Fees you may be owed if you are in default this Franchise Agreement (e.g., you owe us Royalty Fees.) Please see Section 4.11 for additional information.

3.5.3. *National Advertising Fee.* During the term of the Franchise Agreement, on the 25th day of each month, collected two months in arrears (or as updated in the Manuals), you will pay us a monthly National Advertising Fee as calculated follows.

NATIONAL ADVERTISING FEE CALCULATION	
TIME IN BUSINESS	NATIONAL ADVERTISING FEE
Open Date through the 2 nd Month of Operation	1% of Gross Sales
3 rd Month of Operation through Remaining Term	Greater of \$300 or 1% of Gross Sales

3.5.3.1. We reserve the right to increase this fee to the greater of 2% of Gross Sales or a minimum of \$600 per month upon 60 days' written notice.

3.5.4. *Technology Fee.* During the term of this Franchise Agreement, you will pay us a non-refundable monthly Technology Fee of \$449 on the 20th day of each month, collected in the current month (or as updated in the Manuals). You will begin paying this fee on the 20th day of the third month following your Contract Date. For example, if you sign your Franchise

Agreement in April, your first Technology Fee will be debited by us on June 20. Please see Section 12 for more information regarding your technology obligations.

3.5.5. *Google Workspace® Fee.* You and your key employees are required to utilize Google's Workspace® as your email platform. During the term of this Franchise Agreement, you will pay us a non-refundable monthly Google Workspace Fee of \$16.50 (plus applicable taxes, if applicable) per Google Workspace account via EFT. This Google Workspace Fee is due to us on the 20th day of each month, collected one month in arrears (or as updated in the Manuals) beginning when you are provided your Google Workspace account(s). For example, if you are issued a license on April 15, the first payment will be invoiced and collected on May 20. We reserve the right to increase this fee with 30 days written notice.

3.5.6. *Applicant Tracking System Software Fee.* We recommend, but do not require, that you utilize our approved applicant tracking system software provider.

3.6. Payment of Fees.

3.6.1. *First Payment of the Royalty Fee and National Advertising Fee.* The first payment of your Royalty Fee and National Advertising Fee to us will be debited by us the 25th day of first full month after your Open Date. For example, if your Open Date is April 15, your first Gross Sales Report will be made on June 10 and we will debit those fees on June 25 (for all revenue generated from April 15 through April 30.)

3.6.2. *Method of Payment.* All payments required, or amounts owed, under this Franchise Agreement, will be made by automated clearing house ("ACH") payments via electronic funds transfer ("EFT") to an account specified by us. You will furnish us, and/or our payee, with such information and authorizations as may be necessary to permit such persons to make withdrawals by ACH via EFT (please see Addendum D – EFT Form). You agree to bear all expenses associated with such authorizations and payments. We have the right to periodically specify (in the "Manual," or otherwise in writing) different payees and/or payment methods, such as, but not limited to, weekly payment, bi-monthly payment, monthly payment by auto- draft, credit card, and payment by check. If you make any payment to us by credit card for any fee required, we will charge a service charge of up to four percent (4%) of the total charge.

3.6.3. *Late Payments.* Any payment owed under this Agreement not made by the due date will be deemed overdue. In the event any payment owed to us is overdue, we have the right to automatically debit via EFT those fees from your account based on the higher of: (i) the minimum fees owed per this Section 3; (ii) the actual fees owed as calculated by our software or this Section 3; or (iii) an estimate based on your previous three fee submissions. In addition to the overdue amounts, you will pay us:

3.6.3.1. A late fee up to One Hundred Fifty (\$150.00) Dollars per week for each individual payment past due; and

3.6.3.2. Interest on such amounts from the date such amounts were due until paid, at eighteen (18%) percent per annum, or the maximum rate permitted by law, whichever is less, calculated daily. Such interest will be in addition to any other remedies we may have under law or equity.

3.6.4. You agree to pay us, within fifteen (15) days, of any written request we make to you, that is accompanied by reasonable substantiating material, any monies which we have paid, or have paid

on your behalf, for goods, services, fees, permits, taxes as provided in Section 7, or any other monies you owe to us for the development and/or operation of your Franchised Business and as required under this Agreement.

- 3.6.5. Despite any designation you make, we may apply your payments, or payments we receive on your behalf from third parties, to your past due indebtedness to us. We may offset any amounts you and/or your guarantors, if applicable, owe us against any amounts we owe you and, at our option, we may pay your trade creditors out of any sum(s) otherwise due to you. You may not withhold payment of any amounts you owe us due to our alleged non-performance of any obligations under this Agreement. No endorsement or statement on any check or payment of any sum(s) less than the full sum(s) due to us will be construed as acknowledging payment in full and/or as an accord and satisfaction, and we may accept and cash such check and/or payment without prejudice for the right to recover any balance(s) due, and/or pursue any other remedy provided to us by this Agreement or by law and/or or in equity.
- 3.6.6. If any payment from you to us does not successfully convey funds due to insufficient funds, stop payment instructions, or any similar event, you must pay, upon demand, an insufficient funds fee of One Hundred Dollars (\$100.00) Dollars per incident.
- 3.7. Late Reporting Fee. Any report owed to us under this Agreement not submitted by the due date will be deemed overdue. In the event any required report owed to us is overdue, we have the right to automatically debit via EFT a late reporting fee of up to \$150.00 per report per week until the overdue reports are submitted. Please see Section 12.9 for additional information.
- 3.8. Annual Increase of Fixed Fees or Fixed Payments. We reserve the right to increase the amount of any fixed fee or fixed payment including, but not limited to, Technology Fees or Google Workspace Fees due us, or an affiliate, under the Agreement, or a related agreement. An Annual Increase to each particular fixed fee or fixed payment may occur only once during any calendar year and may not exceed the corresponding cumulative percentage increase in the Index, since the date of this Agreement or, as the case may be, the date that the last Annual Increase became effective for the particular fixed fee or fixed payment being increased. Annual Increases will be made at the same time during the calendar year. "Annual Increase" means the increase in the amount of a fixed fee or fixed payment due us or an affiliate under a franchise agreement, area development agreement or a related agreement. "Index" means the Consumer Price Index for All Urban Consumers (CPI- U) for the U.S. City Average for all Items (1982-1984=100), not seasonally adjusted, as published by the United States Department of Labor, Bureau of Labor Statistics. If the Index is discontinued or revised during the term of this Agreement, the other governmental index, or computation with which it is replaced, will be used to obtain substantially the same result as would be obtained if the Index had not been discontinued or revised.
- 3.9. Fees Upon Transfer or Renewal.
- 3.9.1. If this Agreement is the result of a transfer of an existing Franchised Business, you will begin paying any fees owed to us (and upon verification of the transferring franchisee's financial statements), including Royalty and National Advertising Fee, immediately as follows:

**ANNUAL GROSS SALES AND MINIMUM ROYALTY AND
NATIONAL ADVERTISING FEE CALCULATION**

IF THE TRANSFEROR'S GROSS SALES FOR THE 12 MONTHS PRIOR TO THE SALE	THEN DURING YOUR FIRST YEAR OF OPERATION, YOUR MINIMUM MONTHLY IS:		
	STANDARD OFFERING ROYALTY FEE WILL START AT:	REDUCED OFFERING ROYALTY FEE WILL START AT:	NATIONAL ADVERTISING FEE WILL START AT:
\$0 - \$50,000	Greater of \$300 or the Standard Offering Royalty Fee Calculation	Greater of \$475 or the Reduced Initial Fee Offering Royalty Fee Calculation	Greater of \$300 or 1% of Gross Sales
\$50,001 - \$125,000	Greater of \$600 or the Standard Offering Royalty Fee Calculation	Greater of \$950 or the Reduced Initial Fee Offering Royalty Fee Calculation	Greater of \$300 or 1% of Gross Sales
\$125,001 - \$200,000	Greater of \$900 or the Standard Offering Royalty Fee Calculation	Greater of \$1,425 or the Reduced Initial Fee Offering Royalty Fee Calculation	Greater of \$300 or 1% of Gross Sales
\$200,001 - \$250,000	Greater of \$1,200 or the Standard Offering Royalty Fee Calculation	Greater of \$1,875 or the Reduced Initial Fee Offering Royalty Fee Calculation	Greater of \$300 or 1% of Gross Sales
\$250,001 and above	Greater of \$1,500 or the Standard Offering Royalty Fee Calculation	Greater of \$2,350 or the Reduced Initial Fee Offering Royalty Fee Calculation	Greater of \$300 or 1% of Gross Sales
EACH SUBSEQUENT YEAR OF OPERATION WILL FOLLOW THE FEE SCHEDULES IN SECTION 3.5			

EXAMPLE			
TRANSFEROR'S PREVIOUS 12 MONTH'S GROSS SALES IS \$100,000	STANDARD OFFERING ROYALTY FEE WILL START AT:	REDUCED OFFERING ROYALTY FEE WILL START AT:	NATIONAL ADVERTISING FEE WILL START AT:
Your Contract Date through the 12 th Month of Operation	Greater of \$600 or the Standard Royalty Fee Calculation	Greater of \$950 or the Reduced Initial Fee Offering Royalty Fee Calculation	Greater of \$300 or 1% of Gross Sales
13 th Month of Operation through the 24 th Month of Operation	Greater of \$900 or the Standard Royalty Fee Calculation	Greater of \$1,425 or the Reduced Initial Fee Offering Royalty Fee Calculation	Greater of \$300 or 1% of Gross Sales
25 th Month of Operation through the 36 th Month of Operation	Greater of \$1,200 or the Standard Royalty Fee Calculation	Greater of \$1,875 or the Reduced Initial Fee Offering Royalty Fee Calculation	Greater of \$300 or 1% of Gross Sales

EXAMPLE			
37 th Month of Operation through the Remaining Term	Greater of \$1,500 or the Standard Royalty Fee Calculation	Greater of \$2,350 or the Reduced Initial Fee Offering Royalty Fee Calculation	Greater of \$300 or 1% of Gross Sales
Any Interim Period Month	Greater of \$3,000 or the Standard Royalty Fee Calculation	Greater of \$4,700 or the Reduced Initial Fee Offering Royalty Fee Calculation	Greater of \$300 or 1% of Gross Sales

Revenue Verification. If you are the transferor under this Agreement, you must provide us any and all reports, tax returns, financial statements we deem necessary to determine your then annual revenue so we can properly align the transferee's fees.

3.9.1.1. If you purchased your Franchised Business(es) under the Reduced Initial Fee Program, upon transfer, the transferee may not switch their Royalty Fee to the then lower Standard Offering rate. The transferee's franchise agreement, if so offered, will contain the fees associated with the then Reduced Initial Fee Offering Program.

3.9.2. Renewal. If this Agreement is the result of a renewal of the Franchised Business, you will begin paying any fees owed to us immediately, upon the execution of this Agreement, at the same performance level and schedule obtained under the previous Franchise Agreement, or at the same level and schedule of the then-current Franchise Agreement of similarly situated Franchised Businesses, whichever is greater.

3.9.2.1. If you purchase your Franchised Business(es) under the Reduced Initial Fee Program, upon renewal, you may not switch your Royalty Fee to the then lower Standard Offering rate. Your renewal agreement, if so offered, will contain the fees associated with the then Reduced Initial Fee Offering Program.

3.10. Unapproved Services Fee. In the event you utilize our Proprietary Marks, at our sole discretion, in the provision of unapproved services, you will pay us 1% of the Gross Sales you realize from the provision of said services upon the same frequency and terms as your Royalty Fees.

3.11. Referral Fees. If you refer a prospective franchisee directly to us, and the prospective franchisee is granted the right to purchase a Franchised Business, upon receipt of the full initial franchisee fee, we will pay you a single \$15,000 referral fee ("Referral Fee"). In the event the prospective franchisee is awarded more than one territory, you will only be eligible for one Referral Fee. These referred prospective franchisees cannot be bound by any existing franchise broker and/or franchise referral program. In addition, you, or your immediate relatives, cannot have any ownership, or equity, in the prospective franchisee's proposed Franchised Business. The Referral Fee is not available for the state of Washington and for the transfer of existing Franchised Businesses. We reserve the right to offer, modify (including reducing the Referral Fee), withdraw, or reinstate any referral program in the future without notice to you.

4. OUR RESPONSIBILITIES

4.1. The Manual. Subject to Section 9 below, we will loan you, or otherwise make available to you, one (1) copy of our confidential brand standards manual (the "Manual"), which may exist in various parts, locations, and formats and may, at our sole discretion, include a combination of audio, video,

written material, electronic media, website content, and/or software components.

4.2. Initial Training.

4.2.1. The Managing Owner/s and/or Managing Employee must attend and successfully complete our initial training program before you open your Business. “Managing Owner” means the Owner that you designate, and we approve who is primarily responsible for the daily management and supervision of the Business. “Owner” or “Owners” means any individual who owns a direct or indirect ownership interest in the Entity that is the franchisee under this Agreement. “Owner” includes both passive and active owners. “Managing Employee” means the key employee you hire to manage and operate your CarePatrol Franchise on a full-time, daily basis. Our training program consists of two phases that must be completed prior to you begin allowed to open your Business. We estimate that it will take up to 12 weeks to complete this training. The Initial Franchise Fees include the costs associated with your training, except for the compensation, travel costs, and expenses of lodging, transportation and meals incurred in connection with attending the training program or any supplemental training programs. We reserve the right to modify the training program or the frequency of training at any time.

4.2.1.1. *Phase One Training.* Phase One Training begins once you have signed your Franchise Agreement and can take up to six weeks to complete. It occurs at our headquarters and your Approved Location and/or Protected Territory via a combination of self-study, eLearning, virtual classes and field training. However, we expressly reserve the right to conduct any training scheduled at our Designated Location, or conducted in-person within your Approved Location/Protected Territory by a member of our team, remotely via a mix of eLearning and Virtual classes;

4.2.1.2. *Phase Two Training.* Phase Two Training begins once you have completed your Phase One Training and can take up to six weeks to complete. It occurs at our headquarters and your Approved Location and/or Protected Territory via a combination of self-study, eLearning, virtual classes and field training. However, we expressly reserve the right to conduct any training scheduled at our Designated Location, or conducted in-person within your Approved Location/Protected Territory by a member of our team, remotely via a mix of eLearning and Virtual classes. We typically conduct Phase Two trainings monthly, or as needed to meet the collective needs of new franchisees. You must pay all travel and lodging expenses incurred by you or your other approved attendees in connection with the Phase Two Class Room Training. You must complete the entire Phase Two Training.

4.2.2. If you currently own a Franchised Business, and purchase an additional territory, we reserve the right to require that you attend, at your sole expense, our then current initial franchise training.

4.2.3. If you cannot, or do not, complete this training program to our satisfaction, we may, in addition to any other remedies available to us, terminate this Agreement.

4.3. New Managing Owner and New Managing Employee Training. If, during the term of the Franchise Agreement, you appoint a new Managing Owner or a new Managing Employee, that new Managing Owner or Managing Employee must attend all phases of our Initial Training Program. We will charge you a \$2,000 New Manager Training Fee which will be debited via EFT 10 days after invoice. You must pay all travel and lodging expenses incurred by your new Managing Owner or new Managing Employee to attend the Initial Franchise Training.

4.4. Marketer Training. You may send your marketers to select initial and ongoing training sessions. If

you elect to do so, you will pay a \$1,000 Marketer Training Fee per marketer sent via EFT 10 days after invoice. You must pay all travel and lodging expenses incurred by your marketers to attend the an in-person training conducted at our Franchisor Headquarters.

- 4.5. Supplemental Training. Upon your written request, we may provide additional assistance or training to you at a mutually convenient time. We will charge you a Supplemental Training Fee of \$500 per day (which includes the day of travel) for any such training that you request, and we provide (debited via EFT 10 days after invoice). If we provide the training within your Protected Territory, you must also reimburse us for all costs and expenses of lodging, transportation, and meals incurred by our representative (including travel, meals, transportation and lodging costs we incur for trips that you need to cancel or reschedule) associated with any Supplemental Training, as well as compensation of our employees.
- 4.6. Refresher Training. From time to time, and at our sole discretion, we may require that the Managing Owner or the Managing Employee attend refresher training courses. We will charge you a Refresher Training Fee of \$500 per day debited via EFT 10 days after invoice. We may require this training as a result of our assessment of your performance. The refresher training is approximately three days. If we provide the training within your Protected Territory, you must also reimburse us for all costs and expenses of lodging, transportation, and meals incurred by our representative (including travel, meals, transportation and lodging costs we incur for trips that you need to cancel or reschedule) associated with any Refresher Training, as well as compensation of our employees.
- 4.7. Periodic Training. From time to time, and at our sole discretion, we may offer additional training courses for Managing Owner or Managing Employee. We may designate these training courses as optional or mandatory. Your Managing Owners and Managing Employees are required to attend all mandatory courses.
- 4.8. If, during any training program, we determine that any individual attending is not qualified for the position they are expected to fulfil in your Franchised Business, we will notify you and you must select and enroll a substitute, that is suitable to us, in the training program.
- 4.9. Ongoing Assistance.
 - 4.9.1. We will furnish you guidance in connection with the operation of the Franchised Business as we deem appropriate. Any guidance provided is intended to protect our Proprietary Marks, goodwill and brand consistency, and may be furnished to you in the form of manuals, bulletins, emails, other e-communications, or other written materials, telephonic consultations and/or consultations at our Franchisor Headquarters, or at your Approved Location Franchised Business.
 - 4.9.2. You agree and understand that we are not obligated to provide your employment related forms and documents and, therefore, any such forms so provided by us to you are only suggestions, templates, and samples. You are solely responsible for compliance with all federal and state labor matters including, but not limited to, wage and hour compliance. We neither dictate, nor control labor or employment matters for you and your employees.
- 4.10. National Accounts Program.
 - 4.10.1. We, and our affiliates, have the right to enter into agreements with National Accounts, both inside and outside the Protected Territory. A "National Account" is a referral source that offers, on a local, statewide, national or regional basis, the opportunity for Franchisees in the applicable geographic area to provide any Approved Services and/or Approved Products to the referral

source's members, affiliates, or, however designated, other persons who have a similar relationship with that referral source. In addition, we may remove you from participating in the National Accounts program if you are in default of your Franchise Agreement or any other agreement with us or you are not qualified to provide the services requested by the National Account(s). Thereafter we may: (i) provide the services requested by the National Account(s) inside the Protected Territory, or (ii) contract with a third-party, which may be another CarePatrol franchisee, to provide the services requested by the National Account(s) inside the Protected Territory. We are not required to pay you any consideration or compensation if we or a third-party provide services to a National Account(s) inside your Protected Territory. We make no guarantees or promises that you will receive any referrals or generate any revenue through your participation in our National Accounts Program.

4.10.2. Neither the direct provision by us or another franchisee, licensee, or agent of ours, of services to National Account Clients as authorized above, will constitute a violation of your territorial exclusivity, even if such services are delivered from a location within your Protected Territory. You disclaim any compensation or consideration for work performed by others in the Protected Territory pursuant to this section.

4.10.3. You acknowledge and agree that we have the right to delegate to third-party designees, whether these designees are our agents or independent contractors with whom we have contracted: (i) the performance of any portion or all of our obligations under this Agreement; and (ii) any rights that we have under this Agreement.

4.11. Partner Facility Placements. We have established (and will continue to do so) certain partnerships with regional and national senior care and living facilities ("Partner Facility/ies"). Such Partner Facilities remit client placement fees directly to us for placements you make within their facility.

5. YOUR RESPONSIBILITIES

5.1. Standards.

5.1.1. You understand and acknowledge that every detail of the System and the operation of your Franchised Business are essential to you, us, and other franchisees in order to: (i) develop and maintain quality operating standards; (ii) increase the demand for the products and services sold by all franchisees operating under the System; and (iii) protect our reputation and goodwill. You will maintain our high standards with respect to services, products, and operations.

5.2. Site Selection.

5.2.1. CarePatrol is a home-based business that does not require that you lease or purchase a separate commercial office in connection with your Franchised Business. However, unless you obtain a commercial office, you must obtain a P.O. Box for formal CarePatrol correspondence. You may relocate your home office at any time upon 30 days written notice to us. If you elect to lease or purchase a separate commercial office in connection with your Franchised Business, that office must be centrally located within your Protected Territory. You are responsible for all costs, liability, expense and the responsibility for locating, selecting, procuring, obtaining and developing this space. You may not relocate your commercial office without our express written consent, not to be unreasonably withheld.

5.2.2. If the Franchised Business' Approved Location is damaged or destroyed by fire or any other casualty, you must initiate repairs or reconstruction or relocate within thirty (30) days of such damage or destruction.

5.3. Development and Opening of the Franchised Business.

5.3.1. You must open your Franchised Business to the public the sooner of 30 days after completion of Phase Two Training or 120 days from the Contract Date. You may not open your Franchised Business before: (i) successful completion of the full initial training by your Managing Owner or Managing Employee; (ii) you purchase all required insurance; and (iii) you obtain all required licenses, permits and other governmental approvals.

5.3.2. You will keep your Franchised Business open and in normal operation for at least such minimum hours and days as we specify in the Manual, or otherwise in writing.

5.3.3. You agree to use your best efforts to have the Franchised Business' telephone answered by a "live" person during normal daytime working hours and implement a program to manage after business hours phone coverage.

5.4. Minimum Performance Requirements. To maintain the exclusivity of your area and retain your business, you must attain and maintain, at the following "Minimum Performance Requirements:"

BY THE END OF YOUR...	YOU MUST ACHIEVE ...
Open Date through the 12 th Month of Operations	Gross Sales of \$50,000 or 15 placements, whichever is greater.
13 th Month of Operations through the 24 th Month of Operations	Gross Sales of \$75,000 or 20 placements, whichever is greater.
25 th Month of Operations through the 36 th Month of Operations	Gross Sales of \$125,000 or 35 placements, whichever is greater.
37 th Month of Operations through the 48 th Month of Operations	Gross Sales of \$250,000 or 70 placements, whichever is greater.
49 th Month of Operations through the Remaining Term	Gross Sales of \$350,000 or 85 placements, whichever is greater.
Any Quarterly Interim Period	Gross Sales of \$87,500 or 25 placements, whichever is greater.

5.4.1. For any renewal term, you must attain and maintain the highest Minimum Performance Requirements indicated above for the operation of the Franchised Business by the first month of the renewal term and you will be subject to any applicable minimum royalty payments for that same time frame.

5.4.2. The minimum performance requirements for a transferred franchised business are determined as follows:

ANNUAL GROSS SALES AND MINIMUM PERFORMANCE REQUIREMENT	
IF THE TRANSFEROR'S GROSS SALES FOR THE 12 MONTHS PRIOR TO THE SALE WAS:	THEN DURING YOUR FIRST YEAR OF OPERATION, YOU MUST ACHIEVE ...
\$0 - \$50,000	Gross Sales of \$75,000 or 20 placements, whichever is greater.
\$50,001 - \$125,000	Gross Sales of \$125,000 or 35 placements, whichever is greater.
\$125,001 - \$200,000	Gross Sales of \$250,000 or 70 placements, whichever is greater.
\$200,001 - \$250,000	Gross Sales of \$350,000 or 85 placements, whichever is greater.
EACH SUBSEQUENT YEAR OF OPERATION WILL FOLLOW THE FEE SCHEDULES IN SECTION 5.4	

EXAMPLE:	
TRANSFEROR'S PREVIOUS 12 GROSS SALES REVENUE IS \$100,000	ROYALTY FEE WILL START AT:
Your Contract Date through the 12 th Month of Operation	Gross Sales of \$125,000 or 45 placements, whichever is greater
13 th Month of Operation through the 24 th Month of Operation	Gross Sales of \$200,000 or 70 placements, whichever is greater
25 th Month of Operation through the 36 th Month of Operation	Gross Sales of \$250,000 or 85 placements, whichever is greater
37 th Month of Operation through the Remaining Term	Gross Sales of \$350,000 or 100 placements, whichever is greater
Any Interim Period Month	Gross Sales of \$125,000 or 45 placements, whichever is greater

5.4.3. Failure to achieve and maintain the Minimum Performance Requirement may result in the forfeiture of the right to the Protected Territory granted to you in this Agreement and provide us the right to grant additional CarePatrol franchises within the Protected Territory, allow another franchised business to operate within the Protected Territory, unilaterally reduce the geographic scope of your Protected Territory.

5.4.4. The designated minimum performance levels do not imply that you will achieve these amounts or any other amounts within any certain time frame.

5.5. You will purchase and install, at your expense, and will maintain in sufficient supply and use at all times, only such fixtures, furnishings, equipment, signs, and supplies which conform to our standards and specifications as set forth in the Manual, or otherwise by us, in writing; and will refrain from using non-conforming items. If you are granted your Franchised Business via a transfer, you are required to update your fixtures, furnishings, equipment, signs, and supplies, at your own

expense, to our then-current brand standards within six (6) months of the Contract Date of this Agreement.

- 5.6. You acknowledge and agree that we have the absolute right to determine the scope of permissible services to be offered by you in your Franchised Business. You will sell, or offer for sale, those products and services we have expressly approved for sale in the Manual, or otherwise in writing, and will discontinue selling any products or services which we, at our sole discretion, determine may adversely affect the System or are no longer appropriately part of the System; and will refrain from offering any unapproved products or services.
- 5.7. You acknowledge and agree that we may periodically, at our sole discretion, revise the Manual to incorporate System changes. You will implement any System changes upon receiving notice from us of such changes and will complete their implementation within such time as we may reasonably specify.
- 5.8. You will purchase all products, equipment, supplies, and materials used or sold by your Franchised Business solely from suppliers (including manufacturers, wholesalers, and distributors) who demonstrate, to our continuing reasonable satisfaction, the ability to meet our reasonable standards and specifications for such items; who possess adequate quality controls and capacity to supply your needs promptly and reliably; whose approval would enable the System, at our sole opinion, to take advantage of marketplace efficiencies; and who have been approved by us in the Manual, or otherwise, in writing, and not thereafter disapproved. If you want to make purchases from a supplier who has not been approved, you will submit a written request to us to approve the proposed supplier with evidence of conformity to our specifications as we may reasonably require. We may revoke approval of any supplier at any time if we determine, at our sole discretion, that the supplier no longer meets our standards. Upon receipt of written notice of such revocation, you will cease purchasing from any disapproved supplier, and cease selling such supplier's disapproved products and/or services.
- 5.9. You will maintain your Franchised Business in a clean, wholesome, orderly condition, and in excellent repair; and, at your expense, and in a timely manner, perform any required maintenance, or repairs, as we may reasonably direct by written notice to you. No alcohol, drugs, or pets (other than animals required for the health of your customers or employees, or as otherwise required by law, i.e., service dogs) are permitted at your Franchised Business, and the Approved Location will not be used for child care, babysitting, or similar activities.
- 5.10. Certified Senior Advisor. You are required to obtain and maintain through the term of this Agreement certification as a Certified Senior Advisor ("CSA") as granted through the Society of Certified Senior Advisor. CSA certification is offered through online and live classroom settings. It consists of approximately 60 hours of home study. We reserve the right to change the underlying senior certification provider or to require additional certifications from our existing senior certification vendors.
- 5.11. National Trade Organization Membership. You are required to become a member of our approved senior placement providers national trade organization (or associations.) The fees vary from approximately \$200 to \$500 per year and are paid directly to our approved organization.
- 5.12. Society for Human Resources Management Membership. You are required to become a member of the Society for Human Resources Management (SHRM.org). The fees are currently \$219 per year and are paid directly to SHRM.
- 5.13. We will conduct, when, and as frequently as we deem advisable, inspections of your

business premises and evaluations of your Franchised Business' management and operations, to assist you and to maintain the System's standards of quality, appearance, and service. We are not required to provide you any notice prior to conducting such inspections or evaluations. You will cooperate with our representatives in such inspections by rendering such assistance as they may reasonably request; and, upon written notice from us and/or our agents, and without limiting our other rights under this Franchise Agreement, will promptly correct any deficiencies discovered during any such inspection.

5.14. Conferences and Meetings.

5.14.1. *Annual Conference.* You are required to attend the Annual Conference. In the event you are unable to attend the Annual Conference, you may send an employee who has been approved for attendance by us. The Annual Conference fee can be up to \$750.00 for the first two attendees and \$350.00 per attendee thereafter, payable upon your registration for the Annual Conference (typically registration is done online sixty (60) days in advance of the Annual Conference). In the event you, or an approved employee, do not attend the Annual Conference, you will be charged a \$1,500.00 absentee fee ("Annual Conference Absentee Fee") via EFT, ten (10) days after the missed Annual Conference concludes. We may increase the Annual Conference fee with ninety (90) days' written notice prior to the Annual Conference. All Annual Conference attendees are responsible for paying their own travel costs and expenses of lodging, transportation, and meals. We reserve the right to not hold an Annual Conference.

5.14.2. *Regional Meetings.* You are required to attend one Regional Meeting a year. In the event you are unable to attend a Regional Meeting, you may send an employee who has been approved for attendance by us. The Regional Meeting fee can be up to \$250.00 per person, payable upon your registration for the Regional Meeting (typically registration is done online sixty (60) days in advance to the Regional Meeting). In the event you, or an approved representative, do not attend the Regional Meeting, you will be charged a \$500.00 absentee fee ("Regional Meeting Absentee Fee") via EFT, ten (10) days after the last Regional Meeting concludes. We may increase the Regional Meeting Fee with ninety (90) days' written notice prior to the Regional Meeting. All Regional Meeting attendees are responsible for paying their own travel costs and expenses of lodging, transportation, and meals. We reserve the right not to hold Regional Meetings.

5.14.3. *Compliance and Attendance.* We reserve the right to not allow you to attend any conference or meeting we conduct throughout the year if you are not in compliance, at our sole discretion, with this Franchise Agreement. You will not be charged an absentee fee if you are so disinvented.

5.15. Staffing. You will maintain a competent and conscientious, administrative and trained staff, and will take such steps as are necessary to ensure your employees preserve good customer relations; render competent, prompt, courteous, and knowledgeable service; and meet such minimum standards as we may periodically establish in the Manual, or otherwise, in writing. We will not have the power to hire or fire your employees. You alone are responsible for all employment decisions and functions of your Franchised Business, including, without limitation, those related to hiring, firing, training, establishing remuneration, compliance with wage and hour requirements, personnel policies, benefits, record keeping, supervision, and discipline of employees, regardless of whether you have received advice from us on these subjects or not. All employees working for you will be your employees alone, and will not, for any purpose, be deemed our employees, or subject to our control, including with respect to any mandated or other insurance coverage, tax or contributions, or requirements pertaining to withholdings, levied or fixed by any city, state, or federal governmental agency. We will have no liability for any action or settlement related to hiring, firing, training, establishing remuneration, compliance with wage and hour requirements, personnel

policies, benefits, record keeping, supervision, and discipline of employees, and you agree to indemnify us for any such liabilities we may incur. You agree that any direction you receive from us regarding employment policies should be considered as examples, that you alone are responsible for establishing and implementing your own policies, and that you understand that you should do so in consultation with local legal counsel well-versed in employment law.

- 5.15.1. *CarePatrol Specific Staffing.* The Managing Owner or the Managing Employee is responsible for the daily management and supervision of the Franchised Business. The Managing Owner or Managing Employee must dedicate his or her full-time efforts to your Business. Any new Managing Owner or Managing Employee must successfully complete all phases of the initial training program before becoming involved with the supervision, management or operation of the Business. “Full-time” is defined as the expenditure of at least 35 hours of work per week, including vacation, sick leave, and other excused absences. If you are awarded multiple Franchised Businesses, in addition to the staffing above, you must also employ, on a full-time basis, a dedicated marketer for each additional territory.
- 5.16. If, at any time, your Franchised Business is not being managed by a Managing Owner (if not you) (or, if you are a limited liability or corporation, the managing member or shareholder) or a Managing Employee, we may, but are not required to immediately appoint a manager to maintain the operations of your Franchised Business for and on behalf of you. Our appointment of a manager of your Franchised Business does not relieve you of your obligations or constitute a waiver of our right to terminate this Agreement pursuant to Section 14.
- 5.17. We will not be liable for any debts, losses, costs, or expenses incurred in the operations of your Franchised Business, or to any creditor of yours for any products, materials, supplies, or services purchased by your Franchised Business while it is managed by our appointed manager. We reserve the right to charge a reasonable fee for any such management services and to cease to provide management services at any time.
- 5.18. You must comply with applicable federal and state rules and regulations, including, but not limited to those promulgated from the Health Insurance Portability and Accountability Act of 1996 (“HIPAA”) and Title XIII of the American Recovery and Reinvestment Act of 2009 (also cited as “HITECH Act”). In order to comply with HIPAA and the HITECH Act, you and CarePatrol will execute a Business Associate Agreement (Addendum F).
- 5.19. You should only seek to place clients in state licensed, certified, or accredited facilities (if applicable.) You should verify that the appropriate insurance is in place for each facility with which you do business.
- 5.20. You will furnish to us, within three (3) days after receipt thereof, a copy of any notice alleging your default or failure to pay, on any loan, note, lease, or other instrument related to the operation of your Franchised Business, or a copy of any notice alleging your failure to comply with any law, ordinance, or regulation. You also will notify us, in writing, within five (5) days of the commencement of any action, suit, or proceeding, and of the issuance of any order, writ, injunction, award, or decree of any court, agency, or other governmental instrumentality, which may adversely affect the operation or financial condition of your Franchised Business.
- 5.21. You will collect, store, share with us, and use client data in the form and manner we prescribe. We have the right to specify, in the Manual, or otherwise in writing, the types and amounts of required promotional activities. We retain ownership of all clients and their data related to your Franchised Business.

- 5.22. You have the right to offer your goods and services at any prices. Any list or schedule of prices we may furnish to you will be deemed a suggestion only, and you will have the right, in your sole discretion, to accept or reject any such suggestion.
- 5.23. You agree that you will not own, maintain, operate, engage in, or have any financial, or beneficial interest in (including any type of interest in corporations, partnerships, limited liability companies, trusts, unincorporated associations, joint ventures, or other entities), advise, assist, divert, or attempt to divert, any business or customer, or make loans to any Competitive Business. For purposes of this Agreement, the term "Competitive Business" means any other business that: (a) is substantially similar to the business then engaged or being promoted in by CarePatrol businesses; or (b) provides any sort of senior placement services consulting.
- 5.24. You will not subordinate to any other obligation, your obligation to pay us any other fee or charge, whether under this Agreement, or otherwise.
- 5.25. You acknowledge and agree that exchanging information with us by e-mail or other e-communication is efficient and desirable for day-to-day communications and that we and you may utilize e-mail or other e-communication for such communications. You authorize the transmission of e-mail or other e-communication by us and our employees, vendors, and affiliates to you and any and all of your owners, officers, directors, and employees. You will contact us by telephone, e-mail, or other e-communication as soon as possible following any request by us for such communication. You will make reasonable efforts to be available by phone, email, other e-communication, or otherwise, as communication with us as requested or required.
- 5.26. Because complete and detailed uniformity under many varying conditions may not be possible or practical, you acknowledge we specifically reserve the right and privilege, as we consider best, at our sole discretion, to modify the System for any particular Franchised Business based upon circumstances we consider important to promote any Franchised Business' successful operation. We may choose not to authorize similar variations or accommodations to you or other franchisees.
- 5.27. You acknowledge and authorize us to use your likeness in photographs and other imagery in any and all of our publications, including printed and digital publications and imagery and on websites and/or social media. You agree and understand that any photographs and other imagery using your likeness will become our property and will not be returned. You agree and irrevocably authorize us to edit, alter, copy, exhibit, publish, or distribute any photographs and other imagery of you for any lawful purpose. You agree and waive any rights to royalties or any other compensation related to our use of any photographs and other imagery of you. You agree to hold harmless, and forever discharge us, from all claims, demands, and causes of action which you may have in connection with this authorization.
- 5.28. Retaining clients for your Franchised Business will require you to have a high level of customer service and adhere strictly to and maintain the System. We may contact any client, or their authorized representative/s, at any time, for any purpose. Also, if we are contacted by a client, or their authorized representative/s, who wishes to lodge a complaint, we reserve the right to address the complaint in order to preserve goodwill and prevent damage to the brand.
- 5.29. By signing this Agreement, you appoint us, your true and lawful attorney-in-fact, with full power and authority, for the sole purpose of obtaining any and all returns and reports you file with any state and/or federal taxing authority. This power of attorney survives the expiration or termination of this Agreement. You also grant us the specific right to perform credit checks on you, as needed.

6. CLIENT AND LOCATION RESTRICTIONS

- 6.1. Except as otherwise provided in this Section, you will conduct your Franchised Business solely within your Protected Territory and all your marketing activities must be directed within your Protected Territory. You may not solicit clients or tour facilities within your Protected Territory until we have deemed your open. You cannot solicit clients or tour facilities outside of your Protected Territory. You may provide placement services to clients who reside outside of your Protected Territory if: (i) the client is solicited by you while inside your Protected Territory; or (ii) the client is specifically referred to you by one of your other clients or other referral sources. You may not tour facilities located outside of your Protected Territory in open (unsold) territories unless you receive our prior written permission. You may not tour facilities located outside of your Protected Territory in territories that have been granted to another franchisee unless you receive either our, or that franchisee's, prior written permission. If we authorize you to operate in an area outside of your Protected Territory and that area is subsequently operated by us or awarded to another franchisee, then you must immediately transition all customers, contracts and accounts to the new Franchisee or us (as applicable), after which point you will not be entitled to further compensation from the assigned customers, contracts, and accounts.
- 6.2. If you place a client in another franchisee's territories without that franchisee's permission or authorization, you will pay that franchisee two times (2x) the full placement fee realized. You are responsible (rather than us) for any payments or penalties owed to another franchisee for such infractions. We have no obligation to investigate or enforce this provision.
- 6.3. In the event we assist in resolving an issue between two or more franchisees regarding a violation of the client and location restriction policy, we may charge the involved parties a client resolution fee that is the greater of \$500 or \$50/hour. This fee will be invoiced and payable via ACH 10 days from receipt of corresponding invoice. We have no obligation to assist in the investigation of such matters.
- 6.4. You agree that, if you violate any provision of this Section, you agree to defend, indemnify, and hold us harmless from all liability, cause of action, loss, cost, legal defense, expense, or any other damage arising out of, or as a result of, any violation of this Section, in law or in equity.

7. TAXES

- 7.1. We will not be liable for, and you will promptly pay to us, an amount equal to, any and all taxes levied, or assessed, including, but not limited to, unemployment taxes, sales taxes, use taxes, withholding taxes, excise taxes, personal property taxes, intangible property taxes, gross receipt taxes, taxes on royalties paid out of state, or any similar taxes or levies, imposed upon, or required to be collected, or paid by us, by reason of:
 - 7.1.1. Us furnishing products, services, and/or intangible property (including trademarks and trade names) to you;
 - 7.1.2. Us purchasing, licensing, or leasing property, or property rights, provided by this Franchise Agreement for you; or
 - 7.1.3. The operation of your Franchised Business.
- 7.2. You, and we, will file our own tax, regulatory, and payroll reports, and be responsible for all employee benefits, and workers compensation payments, with respect to our respective employees and operations, and we will save and indemnify one another from any and all liability of any nature

whatsoever by virtue thereof. In the event of any bona fide dispute as to your liability for taxes assessed, or other indebtedness, you may contest the validity, or the amount of the tax or indebtedness, under the procedures of the taxing authority or applicable law. However, you will not permit a tax sale or seizure by levy of execution, or similar writ or warrant, or attachment by a creditor, to occur against your Approved Location, or any improvements thereon.

8. PROPRIETARY MARKS

8.1. We represent, with respect to the Proprietary Marks, that:

8.1.1. We own the Proprietary Marks;

8.1.2. We will take action reasonably necessary to preserve and protect the validity of the Proprietary Marks; and

8.1.3. We will permit you to use the Proprietary Marks only in accordance with the System and the standards and specifications attendant thereto which underlie the goodwill associated with and symbolized by the Proprietary Marks.

8.2. With respect to your use of the Proprietary Marks, you agree that:

8.2.1. You will use only the Proprietary Marks we designate, and will use them only in the manner we authorize and permit;

8.2.2. You will use the Proprietary Marks only for the operation of your, and only at your Approved Location, or in advertising for your Franchised Business, we approve;

8.2.3. Unless otherwise authorized, or required by us, you will operate, and advertise your Franchised Business, only under the name "CarePatrol," without prefix or suffix;

8.2.4. You will identify yourself as an independent franchisee owner of your Franchised Business in conjunction with any use of the Proprietary Marks, or the operation of your Franchised Business, and will place a written notice to such effect in a form we approve and in a conspicuous location on your Franchised Business premises and any other location we deem appropriate, be they physical and/or online and/or in any other format;

8.2.5. Your right to use the Proprietary Marks is limited to such uses as authorized under this Franchise Agreement, and any unauthorized use will constitute an infringement;

8.2.6. You will not use the Proprietary Marks to incur any obligation or indebtedness on behalf of us;

8.2.7. You will execute any documents deemed necessary by us, or our affiliates, to obtain protection for the Proprietary Marks, or to maintain their continued validity and enforceability;

8.2.8. You will promptly notify us of any suspected unauthorized use of, or any challenge to the validity or use of, the Proprietary Marks. You acknowledge we (or the owner of the Proprietary Marks) will have the sole right to direct and control any administrative proceeding, or litigation, involving the Proprietary Marks, including any settlement thereof. We will have the right, but not the obligation, to take action against uses by others that may constitute infringement of the Proprietary Marks. We (or the owner of the Proprietary Marks) will defend you against any third-party claim, suit, or demand arising out of your use of the Proprietary Marks under this Franchise Agreement. If we, at our sole discretion, determine you have used the Proprietary

Marks under this Franchise Agreement, we will pay for such defense, including the cost of any judgment or settlement. If we, at our sole discretion, determine you have not used the Proprietary Marks under this Franchise Agreement, you will pay for such defense, including the cost of any judgment or settlement. If any litigation occurs relating to your use of the Proprietary Marks, you will execute any and all documents and do such acts as may, at our opinion, be necessary to carry out such defense or prosecution including, but not limited to, becoming a nominal party to any legal action. Except if such litigation results from your use of the Proprietary Marks in a manner inconsistent with this Franchise Agreement, we agree to reimburse you for your out-of-pocket litigation costs in cooperating with us with respect to the litigation; and

8.2.9. You will not use the Proprietary Marks (e.g., “CarePatrol”) as part of your corporate or other legal name, or as part of any Uniform Resource Locator (URL), social media, internet or website domain. (Addendum E is Domain Names)

8.3. You expressly understand and acknowledge that:

8.3.1. The Proprietary Marks are valid and identify the System, and those who operate under the System;

8.3.2. During the term of this Franchise Agreement, and after its expiration, or termination, you will not directly, or indirectly, contest the validity or ownership of the Proprietary Marks, nor take any other action which may jeopardize our interest therein, or our right to use and to license others to use, the Proprietary Marks;

8.3.3. Your use of the Proprietary Marks does not give you any ownership interest, or other interest in, or to the Proprietary Marks, other than the license granted by this Franchise Agreement;

8.3.4. Any and all goodwill arising from your use of the Proprietary Marks will inure solely, and exclusively, to the benefit of us and our affiliates and, upon expiration or termination of this Franchise Agreement, no monetary amount will be assigned as attributable to any goodwill associated with your use of the System or the Proprietary Marks;

8.3.5. We and our affiliates will have and retain the rights, among others: (i) to use the Proprietary Marks for selling products and services; (ii) to grant other licenses for the Proprietary Marks, in addition to those licenses already granted to existing franchisees; and (iii) to develop and establish other systems using the Proprietary Marks, similar proprietary marks, or any other proprietary marks, and to grant licenses or franchises thereto without providing any rights therein to you;

8.3.6. We reserve the right to substitute different proprietary marks for identifying the System and any Franchised Business if the Proprietary Marks no longer can be used or if we, at our sole discretion, determine that substitution of different proprietary marks will be beneficial to the System. In such circumstances, the use of the substituted proprietary marks will be governed by this Franchise Agreement, and we will not compensate you for such substitution, except, that if we must discontinue use of a Proprietary Mark based upon a court ruling, the Proprietary Mark infringes on another trademark, then we will bear only the costs of modifying your signs and advertising materials to conform to our new proprietary marks. You will implement any such substitution promptly; and

8.3.7. We are not obligated to remove any prior franchisee listings from third-party websites or platforms (e.g., Google) but, where possible, and upon written request, will try to do so.

- 8.4. We may co-brand one or more concepts with our Proprietary Marks (“Dual Branding”). Dual Branding may involve changes to the Proprietary Marks and to the Franchised Business. If Dual Branding occurs, the scope and type of Dual Branding may vary in different markets. If we elect to conduct Dual Branding in the market in which your Franchised Business is located, we will give you notice regarding the contemplated Dual Branding. You will be required to implement Dual Branding at the Franchised Business within the time period specified in the notice, but not earlier than one hundred twenty (120) days from the date of notice, and you must, at your expense, make the modifications necessary to implement the Dual Branding. Notwithstanding anything in this Agreement to the contrary, however, we may elect not to make the Dual Branding opportunity available to you.

9. CONFIDENTIAL MANUALS AND INFORMATION

- 9.1. In order to protect our reputation and goodwill and to maintain high standards of operation under the Proprietary Marks and the System, you will operate the Franchised Business under the Manual and the System. You will treat the System, any information, written or verbal relating to the System, the Manual, Improvements (defined in Section 9.8), any communications between you, and us, or you, and other franchisees, and client information, including details and lists of clients and their contact details (collectively, “Confidential Information”) as confidential, and will use all reasonable efforts to maintain such information as secret and confidential. You will not copy, duplicate, record, or otherwise reproduce the foregoing materials, in whole or in part, nor otherwise make the same available to any unauthorized person. The Manual will, at all times, remain our sole property.
- 9.2. We may from time to time revise the contents of the Manual, and you expressly agree to make corresponding revisions to your copy of the Manual, and to comply with each new or changed standard within a reasonable amount of time noticed change, unless change is related to health or safety concerns, which must be implemented immediately.
- 9.3. We may from time-to-time request that you participate in a new service or product concept test, and you agree to do so, in compliance with our standards and requirements.
- 9.4. You will regularly and continuously review the Manual for updates to the System, standards, policy, and procedure. In the event of any dispute as to the contents of the Manual, the content of Manual, maintained by us, will be controlling.
- 9.5. You will not, during or after the term hereof, communicate, divulge, or use for the benefit of any other, persons, partnerships, associations, or business entities, any Confidential Information, knowledge, or know how concerning the methods of operation of your Franchised Business or the System which may be communicated to you or of which you may be apprised by your operation of your Franchised Business. You will divulge such Confidential Information only to those employees who must have access to it to perform their employment responsibilities. Any and all information, knowledge, know how, and techniques, which we designate as confidential, will be deemed confidential for purposes hereof unless, and until you demonstrate, that the information has become public knowledge.
- 9.6. You acknowledge that any failure to comply with the requirements of this Section 9 will cause us irreparable injury for which no adequate remedy at law may be available, and you agree we may seek, and you agree to pay, all court costs and reasonable attorney fees incurred by us in obtaining, without posting a bond, an ex parte order for injunctive, or other legal or equitable relief, with respect to the requirements of this Section.

- 9.7. You will require anyone who has access to or to whom you have divulged Confidential Information to execute a Confidentiality Agreement (Please see the Confidentiality Agreement), that they will maintain the confidentiality of information they receive in connection with their association with you.
- 9.8. If you, during the term of this Agreement, or any Renewal Term, conceive or develop any improvements or additions to the System, a website, or any other documents, or information pertaining to, or relating, to the System, or your Franchised Business, or any new trade names, trade and service marks, logos, or commercial symbols related to your Franchised Business, or any advertising and promotional ideas, or inventions, related to your Franchised Business (collectively, "Improvements"), you will fully disclose the Improvements to us, without disclosure of the Improvements to others, and will obtain our written approval prior to using such Improvements. Any such Improvement may be used by us, and all other franchisees, without any obligation to you for royalties or other fees. You will assign, and do hereby assign to us, all rights, title and interest in, and to the Improvements, including the right to grant sublicenses to any such Improvement, regardless of whether you notify us of such Improvements. We, at our discretion, may apply for and own copyrights, patents, trade names, trademarks and service marks, relating to any such Improvement, and you will cooperate with us in securing such rights. We may also consider such Improvements as our property and trade secrets. In return, we will authorize you to utilize any Improvement that may be developed by other franchisees, and is authorized, generally, for use by other franchisees. All Improvements created by you, or any other person, or entity, retained, or employed, by you, are our property, and we will be entitled to use and license others to use such Improvements unencumbered by moral rights. If any of the Improvements are copyrightable materials, they will be works made for hire within the meaning of the United States Copyright Act and, to the extent the copyrighted materials are not works made for hire, or rights in the copyrighted materials do not automatically accrue to us, you irrevocably assign, and agree to assign to us, our successors and assigns, the entire right, title, and interest in perpetuity throughout the world, in and to any and all rights, including all copyrights and related rights, in such copyrighted materials, which you and the author of such copyrighted materials warrant and represent as being created by and wholly original with the author. Where applicable, you agree to obtain any other assignments of rights in the Improvements from another person or entity necessary to ensure our right in the Improvements as required in this Section.

10. ADVERTISING

- 10.1. Recognizing the value of advertising and promotion, and the importance of the standardization of advertising and promotional programs to the furtherance of the goodwill and public image of the System:
- 10.1.1. National Advertising Fund. We have created a national advertising fund (the "Fund") and require you to pay a monthly National Advertising Fee of the greater of 1% of your Gross Sales or \$300 per month (see Item 6.) The Fund will be administered by us, or our affiliates or designees, at our discretion, and we may use a professional advertising agency or media buyer to assist us. The Fund will be in a separate bank account, commercial account, or savings account. We may use the Fund for marketing, advertising, research, sales promotion, collateral material development, public and consumer relations, recruitment efforts, website development and search engine optimization, the development of marketing-technology for the System, content and social media development, and any other purpose to promote the franchised brand. In addition, the Fund may be applied toward: franchisor specific (not franchisee) internet and/or e-commerce programs, corporate SEO efforts, client and referral lead management, and the reasonable salaries, benefits, and expenses of personnel who create, manage and administer recruiting and branding programs, may include but not limited to,

marketing department personnel, external agencies and consultants. We will not use the Fund to defray any of our expenses except for our costs and overhead that we incur in activities related to the administration of the Fund, including costs of personnel for creating, implementing, and managing advertising and marketing programs.

10.1.2. We will not use the Fund contributions for advertising that is principally a solicitation for the sale of franchises, but we reserve the right to include a notation in any advertisement indicating “franchises available” or similar phrasing.

10.1.3. The Fund is not a trust fund, and we do not have any fiduciary duty to you with respect to the Fund’s administration, activities, or expenditures. We will direct all advertising and promotional programs, with sole discretion over the creative concepts, materials, and media used in such programs, and the placement and allocation thereof. You agree and acknowledge that the Fund’s objectives are to maximize general public recognition and acceptance of the Proprietary Marks for the benefit of the System; and that we are not obligated, in administering the Fund, to make expenditures for you that are equivalent or proportionate to your contribution, or to ensure that any particular franchisee or geographic region benefits directly or pro rata from the advertising or promotion conducted under the Fund. All sums paid to the Fund will be maintained in an account separate from the other monies, funds, assets and/or equities we maintain, and will not be used to defray our expenses, except for such costs and overhead, if any, as may be incurred in activities reasonably related to the administration or direction of the advertising programs and Fund, including, among other things, costs of personnel for planning and managing Fund activities, creating and implementing local, regional and national advertising, promotional, and marketing programs. The Fund, and any earnings thereon, will not otherwise inure to the benefit of us.

10.1.4. An unaudited statement of the operations of the Fund, as shown on the books of the Fund, will be prepared annually by us. Upon thirty (30) days of a written request by you, we will provide you an unaudited statement of the expenditures from the Fund.

10.2. Local Marketing Spend. In addition to required contributions to the Fund, you must spend, on a monthly basis, the greater of two (2%) percent of your Gross Sales or \$1000 on local marketing activities. You understand that this is because an essential factor in the growth of your Franchised Business is your local marketing efforts, which are comprised of several activities including, but not limited to: client acquisition activities, such as the purchase of printed marketing resources, SEO, SEM, and networking, and related business event participation; and developing brand awareness in your Protected Territory through the marketing of services to health care facilities (e.g., hospitals, hospices, home health agencies, etc.)

10.3. You will, at your expense, and in accordance with any standards established in the Manual, in addition to the requirement of this Section of the Franchise Agreement, obtain any advertisements and listings, whether online or in print, serving the market in which your Franchised Business is located, that we may periodically require.

11. INSURANCE

11.1. You must obtain the insurance coverage that we require from time to time (whether in the Franchise Agreement or in the Manual). You must purchase these policies through our designated insurance broker:

11.1.1. Commercial general liability insurance, written on an occurrence policy form, including bodily injury, property damage, personal injury, products and completed operations liability

coverage with a limit of not less than \$1,000,000 (\$3,000,000 in aggregate);

- 11.1.2. Professional liability insurance, written on an occurrence policy form, with a combined single limit of not less than \$1,000,000 (\$3,000,000 in aggregate);
- 11.1.3. Automobile liability insurance for all non-owned, and hired automobiles, with a single limit coverage of not less than \$1,000,000;
- 11.1.4. Network security insurance (cyber insurance) with a minimum \$250,000 aggregate; maximum \$5,000 retention/deductible (retro inception) which is comprised of: Electronic information security event coverage up to \$250,000 and privacy crisis management expense, with coverage up to \$250,000;
- 11.1.5. If applicable, worker's compensation and employer's liability to meet statutory requirements of your state(s) of operation. You shall maintain worker's compensation and employers' liability insurance coverages regardless if mandated by state law; and
- 11.1.6. Other insurance as may be required by the state or locality in which the franchised business is located and operated.
- 11.2. Employment Practices Liability Insurance. We strongly recommend, but do not require, in addition to the coverages listed above, you obtain Employment Practices Liability Insurance coverage (EPLI). In you elect to purchase EPLI, you should seek coverage with a minimum aggregate of \$250,000 including sub-limits of at least: \$100,000 for FLSA/wage and hour claims, \$100,000 for violation of employee privacy claims and \$25,000 for work eligibility (I-9) claims. In addition, the policy should include: independent contractors in the definition of potential employees as well as third- party coverage.
- 11.3. Sexual Abuse and Molestation Coverage. We recommend, but do not require, in addition to the coverages listed above, and as part of your professional liability coverage, you also obtain sexual molestation and abuse coverage with a minimum sub-limit of \$100,000.
- 11.4. Umbrella/Excess Liability Policy. Some independent and assisted living communities, memory care nursing homes, etc. may require vendors to obtain, in addition to the above coverages, a \$1,000,000 umbrella or excess liability policy. If a facility in your area with whom you elect to work requires this coverage, you can expect approximately \$1,500 per year in additional premium costs.
- 11.5. Auto Coverage. We recommend purchasing a commercial auto insurance policy for your vehicle. In the event that you elect to continue your personal auto insurance policies, a "Business Use Endorsement" is required to be added to the policy along with a \$1,000,000 personal umbrella policy.
- 11.6. Extended Reporting Policy (Tail Coverage). You are required to carry occurrence form insurance coverage but if your then coverage upon the termination or expiration of your Franchise Agreement is written on a claim made basis, you must obtain a three-year extended reporting policy (also known as tail coverage).
- 11.7. Additional Insurance Requirements.
 - 11.7.1. You must also purchase any other limits and coverage that we periodically require. The required coverage and policies are subject to change. All insurance policies must be endorsed

to: (i) name us (“CarePatrol Franchise Systems, LLC”) as additional insureds; (ii) contain a waiver by the insurance carrier of all subrogation rights against us; and (iii) provide that we receive 10 days’ prior written notice of the termination, expiration, cancellation or modification of the policy. Proof of all coverages must be provided to us annually.

11.7.2. You must submit to us, annually, a copy of the certificate or endorsement of, or other evidence request by us of, the renewal or extension of, each insurance policy. If you, at any time, fail, or refuse, to maintain in effect any insurance coverage required by us, or to furnish satisfactory evidence, we, at our option, and in addition to our other rights and remedies, may obtain insurance coverage on behalf of you, and you must promptly execute any applications or other forms or instruments required to obtain any insurance and pay to us, on demand, any costs and premiums incurred by us.

11.7.3. You are required to submit to us within sixty (60) days of execution of the Franchise Agreement, a copy of the Endorsement of Insurance in compliance with the requirements, and such other documentation as we may reasonably request to confirm, that you have satisfied the insurance regulations hereunder. You are required to submit copies annually thereafter. In addition, in order to monitor claims activity on a national level, and to most effectively assess program exposures, you are required, as requested, to collect Loss History Statements (“Loss Runs”) from the carriers and remit to us.

11.7.4. You agree to indemnify and hold harmless us, our directors, officers and employees, from and against all loss or expense (including costs and attorney's fees) by reason of liability, imposed by law for damages, because of personal injury sustained by any person or persons or damage to property, including loss of use thereof, arising out of the performance of this contract, except, only damages, due to our sole negligence.

12. TECHNOLOGY, RECORDS AND REPORTING

12.1. You are required, at your expense, to purchase or lease, and thereafter maintain and use, only such computer(s), hardware (including, without limitation, laptops, tablets, smart phones, etc.), software (including, without limitation, our Calculated Care franchise management software), firmware, web technologies or applications, required dedicated Internet access and power lines, modem(s), printer(s), and other related accessories or peripheral equipment, and methods of operation, as we specify in the Manual or otherwise in writing (collectively, “Computer System”). The Computer System will have the capacity to electronically exchange information, messages, and other data with other computers, by such means (including, but not limited to, the Internet), and using such protocols as we may reasonably prescribe in the Manual or otherwise in writing. You will keep your Computer System in good maintenance and repair and, at your expense, promptly make any and all additions, changes, modifications, substitutions, and/or replacements to your Computer System as we direct. You will pay any and all annual, monthly or otherwise, software fees, or other fees, as required by us or our approved suppliers in order to maintain your Computer System. You acknowledge and agree that we or our suppliers have the right to increase or decrease the software fees at any time, in their sole discretion, upon written notice to you. You further acknowledge and agree that we reserve the right to change our approved suppliers, including any software suppliers, at any time and at our sole discretion. You may not alter your Computer System, or use alternative software or suppliers of technology, without our prior written approval. If you are in default of any obligations under this Franchise Agreement, we may, in addition to any other remedy we may have under this Franchise Agreement, temporarily inhibit your access to all or part of the Computer System, including Calculated Care, until you have cured such default completely. Computer systems are vulnerable to varying degrees to computer viruses, bugs, power disruptions, communication line disruptions, Internet access failures, Internet content failures, data

related problems and attacks by hackers and other unauthorized intruders (“E-Problems”). We have taken reasonable steps so E-Problems will not materially affect our business. We do not guarantee that information or communication systems we or others supply will not be vulnerable to E-Problems. It is your responsibility to protect yourself from E-Problems. You should also take reasonable steps to verify your suppliers, lenders, landlords, customers, and governmental agencies on which you rely, have reasonable protection from E-Problems. This may include trying to secure your Computer Systems (including firewalls, password protection, and anti-virus systems), and to provide backup systems.

- 12.2. All Franchised Business activities must be immediately entered into the Computer System. Any new activity must be entered as it occurs to maintain the most accurate data.
- 12.3. You will use and maintain, at your expense, lease the latest version of the QuickBooks Online Plus (“QBOE”) Business Package. We, at all times, have the right to access the information and data in the QBOE. We will also, at all times, have the right to modify, change, or replace QBOE, at which time you will be required to, at your expense, comply with such modification, change, or replacement.
- 12.4. We expressly reserve the right to implement further policies or guidelines regarding information security including, but not limited to: risk management protocols, email encryption standards, document retention policies, PCI compliance, and the use of third-party security advisors and their security systems/products. You understand that either us, or our approved third-party information security system providers, may charge you both initial and ongoing fees for the creation, implementation, and maintenance of any information security system we, at our sole discretion, deem necessary.
- 12.5. Website and Internet. We have the right, but not the obligation, to establish and maintain a website to promote the Proprietary Marks and/or the System (“Website”): (i) We will have sole control over all aspects of the Website, and can discontinue operation of the Website at any time without notice to you; (ii) unless you obtain our prior written consent, you are prohibited from establishing or maintaining a separate website or otherwise maintaining another presence on the Internet through any social networking site and/ or any other online site in connection with the operation of your Franchised Business or senior placement consulting business; (iii) we have the right to modify or supplement our policies regarding social media and Internet use at any time in writing, whether as part of the Manuals or otherwise.
- 12.6. Phone Number/s Transfers. You must obtain at least one, new, separate dedicated phone number for your Franchised Business. Upon expiration or termination of this Franchise Agreement for any reason, you must transfer (port) that number to us. In the event you fail to obtain a new, separate dedicated phone number to operate your Franchised Business, whichever phone number you have provided us and have had us use to market and advertise your business must be transferred (ported) to us even if this number was previously used by you for personal or unrelated business reasons.
- 12.7. If you are in default of any obligations under this Agreement, we may, in addition to our other remedies, temporarily remove reference to your Franchised Business from the Website, and/or discontinue your access to our System intranet site, until such defaults are cured to our satisfaction. We may, at our option, discontinue, replace, and/or modify the Website and/or the intranet site at any time and at our sole discretion. Nothing in this Section will limit our right to maintain websites other than the Website, or to maintain other portals other than System’s intranet.
- 12.8. Unless otherwise authorized by us, you will only use an e-mail address, related to or associated with the operation of your Franchised Business, which is a part of the “carepatrol.com” Internet

domain name or other domain as authorized by the Manual.

12.9. Records and Reporting

- 12.9.1. We have the right to retrieve and store any and all data, including the financial information of your Franchised Business, and information from the Computer System and use it for any purpose both during and after the term of this Franchise Agreement. We also have the right, at all reasonable times, to access the Computer System by way of virtual network computing, or any similar method, to obtain data and make any necessary modifications to the Computer System including, without limitation, installing new or updated software. You also will, at your expense and upon written request from us, provide us, in the manner prescribed by us, any other information regarding the operation of your Franchised Business as we may reasonably request, including information concerning local promotional activities required by Section 10.4.
- 12.9.2. You will provide to us, for review and/or auditing, such other information as we may reasonably request, on the forms and in the manner, we designate, including but not limited to any financial information, customer information, or information required by our accountants for the preparation of our financial statements.
- 12.9.3. *Profit and Loss Statement and Balance Sheet Statement.* You must furnish to us thirty (30) days from the end of each month, a true and complete copy of the previous month's profit and loss statement as well as a true and complete copy of the previous month's balance sheet statement. In addition, we have the right to request copies and reports of other financial information and supporting records as we deem necessary. All financial statements, reports, and information must be on forms approved by us and signed and verified by you.
- 12.9.4. You will prepare, during the term of this Franchise Agreement, and will keep and preserve for at least five (5) years following the expiration or termination of this Franchise Agreement, complete and accurate books, records, and accounts related to your Franchised Business that are: (i) in accordance with generally accepted accounting principles; and (ii) in the form and manner prescribed by us in the Manual, or otherwise in writing, which form and manner may be electronic or online. You will also, at your expense and within sixty (60) days after the close of the fiscal calendar year, provide us with a copy of your financial statements showing the results of operations of your Franchised Business for each fiscal year during the term of this Franchise Agreement. Your financial statements will include a statement of income, balance sheet, and a statement of cash flows, accompanied by a review report, prepared by an independent accountant using generally accepted accounting principles. Your financial statements must, if requested by us, be certified by a certified public accountant. You must, at your expense, cause your public accountant and certified public accountant, if any, to consult with us concerning such financial statements. If you fail to maintain accurate and up-to-date books and records under this Section 12.9., we have the right to require you to, at your expense, hire a certified public accountant to generate the books and records in the manner we, at our sole discretion, prescribe.
- 12.9.5. You must maintain, make readily available for inspection by us, and must furnish to us, upon our request, exact copies of all state sales tax returns, and portions of your federal and state income tax returns that reflect the operation of your Franchised Business, even if the tax returns include information unrelated to the operations of your Franchised Business (i.e., spouse's tax returns combined).

12.10. Inspection and Audits.

- 12.10.1. We have the right, at any time during business hours, and without prior notice, to inspect your Franchised Business' office, to examine or audit, or cause to be examined or audited, the business records, client-caregiver management operating system and related records accounts, cash control devices, bookkeeping, and accounting records, bank statements, sales and income tax records and returns, and other books and records of your Franchised Business, and the books and records of any corporation or limited liability which holds your Franchised Business. Such examination or audit may be done by an on-site visit, through remote electronic means, or via telephone (or any combination therein). You must cooperate with any designated representatives conducting any examination or audit. We (and our agents) have the right to make extracts from and copies of all documents, and information.
- 12.10.2. Any evaluation or inspection we conduct is not intended to exercise, and does not constitute, control over your day-to-day operation of the Franchised Business, or to assume any responsibility for your obligations under this Agreement.
- 12.10.3. If any examination or audit discloses an understatement of Gross Sales, you must pay to us, within fifteen (15) days after receipt of the examination or audit report, any fees or payments due on the amount of the understatement, interest based on the amount of the understatement, and, if applicable, a \$300 per day per auditor fee, (at the rate and on the terms provided in this Agreement), and a Five Thousand (\$5,000.00) Dollars under reporting penalty from the date originally due until the date of payment. Further, if the examination or audit is made necessary by the failure of you to furnish reports, supporting records, financial statements or other documents, or information, as required, or failure to furnish reports, records, financial statements, documents or information, on a timely basis, or if an understatement of Gross Sales for any month is determined by any examination or audit to be greater than two (2%) percent, you must reimburse us for the cost of the audit or examination, including the charges of any independent accountants and travel costs and expenses of lodging, transportation and meals, as well as compensation of our employees. If the aforementioned fees, charges or any other costs are not paid by you within fifteen (15) days of receipt of the examination or audit report, we may withdraw from your bank account any monies owed by EFT. The foregoing remedies are in addition to all other remedies and rights we may have under applicable law.
- 12.10.4. We may, but are not obligated to, conduct mystery shopper programs. In the event we do conduct such a program, the calls made under the program may be monitored and recorded for record keeping, training, and quality assurance purposes.

13. TRANSFER OF INTEREST

- 13.1. We have the right to transfer or assign all or any part of our rights or obligations under this Agreement to any person or legal entity. With respect to any assignment which results in the subsequent performance by the assignee of all of our obligations under this Agreement, the assignee will expressly assume and agree to perform such obligations, and will become solely responsible for all of our obligations under this Agreement from the date of assignment. In addition, and without limitation to the foregoing, you expressly affirm and agree that we may sell our assets, the Proprietary Marks, or the System; may sell our securities in a public offering or in a private placement; may permit and participate in any transfer or distribution of our securities in connection with a spin-off; may merge, acquire other corporations, or be acquired by another corporation; and may undertake a financing, recapitalization, leveraged buy-out, or other economic, or financial reorganization, or restructuring.

- 13.2. You understand and acknowledge your rights and duties are personal, and that we have granted this franchise in reliance on your or your owner(s)' business skills, financial capacity, and personal character. Accordingly, you, any immediate or remote successor to any part of your interest in this Agreement, or any individual or legal entity, which directly or indirectly owns any interest in you, will not, without our prior written consent, sell, assign, transfer, convey, give away, pledge, mortgage, or otherwise encumber: (i) any direct or indirect interest in the rights granted in this Agreement; (ii) any direct or indirect interest, which would effect a change of control now or in the future, or, (iii) all, or substantially all, of the assets of your Franchised Business. Any assignment or transfer, whether purported or actual, by operation of law or otherwise, not having our written consent, as required by this Section 13.2, will be null and void and will constitute a material breach of this Agreement, for which we may then terminate without an opportunity to cure pursuant to Section 14.2.
- 13.3. We will not unreasonably withhold our consent to a transfer when required provided, however, that we will have the right to require any or all of the following as conditions of our consent:
- 13.3.1. All of your accrued monetary obligations, and all other outstanding obligations to us and our affiliates, and to all of your suppliers and vendors, must be satisfied;
- 13.3.2. You and we execute a release, in a form prescribed by us, of any and all claims which you may have against us, and our affiliates, and any respective shareholders, directors, employees, and agents in their corporate and individual capacities, in law and/or in equity;
- 13.3.3. The transferee must attend an in-person evaluation at our Franchisor Headquarters, or another location we designate;
- 13.3.4. The transferee will execute our then-current standard form franchise agreement and related documents, including, but not limited to, our then-current form of any owner's agreement or other guaranty, then being offered to new franchisees, which agreement will supersede this Agreement in all respects and the terms of which agreement may differ materially from this Agreement and may be less favorable to the transferee;
- 13.3.4.1. If you purchase your Franchised Business(es) under the Reduced Initial Fee Program, upon transfer, the transferee may not switch their Royalty Fee to the then lower Standard Offering rate. The transferee's franchise agreement, if so offered, will contain the fees associated with the then Reduced Initial Fee Offering Program.**
- 13.3.5. The transferee (and, if the transferee is other than an individual, such owners of a beneficial interest in the transferee as we may request) will demonstrate to our satisfaction that the transferee meets our educational, managerial, and business standards; possesses (or, if applicable, its principals' possess) a good moral character, business reputation, and credit rating; has the aptitude and ability to operate the Franchised Business, as may be evidenced by prior related business experience or otherwise; and has adequate financial resources and capital to operate the Franchised Business;
- 13.3.6. You, or the transferee, at your, or its expense, will, within the time we specify, upgrade, modify, renovate, and/or remodel the Franchised Business premises to conform to the then-current standards and specifications of the System;
- 13.3.7. The transferee must attend, and successfully complete, our initial training;
- 13.3.8. You will pay a \$15,000 fee ("Transfer Fee") if the transfer involves 50% or more change in

ownership. If the transfer involves less than a 50% change of ownership, the Transfer Fee will be calculated based upon the percentage of ownership changed. This Transfer Fee is to reimburse us for our reasonable legal, accounting, management, training, and incidental expenses incurred in reviewing and approving the transfer, facilitating the transfer process, and providing such training to the transferee as we deem necessary.

- 13.3.9. You will pay any third-party sales broker fees, if applicable, incurred due to the sale or transfer of your Franchised Business;
- 13.3.10. You will not be in default of any provision of this Agreement, or any other agreement between you and us or our affiliates;
- 13.3.11. You will, at our request, prepare and furnish to the transferee and/or us such financial reports and other data relating to your Franchised Business, and its operations, as we deem reasonably necessary or appropriate, for the transferee and/or us, to evaluate your Franchised Business and the proposed transfer. You authorize us to confer with a proposed transferee and furnish the proposed transferee with information concerning your Franchised Business and the terms and conditions of the proposed transfer, and we may do so without any liability; and
- 13.3.12. You will not grant a security interest in the assets of your Franchised Business, unless the secured party agrees that if any default occurs by you under any documents related to the security interest, we will have the right and option to be substituted as obligor to the secured party and to cure any default of you, except, any acceleration of indebtedness due to your default, will be void.
- 13.4. Transfers made, absent the fulfillment of the above-stated conditions, will be null and void, and will constitute a material breach of this Franchise Agreement, for which we may then terminate this Agreement without affording you an opportunity to cure under Section 14.2.
- 13.5. Upon the death or mental incapacity of one of your owners with a controlling interest in your Franchised Business and this Agreement, the executor or administrator of the estate of such person, or the personal representative of such person, will transfer, within six (6) months after such death or mental incapacity, such interest to a third-party approved by us. Such transfers, including, without limitation, transfers by devise or inheritance, will be subject to the same conditions for transfer as provided in this Section, as the case may be, including the payment of the Transfer Fee. However, with a transfer by devise or inheritance governed by Section 13.2, if the heirs or beneficiaries cannot meet the conditions in Section 13.2, the executor or administrator of the deceased will have a reasonable time to dispose of the deceased's interest in your Franchised Business, which disposition will be subject to all the terms and conditions for transfers contained in this Agreement. If the interest is not disposed of within a reasonable time, we may terminate this Agreement under Section 14.2.7.
- 13.6. Our consent to a transfer, which is the subject of this Section 13, will not constitute a waiver of any claims we may have against you, nor will it be deemed a waiver of our right to demand exact compliance with any of the terms hereof by the transferee.
- 13.7. If, for any reason, this Agreement is not terminated under Section 14, and this Agreement is assumed, or assignment of the same to any person or entity who has made a bona fide offer to accept an assignment of this Agreement is contemplated, under the United States Bankruptcy Code, then notice of such proposed assignment or assumption, setting forth: (i) the name and address of the proposed assignee; and (ii) all of the terms and conditions of the proposed assignment and assumption, will be given to us within twenty (20) days after receipt of such proposed assignee's

offer to accept assignment of this Agreement, and, in any event, within ten (10) days prior to the date the application is made to a court of competent jurisdiction for authority and approval to enter into such assignment and assumption. We will have the prior right and option, to be exercised by notice given at any time prior to the effective date of such proposed assignment and assumption, to accept an assignment of this Agreement to us, upon the same terms and conditions and for the same consideration, if any, as in the bona fide offer made by the proposed assignee, less any brokerage commissions, which may be payable by you out of the consideration to be paid by such assignee for the assignment of this Agreement.

14. DEFAULT AND TERMINATION

- 14.1. You will be deemed in default of this Agreement, and all rights granted herein will automatically terminate without notice to you, if you become insolvent or make a general assignment for the benefit of creditors; or, if a petition in bankruptcy is filed by you, or such a petition is filed against and not opposed by you; or, if you are adjudicated as bankrupt or insolvent; or, if a bill in equity, or other proceeding to appoint a receiver of you, or other custodian for your business or assets, is filed and consented to by you; or, if a receiver or other custodian (permanent or temporary) of your assets or property, or any part thereof, is appointed by any court of competent jurisdiction; or, if proceedings for a composition with creditors under any state or federal law should be instituted by or against you; or, if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless a supersedeas bond is filed); or, if you are dissolved; or, if execution is levied against your business or property; or, if the real or personal property of your Franchised Business will be sold after levy thereupon by any sheriff, marshal, or constable.
- 14.2. Upon the occurrence of any of the following events, you will be deemed in default of this Agreement and we may, at our option, terminate this Agreement and all rights granted hereunder, without affording you any opportunity to cure the default, effective immediately upon the provision of notice to you (in the manner set forth under Section 20 hereof):
 - 14.2.1. If your state or county of operation, at any time, revokes or suspends your any business license, if applicable;
 - 14.2.2. If you, at any time, cease to operate, or abandon, your Franchised Business without receiving our prior express written consent, or otherwise forfeit the right to do, or transact business, in the jurisdiction where your Franchised Business is located; provided, however, that if through no fault of your own, the premises is damaged or destroyed, then you will have thirty (30) days to request our approval to relocate or reconstruct the premises, which approval will not be unreasonably withheld;
 - 14.2.3. If you, or any officer, director, or partner of you, is convicted of a felony, a crime or offense involving moral turpitude, or engage in conduct that, at our reasonable judgment, is morally offensive to community standards, and is reasonably likely to have an adverse effect on the System, the Proprietary Marks, the goodwill associated therewith, or our interest therein;
 - 14.2.4. If you, or any partner or shareholder in you, purports to transfer any rights or obligations under this Agreement, or any interest in you, or the assets of your Franchised Business, to any third-party without our prior written consent or notice, contrary to the terms of Section 14;
 - 14.2.5. If you fail to comply with the covenants in Section 16.2, or fail to deliver to us executed covenants required under Section 16.10;

- 14.2.6. If, contrary to the terms of Section 9, you or any principal of you, discloses or divulges any contents of the Manual or any Confidential Information;
 - 14.2.7. If an approved transfer is not affected following death or mental incapacity as described in Section 13.5;
 - 14.2.8. If you knowingly maintain false books or records, or knowingly submit any false reports to us;
 - 14.2.9. If you, within two (2) years after curing a default under this Section, commit a similar or different default, whether or not cured after notice;
 - 14.2.10. If you fail to achieve and maintain the minimum performance requirements as stated under Section 5;
 - 14.2.11. If you fail to complete the Initial Training within 120 days of the Contract Date of this Agreement;
 - 14.2.12. If you do not pay any monies owing to us, our affiliates, or your suppliers, when payment is required;
 - 14.2.13. If you, or any principal of you, has made any material misrepresentation in connection with your application to us for the franchise granted under this Agreement;
 - 14.2.14. If you understate any payment to us by two (2%) percent or more, or understate any payment to us in any amount twice in any two (2) year period;
 - 14.2.15. If you fail to obtain or maintain required insurance coverage;
 - 14.2.16. If you fail to obtain or maintain the required staffing;
 - 14.2.17. If you, without receiving our prior express written consent, fail to attend and successfully complete any required training as specified in Sections 5, or fail to attend our Annual and Regional Meetings for franchisees as specified in Section 5.14.;
 - 14.2.18. If you, or any affiliate, commit any act of default under any agreement with us for which such agreement is terminated, except this provision will not apply to a default by you, or any affiliate, under any development agreement;
 - 14.2.19. If your assets, property, or interests are “blocked” under any Anti-Terrorism Law or Anti-Bribery Law, or if you are otherwise in violation of any such law;
 - 14.2.20. If you establish, or use, a website domain, as defined in Section 12, without our prior written approval.
- 14.3. Except as provided in Section 14.1 and Section 14.2, you will have thirty (30) days after we provide written notice of default (in the manner specified in Section 21) to remedy the default and to provide us with evidence of such remedy. If any such default is not cured within such time, or such longer period as applicable law may require, we may terminate this Agreement effective immediately upon our notice to you. You will be in default of this Agreement for any failure substantially to comply with any of the requirements imposed by this Agreement, including requirements set forth in the Manual, as they may from time to time be supplemented in writing, or

to carry out the terms of this Agreement in good faith. If you are in default of any provisions of this Agreement, in addition to the rights listed in Section 14, we may, at our option, suspend any and all of our obligations under this Agreement until such defaults have been cured or until the Agreement has been terminated.

- 14.4. No endorsement or statement on any form of payment of any sum less than the full sum due to us will be construed as an acknowledgment of payment in full or an accord and satisfaction, and we may accept and cash such check or payment without prejudice to our right to recover the balance due or pursue any other remedy in this Agreement or by law. We may apply any payments made by you against any past due indebtedness of you as we may see fit. We may set off any amounts owed by you to us against any payment due to you under this Agreement and may, at our option, pay your trade creditors out of any sum otherwise due to you.
- 14.5. In the event of any default of this Agreement by you, all of our costs and expenses arising from such default, including reasonable legal fees and reasonable hourly charges of our administrative employees, will be paid to us by you within five (5) days after cure or upon demand by us, if such default is not cured.
- 14.6. If any other franchise agreement or any other agreement between you and us is terminated, termination will be effective on the date that the other agreement is terminated unless we notice you otherwise.

15. OBLIGATIONS UPON TERMINATION OR EXPIRATION

- 15.1. You must follow any procedures established by us to ensure the expiration of this Agreement creates the least disruption possible to the System, including those procedures set forth in the Manual.
- 15.2. Upon termination or expiration of this Agreement, all rights granted to you under this Agreement will immediately terminate and:
 - 15.2.1. You will immediately cease to operate your Franchised Business, and will not thereafter, directly or indirectly, represent to the public, or hold yourself out as a present or former CarePatrol franchisee;
 - 15.2.2. You will immediately take any action required to cancel, terminate, or turn in, all licenses or vendor contracts you may have with any federal, state or local agency;
 - 15.2.3. You will immediately and permanently cease to use, in any manner whatsoever, any confidential methods, procedures, and techniques associated with the System, the Proprietary Marks, and all other proprietary marks and distinctive forms, slogans, signs, symbols, and devices associated with the System. You also will, at your expense, immediately remove all signs, slogans, symbols, distinctive forms, devices, and trade dress associated with the System, which are located at your Franchised Business. If you fail to remove all signs, slogans, symbols, distinctive forms, devices, and trade dress associated with the System within a reasonable amount of time following termination, and we are forced to remove these items, you will reimburse us for the cost of removal. You agree not to sell, assign, transfer, convey, or give away any signs, slogans, symbols, distinctive forms, devices, trade dress, or other fixtures associated with the System, without our prior written consent;
 - 15.2.4. You will take such action as may be necessary to cancel any assumed name or equivalent registration which contains the Proprietary Marks and you will furnish us with evidence

satisfactory to us of compliance with this obligation within thirty (30) days after termination or expiration of this Agreement;

- 15.2.5. You acknowledge that all telephone numbers, facsimile numbers, social media websites, Internet addresses, e-mail addresses and other e-communications (collectively "Identifiers") used in the operation of your Franchised Business constitute our assets, and upon termination or expiration of this Agreement, you will take such action within five (5) days to cancel or assign to us or our designee, as determined by us, all of your right, title, and interest in, and to such Identifiers, and will notify the telephone company and all listing agencies, of the termination or expiration of your right to use any Identifiers, and any regular, classified, or other telephone directory listing associated with the Identifiers and to authorize a transfer of the same to, or at our direction. You agree to take all action required to cancel all assumed names or equivalent registrations related to your use of the Proprietary Marks. You acknowledge that we have the sole rights to, and interest in, all Identifiers used by you to promote your Franchised Business and/or associated with the Proprietary Marks. You hereby irrevocably appoint us with full power of substitution, as your true and lawful attorney-in-fact, which appointment is coupled with an interest to execute such directions and authorizations as may be necessary or prudent to accomplish the foregoing. You further appoint us to direct the telephone company, postal service, registrar, internet service provider, listing agency, website operator, or any other third-party to transfer such Identifiers to us or our designee. The telephone company, postal service, registrar, internet service provider, listing agency, website operator, or any other third-party may accept such direction by us pursuant to this Agreement as conclusive evidence of our rights to the Identifiers and our authority to direct their transfer;
- 15.2.6. You will promptly pay all sums then owed to us and our affiliates, including damages, costs, and expenses, reasonable attorney fees and related costs, incurred by, or owed to, us as at the time of the termination or expiration of this Agreement (the "Pre-Termination Damages"), which obligation will give rise to and remain, until paid in full, a security interest (which you hereby grant to us) and lien in favor of us against any and all of your personal property, furnishings, equipment, signs, and fixtures at your Approved Location at the time of default;
- 15.2.7. You will promptly pay the Liquidated Damages Amount (as defined below) if this Agreement is terminated prior to the expiration of the term;
- 15.2.8. You will immediately return to us or, if in electronic format, permanently delete and/or destroy, all Confidential Information and proprietary information you have in your possession, including the Manual and any copies that may have been made by you, within five (5) business days of the termination or expiration of this Agreement. You will provide us proof of such deletion upon written request.
- 15.3. All of your covenants, obligations, and agreements, which by their terms, or by reasonable implication, are to be performed, in whole or in part, after the termination or expiration of this Franchise Agreement, will survive such termination or expiration.
- 15.4. You will comply with the covenants contained in Section 16.
- 15.5. The parties wish to agree upon a formula for liquidated damages to avoid the cost and expense of litigating damages in the event of your default of this Agreement.
- 15.5.1. The parties agree that it would be extremely difficult to fix the amount of actual damages in advance because of uncertainties in the marketplace and differing circumstances that might exist at the time of default. You acknowledge that by virtue of being our franchisee, you and your

Managing Owner, and your other Owners will become associated with Proprietary Marks. Based upon the estimate that it takes an average of three years or longer to find a replacement franchisee in a market, the parties have made a reasonable endeavor to estimate fair compensation for the loss that would be sustained upon your default during the term of this Agreement.

15.5.2. The parties, therefore, agree that upon a termination of this Agreement due your default during the term of this Agreement, you shall pay to us, as liquidated damages and not as a penalty, an amount equal to (a) thirty-six times the then-current monthly Royalty Fee, plus (b) thirty-six times the average monthly National Invoicing Fee paid by you over the 24-months prior to termination (or so much of the term that has elapsed if less than two years) (the "Liquidated Damages Amount"). If the breach occurs at a time when there remains less than 36 months remaining in the term of this Agreement, the multiple shall be reduced to the remaining months in the Term.

15.5.3. The Liquidated Damages Amount shall be full and complete compensation for any damages that we would have suffered for your failure to fulfill the complete term of this Agreement.

16. COVENANTS

16.1. You covenant that during the term of this Franchise Agreement, except as otherwise approved in writing by us, a principal of you will devote full time and best efforts to the management and operation of your Franchised Business.

16.2. You acknowledge you will receive valuable specialized training and confidential information, including, without limitation, information regarding the operational, sales, promotional, marketing methods, and techniques from us. You covenant that during the term of this Franchise Agreement neither you nor any Owner, officer, director or executive employee, will either directly or indirectly, except as otherwise approved in writing by us, for yourself, or through, on behalf of, or in conjunction with, any person, persons, or legal entity:

16.2.1. Directly or indirectly (including through an act of omission), divert, or attempt to divert, any business, or customer of your Franchised Business, to any competitor by inducement or otherwise, or do or perform any other act injurious or prejudicial to the goodwill associated with the Proprietary Marks and the System; and

16.3. The parties agree that each of the foregoing covenants will be construed as independent of any other covenant or provision of this Franchise Agreement. If all, or any portion of a covenant, in this Section 16 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an un-appealed final decision to which we are a party, you expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section 16.

16.4. You agree and acknowledge that we have the right, at our sole discretion, to reduce the scope of any covenant or any portion thereof set forth in Section 16.2, Section 16.3, and Section 16.5 without your consent, effective immediately upon receipt by you of written notice of such reduction; and, you agree that you will comply immediately with any covenant as so modified, which will be fully enforceable notwithstanding the provisions of Section 23.

16.5. You expressly agree that the existence of any claims you may have against us, whether or not arising under this Franchise Agreement, will not constitute a defense to the enforcement by us of

the covenants in this Section 16.

- 16.6. You acknowledge that your violation of the terms of this Section 16 would result in irreparable injury to us, for which no adequate remedy at law may be available, and agree to pay all court costs and reasonable attorney fees incurred by us in obtaining any injunctive or other equitable or legal relief with respect to such conduct or action.
- 16.7. You will obtain execution of covenants similar to those set forth in this Section 16 (including covenants applicable upon the termination of a person's relationship with you and covenants incorporating the terms of Section 15 of this Franchise Agreement, as modified to apply to an individual), from the following persons:
- 16.7.1. If you are one or more natural persons: (i) each and every key employee of yours ("key employee") means an employee that has operational responsibilities and/or markets on behalf of your Franchised Business and has access to client and referral information; (ii) each and every one of your spouses and each and every one of your children over the age of 18 who is involved in the operation of your Franchised Business;
- 16.7.2. If you are a partnership: (i) each and every partner (including each and every shareholder, member, officer, and/or director of each and every business entity that owns an interest of five percent (5%) or more in one or more of your partners); (ii) each and every key employee of yours; (iii) each and every partner's spouse and each and every partner's child over the age of 18 who has involvement in the operation of your Franchised Business;
- 16.7.3. If you are a limited liability company: (i) each and every member (including the shareholders, members, officers, and/or directors of each and every business entity that holds an interest of five percent (5%) or more in you or a member); (ii) each and every one of your key employees; (iii) each and every member's spouse and each and every member's child over the age of 18 who has involvement in the operation of your Franchised Business; and
- 16.7.4. If you are a corporation: (i) each and every shareholder (including the shareholders, members, officers, and/or directors of each and every business entity that holds an interest of five percent (5%) or more in you or a member); (ii) each and every one of your key employees; (iii) each and every shareholder's spouse and each and every shareholder's child over the age of 18 who has involvement in the operation of your Franchised Business.
- 16.8. Every covenant required by this Section and its subsections will be in a form approved by us, including, without limitation, specific identification of us as a third-party beneficiary of such covenants with the independent right to enforce them (Please see Confidentiality Agreement).

17. YOU AS A CORPORATION OR LIMITED LIABILITY COMPANY

- 17.1. Except as otherwise approved in writing by us, if you are a corporation, you will: (i) confine your activities, and your governing documents will at all times provide your activities are confined, exclusively to operating your Franchised Business; (ii) maintain stop transfer instructions on your records against the transfer of any equity securities and will only issue securities upon the face of which a legend, in a form satisfactory to us, appears which references the transfer restrictions imposed by this Franchise Agreement; and (iii) maintain a current list of all owners of record, all beneficial owners of any class of voting stock of you, and all officers and directors, and furnish a list, and current contact information of each individual on said list, to us upon request. (See Addendum C – Corporation or LLC Information).

17.2. If you are a limited liability company or corporation, you will: (i) confine your activities exclusively to operating your Franchised Business; (ii) furnish us with your articles of organization/articles of incorporation and operating agreement/bylaws/members agreement, and such other documents as we may reasonably request and any amendments thereto; (iii) prepare and furnish to us, upon request, a current list of all members and managers of your Franchised Business, along with each member's and manager's personal contact information or list of shareholders, officers, and board of directors; (iv) maintain stop transfer instructions on your records against the transfer of any equity securities and will only issue securities which bear a legend, in a form satisfactory to us, referencing the transfer restrictions imposed by this Franchise Agreement; and (v) maintain in your articles of organization, articles of incorporation, operating agreement, or bylaws, whichever creates legal enforceability, instructions preventing the addition of any new member, without our express written consent.

17.3. Guaranty and Assumption of Obligations.

17.3.1. Each present and future shareholder or member with a direct or indirect interest, and their respective spouses, will jointly and severally guarantee your performance of each and every provision of this Franchise Agreement, by executing the Guaranty and Assumption of Obligations in the form attached hereto.

17.3.2. The Guaranty and Assumption of Obligations completely and accurately describes all of your owners and their interests in your Franchised Business as of the Contract Date. You and your owners agree to sign and deliver to us, periodically or upon our request, revised versions of this document to reflect any permitted changes to the information previously in this document.

18. INDEPENDENT CONTRACTOR AND INDEMNIFICATION

18.1. It is understood and agreed by the parties that this Franchise Agreement does not create a fiduciary relationship between them, that you will be an independent contractor, and, that nothing in this Franchise Agreement is intended to constitute either party, an agent, legal representative, subsidiary, joint venture, partner, employee, employer, joint employer, enterprise, or servant, of the other, for any purpose whatsoever.

18.2. You agree to inform each of your employees and contractors that you alone are their employer, and that we are not. You agree to explain to your employees and contractors the respective roles of a franchisor and franchisee and our relationship with you and your employees. You will use your legal name on all documents for use with employees and contractors, including but not limited to, employment applications, time cards, paychecks, and employment and independent contractor agreements, and will not use the Proprietary Marks on these documents.

18.3. During the term of this Franchise Agreement, you will hold yourself out to the public as an independent contractor operating the business pursuant to a franchise from us. You agree to take such action as may be necessary to do so, including, as set forth in Section 8.2., exhibiting a notice of that fact in a conspicuous place at your Approved Location. You further agree to state in all your advertisements and promotional materials (including business cards, order forms, and letterhead) that your Franchised Business is independently owned and operated, using language that we may specify from time to time. You will not hold yourself out as our agent, employee, or co-venturer.

18.4. You acknowledge and agree that you are not authorized to make any contract, agreement, warranty, or representation on our behalf, or to incur any debt or other obligation in our name, and that we will in no event assume liability for, or be deemed liable hereunder as a result of, any such action,

nor will we be liable by reason of any act or omission of you in your conduct of your Franchise Business or for any claim or judgment arising therefrom against you or us.

- 18.5. You and each of your owners listed on the Guaranty and Assumption of Obligation that you will, at all times during the term and any renewal terms, and after the termination, or expiration of this Franchise Agreement, indemnify, defend, and hold harmless, to the fullest extent permitted by law, franchisor, its affiliates, and their respective shareholders, directors, officers, employees, agents, representatives, independent contractors, servants, successors, and assignees (the “Indemnified Parties”) against, and to reimburse any one or more Indemnified Parties for, all claims, obligations, and damages directly or indirectly arising out of your Franchised Business operation, the business you conduct under this Agreement, or your breach of this Franchise Agreement, including, without limitation: (i) those alleged to be found or to have been caused by the Indemnified Party’s negligence, unless (and then only to the extent that) the claims, obligations, or damages are determined to be caused solely by our gross negligence or willful misconduct in a final, unappealable ruling issued by a court or arbitrator with competent jurisdiction; (ii) the infringement, alleged infringement or any other violation by you, your owners or principals of any patent, mark, copyright, or other proprietary right owned or controlled by third parties due to your unauthorized use of all or any portion of the Proprietary Marks and/or System; (iii) your, or your owners’, violation, breach, or asserted violation of any federal, state, or local law, regulation, ruling or industry standard; (iv) your, or your owners’, libel, slander, or any other form of defamation; and (v) your employment or other contractual relationship with your employees, workers, managers, or independent contractors, including, but not limited to, any allegation, claim, finding, or ruling that we are an employer or joint employer of your employees.
- 18.6. For purposes of this indemnification, “claims” include all obligations, damages (actual, consequential, or otherwise), and costs that any Indemnified Party reasonably incurs in defending any claim against it, including, without limitation, reasonable accountants’, arbitrators’, attorneys’, and expert witness fees, costs of investigation and proof of facts, court costs, travel and living expenses, and other expenses of litigation, arbitration, or alternative dispute resolution, regardless of whether litigation, arbitration, or alternative dispute resolution is commenced. Each Indemnified Party may defend any claim against it and agree to settlements or take any other remedial, corrective, or other actions, and such actions will affect your obligation to indemnify pursuant to this Section.
- 18.7. This indemnity will continue in full force and effect subsequent to and notwithstanding this Franchise Agreement’s expiration or termination. An Indemnified Party need not seek recovery from any insurer or other third-party, or otherwise mitigate its losses and expenses, in order to maintain and recover fully, a claim for indemnity under this Section. You agree that a failure to pursue a recovery or mitigate a loss will not reduce or alter the amounts that an Indemnified Party may recover under this Section.
- 18.8. You will also pay all costs and expenses (including reasonable fees of attorneys and other engaged professionals) incurred by us in successfully enforcing, issuing notices of default, or obtaining any remedy arising from the breach of this Franchise Agreement. The existence of any claims, demands, or actions which you may have against us, whether arising from this Franchise Agreement or otherwise, will not constitute a defense to our enforcement of your, or any your owners, representations, warranties, covenants, agreements, or obligations herein.

19. APPROVALS AND WAIVERS

- 19.1. We make no warranties or guarantees upon which you may rely, and assume no liability or obligation to you, by providing any waiver, approval, consent, or suggestion to you in connection

with this Franchise Agreement, or by reason of any neglect, delay, or denial of any request related to this Franchise Agreement. No delay, waiver, omission, or forbearance on the part of us, to exercise any right, option, duty, or power arising out of this Franchise Agreement against you, or any other franchisee, or any breach or default by you, or by any other franchisee, of any of the terms, provisions, or covenants of this Franchise Agreement, and no custom or practice by the parties at variance with the terms hereof, will constitute a waiver by us to enforce any such right, option, or power as, against you, or as to a subsequent breach or default by you. Subsequent acceptance by us of any payments due to us under this Franchise Agreement will not be deemed to be a waiver by us of any preceding or succeeding breach by, or obligations of, you of any terms, covenants, or conditions of this Franchise Agreement.

- 19.2. You hereby waive, to the fullest extent permitted by law, any right to, or claim for, any punitive, exemplary, incidental, indirect, special, consequential, or other damages (including, without limitation, loss of profits) against us, our affiliates, and the officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees of each of them, in their corporate and individual capacities, arising out of any cause whatsoever (whether that cause is based on contract, negligence, strict liability, other tort or otherwise), and agrees that in the event of a dispute, you are limited to the recovery of any actual damages sustained by it. If any other term of this Franchise Agreement is found or determined to be unconscionable, or unenforceable for any reason, the foregoing provisions of waiver by agreement of punitive, exemplary, incidental, indirect, special, consequential, or other damages (including, without limitation, loss of profits) continues in full force and effect.

20. NOTICES AND PAYMENTS

- 20.1. All written notices, reports, and payments permitted, or required to be delivered by this Franchise Agreement, or the Manual, will be deemed delivered:
- 20.1.1. At the time delivered by hand;
 - 20.1.2. At the time delivered via computer transmission provided that the recipient acknowledges receipt of such computer transmission, and, in the case of your royalty payments and contributions of the Fund, at the time we actually receive payment;
 - 20.1.3. One (1) business day after transmission by facsimile or other electronic system if the sender has confirmation of successful transmission;
 - 20.1.4. One (1) business day after being placed in the hands of a nationally recognized commercial courier service for next business day delivery; or
 - 20.1.5. Three (3) business days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid.
- 20.2. Notwithstanding the forgoing, any notice to you or us must be sent to the address specified on the signature page of this Franchise Agreement, although notice to you may also be sent to your Approved Location. We may change our address for notice by giving you notice of our new address.
- 20.3. Any required payment or report which we do not actually receive during regular business hours on the date due (or postmarked by postal authorities at least two (2) days before the date due) will be deemed delinquent.

21. ENTIRE AGREEMENT

- 21.1. This Franchise Agreement, together with the Manual, any written related agreements, any state addenda attached to the Franchise Disclosure Document, and any attachments hereto, constitute the entire and complete agreement between you and us concerning the subject matter hereof, and supersede any and all prior agreements. However, nothing in this Franchise Agreement or any related agreement is intended to disclaim our representations made in the Franchise Disclosure Document. Except for those permitted by this Franchise Agreement to be made unilaterally by us, including our right to modify the Manual and System, no amendment, change, or variance from this Franchise Agreement will be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing.

22. SEVERABILITY AND CONSTRUCTION

- 22.1. Except as expressly provided to the contrary herein, each portion, section, part, term, and/or provision of this Franchise Agreement will be considered severable, and if, for any reason, any portion, section, part, term, and/or provision herein is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid jurisdiction, such will not impair the operation of, or have any other effect upon, such other portions, sections, parts, terms, and/or provisions hereof as may remain otherwise intelligible, and the latter will continue to be given full force and effect and bind the parties hereto, and the invalid portions, sections, parts, terms, and/or provisions will be deemed not to be a part hereof.
- 22.2. You expressly agree to be bound by any promise or covenant imposing the maximum duty permitted by law, which is subsumed within the terms of any provision hereof, as though it were separately articulated in and made a part hereof, that may result from striking from any of the provisions hereof, any portion or portions which a court may hold to be unreasonable and unenforceable in a final decision to which we are a party, or from reducing the scope of any promise or covenant to the extent required to comply with such court order.
- 22.3. Any provision or covenant of this Franchise Agreement which expressly or by its nature imposes obligations beyond the expiration or termination of this Franchise Agreement will survive such expiration or termination.
- 22.4. You acknowledge and agree that we have the right to enter into agreements with other franchisees that may contain provisions, conditions, and obligations that differ from those contained in this Franchise Agreement. The existence of different forms of agreements and the fact that existing or future franchisees may have different rights and obligations will not in any manner eliminate, modify, or affect the duties of the parties to this Franchise Agreement to comply with the terms of this Franchise Agreement.

23. DISPUTE RESOLUTION

- 23.1. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Arizona, without reference to this state's conflict of laws principles.
- 23.2. Internal Dispute Resolution. You must first bring any claim or dispute between you and us to our management, after providing notice as set forth in Section 20 of this Agreement, and make every effort to resolve the dispute internally. You must exhaust this internal dispute resolution procedure before you may bring your dispute before a third party. This agreement to first attempt resolution of disputes internally shall survive termination or expiration of this Agreement.

- 23.3. Mediation. At our option, all claims or disputes between Franchisee and Franchisor (or its affiliates) arising out of, or in any way relating to, this Agreement or any other agreement by and between Franchisee and Franchisor (or its affiliates), or any of the parties' respective rights and obligations arising from such agreement, which are not first resolved through the internal dispute resolution procedure set forth in Section 23.2 above, will be submitted first to mediation to take place in Phoenix, Arizona at a location of Franchisor's choice, under the auspices of the American Arbitration Association ("AAA"), in accordance with AAA's Commercial Mediation Rules then in effect. Before commencing any legal action against Franchisor or its affiliates with respect to any such claim or dispute, Franchisee must submit a notice to Franchisor, which specifies, in detail, the precise nature and grounds of such claim or dispute. Franchisor will have a period of thirty (30) days following receipt of such notice within which to notify Franchisee as to whether Franchisor or its affiliates elects to exercise its option to submit such claim or dispute to mediation. Franchisee may not commence any action against Franchisor or its affiliates with respect to any such claim or dispute in any court unless Franchisor fails to exercise its option to submit such claim or dispute to mediation, or such mediation proceedings have been terminated either: (i) as the result of a written declaration of the mediator(s) that further mediation efforts are not worthwhile; or (ii) as a result of a written declaration by Franchisor. Franchisor's rights to mediation, as set forth herein, may be specifically enforced by Franchisor. Each party will bear its own cost of mediation and Franchisor and Franchisee will share mediator fees equally. This agreement to mediate will survive any termination or expiration of this Agreement. The parties will not be required to first attempt to mediate a controversy, dispute, or claim through mediation as set forth in this Section 23.3 if such controversy, dispute, or claim concerns an allegation that a party has violated (or threatens to violate, or poses an imminent risk of violating): (i) any federally protected intellectual property rights in the Proprietary Marks, the System, or in any Confidential Information or other confidential information; (ii) any of the restrictive covenants contained in this Agreement; and (iii) any of Franchisee's payment obligations under this Agreement.
- 23.4. Injunctive Relief. Franchisee acknowledges and agrees that irreparable harm could be caused to Franchisor by Franchisee's violation of certain provisions of this Agreement and, as such, in addition to any other relief available at law or equity, Franchisor shall be entitled to obtain in any court of competent jurisdiction, without bond, restraining orders or temporary or permanent injunctions in order to enforce, among other items, the provisions of this Agreement relating to: (i) Franchisee's use of the Proprietary Marks and Confidential Information (including any proprietary software used in connection with the Franchised Business); (ii) the in-term covenant not to compete, as well as any other violations of the restrictive covenants set forth in this Agreement; (iii) Franchisee's obligations on termination or expiration of this Agreement; (iv) disputes and controversies based on or arising under the Lanham Act, or otherwise involving the Proprietary Marks, as now or hereafter amended; (v) disputes and controversies involving enforcement of the Franchisor's rights with respect to confidentiality under this Agreement; and (vi) to prohibit any act or omission by Franchisee or its employees that constitutes a violation of applicable law, threatens Franchisor's franchise system or threatens other franchisees of Franchisor. Franchisee's only remedy if such an injunction is entered will be the dissolution of the injunction, if appropriate, and Franchisee waives all damage claims if the injunction is wrongfully issued.
- 23.5. Venue. Subject to Section 23.3 of this Agreement, the parties agree that any actions arising out of or related to this Agreement must be initiated and litigated to conclusion exclusively in the state court of general jurisdiction closest to Phoenix, Arizona, or, if appropriate, the United States District Court for the District of Arizona (unless settled by the parties after such action is initiated). Franchisee acknowledges that this Agreement has been entered into in the State of Arizona, and that Franchisee is to receive valuable and continuing services emanating from Franchisor's offices in Phoenix, Arizona, including but not limited to training, assistance, support and the development of the System. In recognition of such services and their origin, Franchisee hereby irrevocably

consents to the personal jurisdiction of the state and federal courts of Arizona as set forth in this Section.

- 23.6. Third Party Beneficiaries. Franchisor's officers, directors, shareholders, agents and/or employees are express third-party beneficiaries of the provisions of this Agreement, including the dispute resolution provisions set forth in this Section 23, each having authority to specifically enforce the right to mediate/arbitrate claims asserted against such person(s) by Franchisee.
- 23.7. Notice Requirement. As a condition precedent to commencing an action for damages or for violation or breach of this Agreement, Franchisee must notify Franchisor within ninety (90) days after the occurrence of the violation or breach, and failure to timely give such notice shall preclude any claim for damages.
- 23.8. No Withholding of Payments. Franchisee shall not withhold all or any part of any payment to Franchisor or any of its affiliates on the grounds of Franchisor's alleged nonperformance or as an offset against any amount Franchisor or any of Franchisor's affiliates allegedly may owe Franchisee under this Agreement or any related agreements.
- 23.9. Limitation of Actions. Franchisee further agrees that no cause of action arising out of or under this Agreement may be maintained by Franchisee against Franchisor unless brought before the expiration of one (1) year after the act, transaction or occurrence upon which such action is based or the expiration of one year after the Franchisee becomes aware of facts or circumstances reasonably indicating that Franchisee may have a claim against Franchisor hereunder, whichever occurs sooner, and that any action not brought within this period shall be barred as a claim, counterclaim, defense, or set-off. Franchisee hereby waives the right to obtain any remedy based on alleged fraud, misrepresentation, or deceit by Franchisor, including, without limitation, rescission of this Agreement, in any mediation, judicial, or other adjudicatory proceeding arising hereunder, except upon a ground expressly provided in this Agreement, or pursuant to any right expressly granted by any applicable statute expressly regulating the sale of franchises, or any regulation or rules promulgated thereunder.
- 23.10. Waiver of Punitive Damages. Franchisee hereby waives to the fullest extent permitted by law, any right to or claim for any punitive, exemplary, incidental, indirect, special or consequential damages (including, without limitation, lost profits) against Franchisor arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agrees that in the event of a dispute, that Franchisee's recovery is limited to actual damages. If any other term of this Agreement is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions shall continue in full force and effect, including, without limitation, the waiver of any right to claim any consequential damages. Nothing in this Section or any other provision of this Agreement shall be construed to prevent Franchisor from claiming and obtaining expectation or consequential damages, including lost future royalties for the balance of the term of this Agreement if it is terminated due to Franchisee's default, which the parties agree and acknowledge Franchisor may claim under this Agreement.
- 23.11. WAIVER OF JURY TRIAL. THE PARTIES HEREBY AGREE TO WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR EQUITY, REGARDLESS OF WHICH PARTY BRINGS SUIT. THIS WAIVER SHALL APPLY TO ANY MATTER WHATSOEVER BETWEEN THE PARTIES HERETO WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THIS AGREEMENT, THE PERFORMANCE OF EITHER PARTY, AND/OR FRANCHISEE'S PURCHASE FROM FRANCHISOR OF THE FRANCHISE AND/OR ANY GOODS OR SERVICES.

- 23.12. WAIVER OF CLASS ACTIONS. THE PARTIES AGREE THAT ALL PROCEEDINGS ARISING OUT OF OR RELATED TO THIS AGREEMENT, OR THE SALE OF THE FRANCHISED BUSINESS, WILL BE CONDUCTED ON AN INDIVIDUAL, NOT A CLASS-WIDE BASIS, AND THAT ANY PROCEEDING BETWEEN FRANCHISEE, FRANCHISEE'S GUARANTORS AND FRANCHISOR OR ITS AFFILIATES/OFFICERS/EMPLOYEES MAY NOT BE CONSOLIDATED WITH ANY OTHER PROCEEDING BETWEEN FRANCHISOR AND ANY OTHER THIRD PARTY.
- 23.13. Exclusive. No right or remedy conferred upon or reserved to us or you hereby are intended to be, nor will be deemed, exclusive of any other right or remedy herein or by law or equity provided or permitted, but each will be cumulative of every other right or remedy.
- 23.14. Other Agreements. If any other franchise agreement, or any other agreement between us, or any of our affiliates and you, or any of your affiliates, is terminated, termination will be effective on the date that the other agreement is terminated, unless we provide notice to you otherwise.
- 23.15. We and you agree that the provisions of Section 23 will apply during the term of this Franchise Agreement and following the termination, expiration, or non-renewal of this Franchise Agreement.

24. ACKNOWLEDGMENTS

- 24.1. You acknowledge you have conducted an independent investigation of the rights granted by this Franchise Agreement, you recognize that the business venture contemplated herein involves business risks, and your success will be largely dependent upon your ability as an independent businessperson. We expressly disclaim the making of, and you acknowledge you have not received, any representation, express or implied, from any of our agents or employees, as to the prior, current, or potential sales, income, profits, or success of the business venture contemplated by this Franchise Agreement or of any other CarePatrol franchisee and/or Franchised Business.
- 24.2. You acknowledge you received our uniform Franchise Disclosure Document at least fourteen (14) calendar days prior to the Contract Date. You acknowledge you have read and understand this Franchise Agreement, the attachments hereto, if any, and that we have accorded you ample time and opportunity to consult with advisors and/or counselors/attorneys of your own choosing about the potential benefits and risks of entering into this Franchise Agreement.

FRANCHISOR:
CarePatrol Franchise Systems, LLC
A Delaware Limited Liability Company

By: Stephen D. Greenwald
By: In-house Counsel

FRANCHISEE:

By: _____
Title: _____

GUARANTY AND ASSUMPTION OF OBLIGATIONS

THIS GUARANTY AND ASSUMPTION OF OBLIGATIONS is given this ____ day of _____, 20____, by _____ ("Guarantor").

1. In consideration of, and as an inducement to, the Execution of that certain Franchise Agreement dated (the "Agreement") by CarePatrol Franchise Systems, LLC (the "Franchisor"), and with _____ a _____ corporation, each of the undersigned hereby personally and unconditionally (a) guarantees to Franchisor, and its successors and assigns, for the term of the Agreement and as provided in the Agreement, that ("Franchisee") will punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement; and (b) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement, both monetary obligations and obligations to take or refrain from taking specific actions, or to engage or refrain from engaging in specific activities. Each of the undersigned waives: (i) acceptance and notice of acceptance by Franchisor of the foregoing undertakings; (ii) notice of demand for payment of any indebtedness or nonperformance of any obligations guaranteed; (iii) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations guaranteed; and (iv) any right he/she may have to require that an action be brought against Franchisee or any other person as a condition of liability.
2. Each of the undersigned consents and agrees that: (i) his/her direct and immediate liability under this guaranty will be joint and several; (ii) he/she will render any payment or performance required under the Agreement, upon demand, if Franchisee fails or refuses punctually to do so; (iii) liability will not be contingent or conditioned upon pursuit by Franchisor of any remedies against Franchisee or any other person; and (iv) liability will not be diminished, relieved, or otherwise affected by, any extension of time, credit, or other indulgence, which Franchisor may grant to Franchisee, or to any other person, including the acceptance of any partial payment or performance, or the compromise, or release of, any claims, none of which will in any way modify or amend this guaranty, which will be continuing and irrevocable during the Term of the Agreement.
3. Guarantor hereby consents and agrees that:
 - 3.1. Guarantor's liability under this undertaking will be direct, immediate, and independent of the liability of, and will be joint and several with, Franchisee and the other owners of the Franchise;
 - 3.2. Guarantor will render any payment or performance required under the Franchise Agreement, upon demand, if Franchisee fails or refuses punctually to do so;
 - 3.3. This undertaking will continue unchanged by the occurrence of any bankruptcy with respect to Franchisee, or any assignee or successor of Franchisee, or by any abandonment of the Franchise Agreement by a trustee of Franchisee. Neither the Guarantor's obligations to make payment or render performance in accordance with the terms of this undertaking, nor any remedy for enforcement, will be impaired, modified, changed, released, or limited in any manner whatsoever by any impairment, modification, change, release, or limitation of the liability of Franchisee, or its estate in bankruptcy, or of any remedy for enforcement, resulting from the operation of any present or future provision of the U.S. Bankruptcy Act or other statute, or from the decision of any court or agency;
 - 3.4. Franchisor may proceed against Guarantor and Franchisee jointly and severally, or Franchisor may, at its option, proceed against Guarantor, without having commenced any action, or having obtained any judgment against Franchisee. Guarantor hereby waives the defense of the statute of limitations in any action hereunder, or for the collection of, any indebtedness, or the performance of any obligation hereby guaranteed; and

- 3.5. Guarantor agrees to pay all reasonable attorneys' fees and all costs and other expenses incurred in any collection or attempted collection of amounts due pursuant to this undertaking or any negotiations relative to the obligations hereby guaranteed or in enforcing this undertaking against Guarantor.

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

GUARANTOR:

FRANCHISOR:

CarePatrol Franchise Systems, LLC
A Delaware Limited Liability Company

By: Stephen D. Greenwald
By: In-house Counsel

OWNERSHIP PERCENTAGE IN FRANCHISE:

FRANCHISEE:

By: _____
Title: _____

CONFIDENTIALITY AGREEMENT (“AGREEMENT”)

*(For shareholders, officers, directors, general partners, members and managers
as well as key employee of Franchisee.)*

In consideration of my being a _____ (“Franchisee”), and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, I hereby acknowledge and agree that:

1. Pursuant to a Franchise Agreement dated _____ (the “Franchise Agreement”), Franchisee has acquired the right and franchise from CarePatrol Franchise Systems, LLC (the “Franchisor”) to establish and operate a CarePatrol Franchised Business (the “Franchised Business”). (All capitalized terms not defined herein will have the respective meanings set forth in the Franchise Agreement).
2. Franchisor, as the result of the expenditure of time, skill, effort and resources has developed and owns a distinctive format and system (the “System”) relating to the establishment and operation of Franchised Businesses. Franchised Business possesses certain proprietary and confidential information relating to the operation of the System, which includes certain proprietary trade secrets, methods, techniques, formats specifications, systems, procedures, methods of business practices and management, sales and promotional techniques and knowledge of, and experience in, the operation of the Franchised Business (the “Confidential Information”).
3. Any and all information, knowledge, know-how, and techniques which Franchisor specifically designates as confidential shall be deemed to be Confidential Information for purposes of this Agreement.
4. As of the Franchisee, Franchisor and Franchisee will disclose the Confidential Information to me in furnishing to me training programs, Franchisor’s Manuals, and other general assistance during the term of the Franchise Agreement.
5. I will not acquire any interest in the Confidential Information, other than the right to utilize it in the operation of the Franchised Business during the term of the Franchise Agreement, and the use or duplication of the Confidential Information for any use outside the System would constitute an unfair method of competition.
6. The Confidential Information is proprietary, involves trade secrets of Franchisor, and is disclosed to me solely on the condition that I agree, and I do hereby agree, that I shall hold in strict confidence all Confidential Information and all other information designated by Franchisor as confidential. Unless Franchisor otherwise agrees in writing, I will disclose and/or use the Confidential Information only in connection with my position with the Franchisee, and will continue not to disclose any such information even after I cease to be in that position and will not use any such information even after I cease to be in that position unless I can demonstrate that such information has become generally known or easily accessible other than by the breach of an obligation of Franchisee under the Franchise Agreement.
7. For a continuous uninterrupted period commencing upon the cessation or termination of my position with Franchisee, regardless of the cause for termination, or upon the expiration, termination, transfer, or assignment of the Franchise Agreement, whichever occurs first, and continuing for two (2) years thereafter, either directly or indirectly, for myself, or through, on behalf of, or in conjunction with any person, persons, partnership, or corporation:
 - 7.1. Directly or indirectly, solicit or attempt to solicit any business from any of Franchisor’s or Franchisee’s customers, customer prospects, referral sources, National Accounts or Approved Suppliers/Vendors with whom I had contact for two (2) years after the termination of my relationship with Franchisor or Franchisee.

- 7.2. Directly or indirectly, solicit or attempt to solicit any of Franchisor's or Franchisee's other employees, or the employees of other System franchisee to discontinue employment.

The prohibitions in this Section do not apply to my interests in or activities performed in connection with a Franchised Business. This restriction does not apply to my ownership of less than five percent (5%) beneficial interest in the outstanding securities of any publicly held corporation.

8. I agree that I will not make any public statement that is materially disparaging of the business of the Franchisor, or to the business reputation of any of the employees, officers, representatives or agents of the Franchisor or any of the franchisees who are known to you to be franchisees of the Franchisor at the time of any such public statement. Your obligations under this section shall not apply to disclosures required by applicable law, regulation, or order of a court or governmental agency.
9. I agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which Franchisor is a party, I expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Agreement.
10. I understand and acknowledge that the failure to insist upon strict compliance with any of the terms, covenants or conditions of this Agreement will not be deemed a waiver of such term, covenant or condition, nor will any waiver or relinquishment of any right or remedy hereunder at any one or more times be deemed a waiver or relinquishment of such right or remedy at any other time or times.
11. I understand and acknowledge that Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Agreement, or any portion thereof, without my consent, effective immediately upon receipt by me of written notice thereof; and I agree to comply forthwith with any covenant as so modified.
12. Franchisor is a third-party beneficiary of this Agreement and may enforce it, solely and/or jointly with the Franchisee. I am aware that my violation of this Agreement will cause Franchisor and the Franchisee irreparable harm; therefore, I acknowledge and agree that the Franchisee and/or Franchisor may apply for the issuance of an injunction preventing me from violating this Agreement, and I agree to pay the Franchisee and Franchisor all the costs it/they incur(s), including, without limitation, legal fees and expenses, if this Agreement is enforced against me. Due to the importance of this Agreement to the Franchisee and Franchisor, any claim I have against the Franchisee or Franchisor is a separate matter and does not entitle me to violate, or justify any violation of this Agreement.
13. I understand and acknowledge that the rights and remedies of Franchisor under this Agreement are fully assignable and transferable and will inure to the benefit of its respective affiliates, successor and assigns. However, the respective obligations of me or the Franchisee may not be assigned by me or Franchisee without the proper written consent of Franchisor.
14. This Agreement shall be construed under the laws of the State of Arizona. The only way this Agreement can be changed is in writing signed by both the Franchisee and me.

FRANCHISOR:

CarePatrol Franchise Systems, LLC

A Delaware Limited Liability Company

By: Stephen D. Greenwald

By: In-house Counsel

INDIVIDUAL:

FRANCHISEE:

By: _____

Title: _____

**ADDENDUM A
TO THE FRANCHISE AGREEMENT**

FRANCHISE OFFERING PROGRAM ELECTION AND ATTESTATION

TO THAT CERTAIN
CAREPATROL FRANCHISE AGREEMENT
BY AND BETWEEN CAREPATROL FRANCHISE SYSTEMS, LLC
AND _____
DATED _____, 20_____
(the "Franchise Agreement")

I have elected to purchase my Franchised Business(es) under the Reduced Initial Fee Program.

I understand that if I have elected to purchase my Franchised Business(es) under the Reduced Initial Fee Program that:

- The Reduced Initial Fee Program is an entirely new offering for the 2022 Franchise Disclosure Document and that CarePatrol Franchise Systems, LLC makes no assurances that it will achieve similar results as the Standard Offering Program described herein.
- My monthly Royalty Fee will be the greater of **12.5% of my Gross Sales** or the minimum fees described in Section 3.5.1. of the Franchise Agreement;
- Upon renewal, I **may not** elect or switch to the then lower Standard Offering Royalty Fee rates. I also understand that the renewal agreement, if so offered, will contain the fees associated with the then Reduced Initial Fee Offering Program; and
- Upon transfer, the transferee **may not** elect or switch to the then lower Standard Offering Royalty Fee rates. I also understand that the transferee's franchise agreement, if so offered, will contain the fees associated with the then Reduced Initial Fee Offering Program.

FRANCHISOR:
CarePatrol Franchise Systems, LLC
A Delaware Limited Liability Company

By: Stephen D. Greenwald
By: In-house Counsel

FRANCHISEE:

By: _____
Title: _____

**ADDENDUM B
TO THE FRANCHISE AGREEMENT**

PROTECTED TERRITORY
TO THAT CERTAIN CAREPATROL FRANCHISE AGREEMENT
BY AND BETWEEN CAREPATROL FRANCHISE SYSTEMS, LLC
AND _____
DATED _____
(the "Franchise Agreement")

1. Protected Territory. You agree that the Franchised Business and its Approved Location must be located in the following United States Postal Service ("USPS") ZIP Codes: _____
2. Demographic Changes within the Protected Territory. You understand that over the term of the Franchise Agreement, the number of USPS ZIP Codes, beds, senior housing facilities, and population within your Protected Territory may change which may result in your Protected Territory either gaining or losing some or all of these underlying demographics. However, we will attempt to work with you to minimize the impact of such a change.
3. Franchised Business Opening. You agree to complete the development of the Franchised Business and open the Franchised Business to the public per the terms and conditions of Section 5 of the Franchise Agreement.
4. Defined Terms. All capitalized or initial capitalized terms contained in this Addendum B and not defined in this Addendum have the same meaning as ascribed to them in the Franchise Agreement.
5. In accordance with CarePatrol Franchise Systems', LLC standardization requirement, you will establish the "Doing Business As" (DBA) name of CarePatrol - _____.

We reserve the right to change your "Doing Business As" (DBA) designation in order to align it to any new processes or operating standards.

FRANCHISOR:
CarePatrol Franchise Systems, LLC
A Delaware Limited Liability Company

By: Stephen D. Greenwald
By: In-house Counsel

FRANCHISEE:

By: _____
Title: _____

**ADDENDUM C
TO THE FRANCHISE AGREEMENT**

CORPORATION OR L.L.C. INFORMATION

If the Franchisee is a corporation or limited liability company ("L.L.C.") the following information is required:

NAME OF CORPORATION OR L.L.C.: _____

ADDRESS OR LOCATION OF PRINCIPAL OFFICE OR PLACE OF BUSINESS:
_____ Telephone (____) _____

STATE OF INCORPORATION OR ORGANIZATION: _____

If incorporated or organized under the laws of a state other than where it will carry on the franchised business, the corporation or L.L.C. will provide to Franchisor a certification of qualification or authority to do business in the state of operation, dated no more than 30 days prior to the execution of the Franchise Agreement.

The receipt of the above and the following information is a condition precedent to any obligation of the Franchisor in regard to the Franchise Agreement.

ATTACHMENTS:

- a) Certified copy of your Articles of Incorporation or Articles of Organization and a copy of the entity's by-laws or operating agreement, as the case may be, certified by an officer or member and all amendments thereto and restatements thereof, duly certified by the Secretary of State (of the state in which it is incorporated or organized) dated no more than 30 days prior to the execution of the Franchise Agreement.
- b) Certificate of good standing or due organization of the corporation or L.L.C. from the Secretary of State under the same conditions as a) above.
- c) A listing of names and addresses of all stockholders or members, officers and directors of the corporation or L.L.C. with the amount of stock or membership interest owned by each stockholder.
- d) A certified resolution by the board of directors or members authorizing the corporation or L.L.C. to enter into the Franchise Agreement with CarePatrol Franchise Systems, LLC and designating the name of the officer authorized to execute the Franchise Agreement on behalf of the corporation or L.L.C.
- e) A written personal guaranty in the form attached hereto from one or more of the members, officers, directors or managers of the corporation, as determined by Franchisor, providing for the personal guaranty of all of the obligations of the Franchisee under the Franchise Agreement.
- f) A written document stating the name of the member, officer, director, or other principal responsible for the day-to-day operation of the Franchised Business.

Submitted this _____ day of _____, 20____.

ADDENDUM D
TO THE FRANCHISE AGREEMENT
ELECTRONIC FUNDS TRANSFER

Authorization Agreement for Electronic Funds Transfer Via The Automated Clearing House (ACH)

Company Name _____

I (we) hereby authorize CarePatrol Franchise Systems, LLC, hereinafter called COMPANY, to initiate debit entries to my (our):

☐ Checking Account ☐ Savings Account

This is indicated below and the depository named below, hereinafter called DEPOSITORY, to debit same to such account.

Depository Name: _____

Branch: _____

City: _____ State: _____ ZIP Code: _____

Transit/ABA Number: _____

Account Number: _____

This authority is to remain in full force and effect until COMPANY and DEPOSITORY has received written notification from me (or either of us) of its termination in such time and in such manner as to afford COMPANY and DEPOSITORY a reasonable opportunity to act on it.

Name: _____ Date: _____

Signature: _____

Name: _____ Date: _____

Signature: _____

ADDENDUM E
TO THE FRANCHISE AGREEMENT

CAREPATROL DOMAIN NAMES

- | | |
|-------------------------------------|---------------------------------------|
| 1. ASSISTEDLIVING911.ORG | 29. CAREPATROLNY.COM |
| 2. ASSISTEDLIVING CALCULATOR.COM | 30. CAREPATROLOFGREATERHOUSTON.COM |
| 3. ASSISTEDLIVINGONDEMAND.COM | 31. CAREPATROLOFHOUSTON.COM |
| 4. ASSISTEDLIVINGREPORTS.COM | 32. CAREPATROLPLYMOUTH.COM |
| 5. CALCULATED.CARE | 33. CAREPATROLPNW.COM |
| 6. CALCULATECARE.NET | 34. CAREPATROLPOLKFL.COM |
| 7. CAREPATROL.BIZ | 35. CAREPATROLRICHMOND.COM |
| 8. CAREPATROL.CO | 36. CAREPATROLTAMPA.COM |
| 9. CAREPATROL.COM | 37. CAREPATROLTERRITORYCHECK.COM |
| 10. CARE-PATROL.COM | 38. COMMUNITYINTEGRATIONMODEL.COM |
| 11. CAREPATROL.INFO | 39. COMMUNITYINTEGRATIONMODEL.NET |
| 12. CARE-PATROL.INFO | 40. COMMUNITYINTEGRATIONMODEL.ORG |
| 13. CAREPATROL.NET | 41. DISCOVERCAREPATROL.COM |
| 14. CAREPATROL.ORG | 42. DISCOVERCAREPATROLFRANCHISES.COM |
| 15. CREPATROLBALTIMORE.COM | 43. ELDERBENEFIT.COM |
| 16. CAREPATROL-CMS.COM | 44. FINDASSISTEDLIVING.EXPERT |
| 17. CAREPATROLCT.COM | 45. HOWTOPAYFORASSISTEDLIVING.COM |
| 18. CAREPATROLEASTVALLEY.COM | 46. KEEPINGMOMSAFE.COM |
| 19. CAREPATROLFORSENIORS.COM | 47. LOWERYOURMSPB.COM |
| 20. CAREPATROLFRANCHISE.COM | 48. MYMEDCHECKS.COM |
| 21. CAREPATROLGRETERSAINSTLOUIS.COM | 49. MYPARENTSSENIORCARE.COM |
| 22. CAREPATROLHOUSTON.COM | 50. SAFERDISCHARGES.COM |
| 23. CAREPATROLHQ.COM | 51. TALKINGTOYOURPARENTS.COM |
| 24. CAREPATROLKC.COM | 52. THECOMMUNITYINTEGRATIONMODEL.COM |
| 25. CAREPATROLLAC.COM | 53. THE COMMUNITYINTEGRATIONMODEL.NET |
| 26. CAREPATROLMIDTN.COM | 54. THECOMMUNITYINTEGRATIONMODEL.ORG |
| 27. CAREPATROLNAZ.COM | 55. WELCOMEHOMEMEALS.COM |
| 28. CAREPATROLNWPHOENIX.COM | |

**ADDENDUM F
TO THE FRANCHISE AGREEMENT**

HIPAA BUSINESS ASSOCIATE AGREEMENT (45 CFR §164.504(e))

This BUSINESS ASSOCIATE Agreement (the “BA Agreement”) is made this ____ day of _____, 20__ by and between _____ (hereinafter “COVERED ENTITY”).

AND

CarePatrol Franchise Systems, LLC hereinafter ‘BUSINESS ASSOCIATE’, with its principal place of business located at 900 Wilshire Drive, Suite 102, Troy, MI 48084.

Recitals

- A. BUSINESS ASSOCIATE performs, or assists in the performance of, a function or activity or provides services of a type for COVERED ENTITY that makes BUSINESS ASSOCIATE a “business associate” for purposes of the HIPAA Privacy Regulations. {45 CFR §160.103}
- B. COVERED ENTITY will disclose Protected Health Information to BUSINESS ASSOCIATE in conjunction with the function, activity or services performed or provided by BUSINESS ASSOCIATE. {45 CFR §160.103}
- C. COVERED ENTITY will disclose electronic health information to BUSINESS ASSOCIATE in conjunction with the function, activity or services performed or provided by BUSINESS ASSOCIATE.
- D. COVERED ENTITY and BUSINESS ASSOCIATE desire to enter into a BA Agreement as required by the HIPAA Privacy and Security Regulations to provide satisfactory assurance to COVERED ENTITY that BUSINESS ASSOCIATE will appropriately safeguard that Protected Health Information. {45 CFR §164.502(e)(1)}

Agreement

NOW THEREFORE, COVERED ENTITY and BUSINESS ASSOCIATE agree as follows:

- 1. **Definitions.** The following terms are defined as set forth below. Any terms used but not otherwise defined in this BA Agreement have the definitions set forth in the Regulations and the Health Information Technology for Economic and Clinical Health Act (“HITECH”), found in Title XIII of the American Recovery and Reinvestment Act of 2009, Public Law 111-005, and any regulations promulgated thereunder.
 - a. “Breach” shall have the meaning set forth in 45 C.F.R. § 164.402.b. “Electronic Protected Health Information” shall mean individually identifiable health information that is transmitted by or maintained by electronic media. It includes devices in computers and any removable/transportable digital memory medium. Transmission media include the internet, xtranet or intranet, leased lines, dial-up lines, private networks, and physical movement of removable/transportable media. Certain transmissions, including of paper, via facsimile, and of voice, via telephone, are not considered to be transmissions via electronic media if the information being exchanged did not exist in electronic form immediately before the transmission. {45 CFR §160.103}
 - b. “HIPAA Privacy Regulations” shall mean the regulations at 45 CFR §160 and §164, subparts A and E.

- c. "HIPAA Security Regulations" shall mean the regulations at 45 CFR §160 and §164, subpart C.
- d. "HIPAA Breach Notification Rule" shall mean the regulations at 45 CFR §164, subpart D.
- e. "HIPAA Rules" shall mean the HIPAA Privacy Regulations, the HIPAA Security Regulations, the HIPAA Breach Notification Rule and the HIPAA enforcement rule at 45 CFR §160, subpart C.
- f. "Individual" shall have the same meaning as the term "individual" in 45 C.F.R. § 160.103 and shall include a person who qualifies as a personal representative in accordance with 45 C.F.R. § 164.502(g).
- g. "Protected Health Information" or "PHI" means, subject to the definition provided at 45 C.F.R. § 160.103, individually identifiable health information that BUSINESS ASSOCIATE receives from COVERED ENTITY or creates, receives, transmits or maintains on behalf of COVERED ENTITY for purposes of performing the services under the Engagement. Unless otherwise stated in this BA Agreement, any provision, restriction or obligation in this BA Agreement related to the use of PHI shall apply equally to EPHI.
- h. "Regulations" shall mean collectively the HIPAA Security Regulations, the HIPAA Privacy Regulations, the HIPAA Breach Notification Rule and the HIPAA enforcement rule at 45 CFR §160, subpart C.
- i. "Required by Law" shall have the same meaning as the term "required by law" in 45 C.F.R. § 164.103.
- j. "Secretary" shall mean the Secretary of the Department of Health and Human Services or their designee.
- k. "Security Incident" means the attempted or successful unauthorized access, use, disclosure, modification or destruction of information or interference with the system operations in an information system. {45 CFR §164.304}
- l. "Subcontractor" means a person to whom a business associate delegates a function, activity or service, other than in the capacity of a member of the workforce of such business associate.
- m. "Unsecured Protected Health Information" means Protected Health Information that is not rendered unusable, unreadable, or indecipherable to unauthorized individuals through the use of a technology or methodology specified by the Secretary. {45 CFR 164.402}

BUSINESS ASSOCIATE acknowledges and agrees that all PHI that is created or received by COVERED ENTITY and disclosed or made available in any form by COVERED ENTITY to BUSINESS ASSOCIATE, or is created, received, maintained or transmitted by BUSINESS ASSOCIATE on COVERED ENTITY's behalf, will be subject to this BA Agreement. This BA Agreement will commence upon the Contract Date and will continue as long as BUSINESS ASSOCIATE has use, custody or access to PHI subject to this BA Agreement, and thereafter for the period required by the Regulators.

2. **Restriction on Use and Disclosure of Protected Health Information.** Except as permitted or required by this BA Agreement or as required by law, BUSINESS ASSOCIATE shall not use, de-identify, or further disclose any Protected Health Information disclosed or otherwise made available to it by COVERED ENTITY. {45 CFR §164.504(e)(2)(i) and (e)(2)(ii)(A)}
3. **Authorized Uses and Disclosures.** Except as otherwise limited in this BA Agreement, BUSINESS

ASSOCIATE is hereby authorized to use and disclose Protected Health Information for the following purposes:

- a. *Generally.* BUSINESS ASSOCIATE may use or disclose Protected Health Information on behalf of, or to provide services to, COVERED ENTITY for the following purposes, if such use or disclosure of Protected Health Information would not violate the HIPAA Privacy Regulations if done by COVERED ENTITY or the minimum necessary policies and procedures of COVERED ENTITY: Provide ongoing assistance with the operations of the COVERED ENTITY's franchised business. {45 CFR §164.504(e)(2)}
- b. *Management and Administration.* BUSINESS ASSOCIATE may use and disclose Protected Health Information for the proper management and administration of BUSINESS ASSOCIATE or to carry out the legal responsibilities of BUSINESS ASSOCIATE, provided:
 - I. The disclosure is required by law; or,
 - II. BUSINESS ASSOCIATE obtains reasonable assurances from the person to whom the information is disclosed that it will be held confidentially and used or further disclosed only as required by law or for the purpose for which it was disclosed to the person and the person will immediately notify the BUSINESS ASSOCIATE of any instances of which it is aware in which the confidentiality of the information has been breached. {45 CFR §164.504(e)(2)(i)(A) and 45 CFR §164.504(e)(4)}
- c. *Violations of Law.* BUSINESS ASSOCIATE may use Protected Health Information to report violations of law to appropriate Federal and State authorities, consistent with 20 CFR §164.502(j)(1).

4. **BUSINESS ASSOCIATE'S Obligations.**

- a. *Representation and Acknowledgment.* BUSINESS ASSOCIATE represents that it has complied and will comply with the requirements of the Regulations applicable to it and acknowledges that it is aware that it is subject to the civil and criminal penalties of section 1176 and 1177 of the Social Security Act.
- b. *Safeguards.* BUSINESS ASSOCIATE shall use appropriate safeguards, and comply, where applicable, with the HIPAA Security Regulations with respect to electronic Protected Health Information, to prevent use or disclosure of Protected Health Information other than as permitted or required by this BA Agreement or as required by law. {45 CFR §164.504(e)(2)(ii)(B)}
- c. *Security of Electronic Protected Health Information.* BUSINESS ASSOCIATE shall implement administrative, physical and technical safeguards that reasonably and appropriately protect the confidentiality, integrity and availability of the electronic Protected Health Information that it creates, receives, maintains or transmits on behalf of COVERED ENTITY. {45 CFR §164.314(a)(2)(i)(A)}
- d. *Reporting.* BUSINESS ASSOCIATE shall report to COVERED ENTITY any use or disclosure of Protected Health Information not permitted by this BA Agreement of which it becomes aware, including Breaches of Unsecured Protected Health Information as required by the HIPAA Breach Notification Rule.
- e. *Subcontractors.* BUSINESS ASSOCIATE shall ensure that any subcontractors that create or receive Protected Health Information on behalf of BUSINESS ASSOCIATE agree to the same restrictions and conditions that apply to BUSINESS ASSOCIATE with respect to such information. {45 CFR §164.314(a)(2)(i)(B)}

- f. *Providing Electronic Protected Health Information to Agents or Subcontractors.* BUSINESS ASSOCIATE shall ensure that any agent, including a subcontractor, to whom it provides electronic Protected Health Information, agrees to implement reasonable and appropriate safeguards to protect the electronic Protected Health Information. {45 CFR §164.314(a)(2)(i)(B)}
- g. *Individual's Access to Information.* BUSINESS ASSOCIATE shall make available and permit access to Protected Health Information about an individual by that individual in accordance with 45 CFR §164.524, {45 CFR §164.504(e)(2)(ii)(E)}
- h. *Amendment of Protected Health Information.* BUSINESS ASSOCIATE shall make available to COVERED ENTITY Protected Health Information for amendment and incorporate any amendments to Protected Health Information in accordance with 45 CFR §164.526. {45 CFR §164.504(e)(2)(ii)(P)}
- i. *Accounting of Disclosures.* BUSINESS ASSOCIATE shall document such disclosures of Protected Health Information and information related to such disclosures as would be required for COVERED ENTITY to respond to a request by an individual for an accounting of disclosures of Protected Health Information in accordance with 42 CFR §164.528.

BUSINESS ASSOCIATE shall make available the information required to provide an accounting of disclosures in accordance with 42 CFR §164.528. Such information shall be given to COVERED ENTITY by BUSINESS ASSOCIATE within 20 days after COVERED ENTITY notifies BUSINESS ASSOCIATE of COVERED ENTITY need for the information. {45 CFR §164.504(e)(2)(ii)(G)}

5. COVERED ENTITY's Obligations.

- a. *Provisions for COVERED ENTITY to Inform BUSINESS ASSOCIATE of Privacy Practices and Restrictions.*
 - I. COVERED ENTITY shall notify BUSINESS ASSOCIATE of any limitation(s) in its Notice of Privacy Practices of COVERED ENTITY in accordance with 45 CFR §164.520, to the extent that such limitation may affect BUSINESS ASSOCIATE's use or disclosure of Protected Health Information.
- b. *Permissible Requests by COVERED ENTITY.*
 - I. COVERED ENTITY shall not request BUSINESS ASSOCIATE to use or disclose protected health information in any manner that would not be permissible under the HIPAA privacy regulations if done by COVERED ENTITY.

6. Breach Notification.

- a. *Notice to COVERED ENTITY.* BUSINESS ASSOCIATE will report to COVERED ENTITY any suspected Breach of Unsecured PHI by BUSINESS ASSOCIATE or any of its officers, directors, employees, Subcontractors or agents. All notifications required under this Section will be made by BUSINESS ASSOCIATE without unreasonable delay and in no event later than ten (10) days of discovery. BUSINESS ASSOCIATE will use the standard at 45 C.F.R. § 164.410(a) to determine when the suspected Breach is treated as discovered. COVERED ENTITY shall have discretion to determine whether a suspected Breach has given rise to a Breach. BUSINESS ASSOCIATE will cooperate with COVERED ENTITY and provide such information as COVERED ENTITY reasonably requires in making this determination. In notifying COVERED ENTITY of a suspected Breach, BUSINESS ASSOCIATE will provide, to the extent reasonably possible, as much of the

information it has that would be required in notifying a COVERED ENTITY of a Breach, under 45 C.F.R. § 164.410. If COVERED ENTITY determines that a Breach has occurred, BUSINESS ASSOCIATE will provide any other available information that COVERED ENTITY is required to include in its notification to individuals pursuant to 45 C.F.R. §164.404(c).

- b. *Notice to Individuals and Media.* In the event COVERED ENTITY determines a Breach has occurred that was caused by the acts or omissions of BUSINESS ASSOCIATE, its Subcontractors, officers, directors, employees or agents, BUSINESS ASSOCIATE will cooperate with COVERED ENTITY to notify, (i) individuals whose Unsecured PHI has been, or is reasonably believed by COVERED ENTITY to have been, accessed, acquired, used or disclosed, and (ii) the media, as required pursuant to 45 C.F.R. § 164.406, if the legal requirements for media notification are triggered by the circumstances of such Breach. BUSINESS ASSOCIATE will cooperate in COVERED ENTITY's Breach analysis process and procedures, if requested. COVERED ENTITY will at all times have the final decision about the content of any notification required to be given under the Regulations.
- c. *Proof of Encryption.* In the event of a Breach of Secured Protected Health Information, BUSINESS ASSOCIATE shall notify COVERED ENTITY of the Breach as stated in subparagraph (6)(a), above, and within 20 calendar days after giving such notice to COVERED ENTITY, provide proof satisfactory to COVERED ENTITY that such Protected Health Information was not Unsecured Protected Health Information. {42 CFR §164.402}

7. **Term and Termination.**

- a. **Generally.** This BA Agreement shall be effective when executed on behalf of both of the parties hereto and shall terminate when all of the Protected Health Information provided by COVERED ENTITY to BUSINESS ASSOCIATE, or created or received by BUSINESS ASSOCIATE on behalf of COVERED ENTITY, is destroyed or returned to COVERED ENTITY, or, if it is not feasible to return or destroy Protected Health Information, protections are extended to such information, in accordance with the termination provisions in this Paragraph (7).
- b. **Mutual Agreement.** This BA Agreement may be terminated by mutual written agreement of the parties.
- c. **Termination for Cause.** Upon COVERED ENTITY's knowledge of a material breach of this BA Agreement by BUSINESS ASSOCIATE. COVERED ENTITY shall either
 - I. Provide an opportunity for BUSINESS ASSOCIATE to cure the breach or end the violation and terminate the BA Agreement if BUSINESS ASSOCIATE does not cure the breach or end the violation within the time specified by COVERED ENTITY;
 - II. Immediate terminate the BA Agreement if BUSINESS ASSOCIATE has breached a material term of this BA Agreement and cure is not possible.
- d. *Effect of Termination.*
 - I. Except as provided in paragraph (2) below, upon termination of this BA Agreement for any reason, BUSINESS ASSOCIATE shall return or destroy all Protected Health Information received from COVERED ENTITY, or created or received by BUSINESS ASSOCIATE on behalf of COVERED ENTITY that BUSINESS ASSOCIATE maintains in any form. This provision also shall apply to Protected Health Information that is in the possession of subcontractors of BUSINESS ASSOCIATE. BUSINESS ASSOCIATE shall retain no copies of the Protected Health Information.

- II. In the event that BUSINESS ASSOCIATE determines that returning or destroying the protected information is not feasible, BUSINESS ASSOCIATE shall provide to COVERED ENTITY notification of the conditions that make return or destruction not feasible. BUSINESS ASSOCIATE shall extend the protections of this BA Agreement to such Protected Health Information and limit further uses and disclosures of such Protected Health Information to those purposes that make the return or destruction not feasible, for so long as BUSINESS ASSOCIATE maintains such Protected Health Information.
8. **Subpoena.** In the event BUSINESS ASSOCIATE receives a subpoena for any Protected Health Information in BUSINESS ASSOCIATE's possession, BUSINESS ASSOCIATE shall immediately notify COVERED ENTITY of the subpoena and deliver a copy of the subpoena to COVERED ENTITY. BUSINESS ASSOCIATE shall respond to the subpoena only in accordance with the HIPAA Privacy Regulations.
9. **Notices.** Any notices required or permitted to be given under this BA Agreement shall be in writing and shall be personally delivered or sent by certified or registered mail, first class postage prepaid, return receipt requested, or by prepaid overnight delivery services such that proof of delivery will be obtained, and shall be addressed as set forth below or to such other address as may be specified in a prior written notice to the other party: To those addresses indicated in the COVERED ENTITY'S Franchise Agreement with BUSINESS ASSOCIATE.
- Such notice shall be deemed to be given on the date it is deposited in the mail as stated above, on the date it is given to the overnight delivery service or the date it is given personally to the party to whom it is directed. A notice shall be deemed to have been given personally to a party if it is handed to the representative of the party to whom the notice must be addressed or if left at his or her office located at the street address to which a notice would be mailed.
10. **Amendment.** This BA Agreement may not be changed, modified or amended except by a written agreement executed on behalf of each of the parties.
11. **No Waiver.** No waiver of one or more of the provisions of this BA Agreement or the failure to enforce any provision of this BA Agreement by either party shall be construed as a waiver of any subsequent breach of this BA Agreement, nor a waiver of the right at any time thereafter to require strict compliance with all of its terms.
12. **Entire Agreement.** This BA Agreement sets forth the entire agreement and understanding between the parties as to the matters contained in it, and supersedes all prior discussions, agreements and understandings of every kind and nature between them.
13. **Headings.** The headings placed between the various paragraphs and subparagraphs of this BA Agreement are inserted for ease of reference only, do not constitute a part of this BA Agreement, and shall not be used in any way whatsoever in the construction or interpretation of this BA Agreement.
14. **Interpretation.** Any ambiguity in this BA Agreement shall be resolved to permit COVERED ENTITY to comply with the HIPAA Privacy Rule, 45 CFR §164.500 et seq., the HIPAA Security Rule, 45 CFR §164.302 et seq., and the HIPAA Breach Notification Rule, 45 CFR §164.400 et seq., as each may be amended from time to time.
15. **Governing Law.** This BA Agreement shall be construed and enforced in accordance with, and governed by, the laws of the State of Arizona.
- IN WITNESS WHEREOF, the parties hereto have caused this BA Agreement to be executed by their duly authorized representatives on the date set forth below.

BUSINESS ASSOCIATE/FRANCHISOR:
CarePatrol Franchise Systems, LLC
A Delaware Limited Liability Company

By: Stephen D. Greenwald
By: In-house Counsel

COVERED ENTITY/FRANCHISEE:

By: _____
Title: _____

**ADDENDUM G
TO THE FRANCHISE AGREEMENT**

SAMPLE CONVERSION ADDENDUM

This Conversion Addendum to the Franchise Agreement (“Conversion Addendum”), dated as of the Contract Date of the Franchise Agreement is attached to and made part of the Franchise Agreement, by and between **CarePatrol Franchise Systems, LLC**, (the “Franchisor”) and _____ formed and operating under the laws of the State of _____, and _____, an individual (the “Franchisee”) for the purpose of modifying and amending the terms of the Franchise Agreement.

RECITALS place at one of our national accounts.

- A. Prior to the Contract Date, Franchisee operated a standalone business (the “Standalone Business”) that provides services dedicated to selling the personal property including, but not limited to, furniture, tools, jewelry, décor as well as the provision of consignment sales for those who are downsizing, relocating or are deceased. (“Approved Services”).
- B. Franchisor has developed a program wherein certain Standalone Businesses may convert their Standalone Business to a Franchised Business in order to operate under Franchisor’s Proprietary Marks and reap the benefits of participating in the System (the “Conversion Program.”)

The Parties agree:

- 1. Any term defined in the Franchise Agreement which is not defined in this Conversion Addendum will be ascribed the meaning given to it in the Franchise Agreement.
- 2. In the event of a conflict between the terms of the Franchise Agreement and the terms of this Conversion Addendum, the terms of this Conversion Addendum will control.
- 3. Except as specifically modified by this Conversion Addendum, all terms of the Franchise Agreement are in full force and effect.
- 4. Franchisee represents and warrants to Franchisor that all balance sheets, income statements and other financial information that Franchisee furnished to Franchisor to determine the total gross revenue of Franchisee’s Standalone Business are accurate and correct in all material respects. Franchisee acknowledges that Franchisor has relied upon such information as provided by Franchisee in determining Franchisee’s qualification for the Conversion Program evidenced by this Conversion Addendum.
- 5. Royalty Calculation. During the term of the Franchise Agreement, you will pay us the following non-refundable, monthly Royalty Fee via EFT.

ROYALTY FEE CALCULATION	
TIME PERIOD	MONTHLY ROYALTY FEE

*Minimum performance will be determined by Franchisor prior to execution of the Franchise Agreement and based on Franchisee's then-current annualized gross sales.

6. During the term of our Franchise Agreement, the National Advertising Fee as well as the National Invoicing Fee for a Conversion Franchise will be the same as those of a new franchisee.
7. This Conversion Addendum, together with the Franchise Agreement to which it is attached, constitutes the entire agreement of the parties with respect to the subject matter hereof and may not be further modified or amended except in a written agreement signed by both parties.

IN WITNESS WHEREOF, the parties hereto have duly executed this Conversion Addendum to be effective as of the Contract Date.

FRANCHISOR:
CarePatrol Franchise Systems, LLC
A Delaware Limited Liability Company

By: Stephen D. Greenwald
By: In-house Counsel

FRANCHISEE:

By: _____
Title: _____

**ADDENDUM H
TO THE FRANCHISE AGREEMENT**

SAMPLE MULTIPLE TERRITORY AGREEMENT

This Multiple Territory Agreement (“Agreement”) is effective this ___ day of ___, 20__ (“Contract Date”) by and between CarePatrol Franchise Systems, LLC (“we,” “us,” “our,” or “Franchisor”) and _____ (“you,” your,” or “Franchisee”) (together the “Parties”).

RECITALS

A. The Parties have entered contemporaneously with this Agreement into three separate franchise agreements (the “Franchise Agreements”) for three distinct territories identified within those Franchise Agreements as: _____ (“Territory 1”), _____, (“Territory 2”), and _____ (“Territory 3”). (Hereinafter, as a singular, “Territory,” and together, “Territories”)

B. The Parties desire to align certain terms and conditions of the Franchise Agreements.

C. The Parties agree that any term defined in the Franchise Agreements which are not defined in this Agreement will be ascribed the meaning given to it in the Franchise Agreements.

The Parties agree:

1. Staffing Requirements. You agree that in order to properly develop and grow your Franchised Businesses, no later than six months from Territory 1’s Open Date, you must hire and thereafter continuously employ a full-time, dedicated marketer for each Territory. Failure to staff as required will be deemed a material default.

2. Royalty Fees. During the term of the Franchise Agreements, on 20th day of each month, collected one month in arrears, you will pay us a monthly Royalty Fee as calculated follows:

ROYALTY FEE CALCULATION	
STANDARD OFFERING	REDUCED INITIAL FEE OFFERING
10% of Gross Sales up to \$16,667; plus 8% of Gross Sales between \$16,668 to \$33,334; plus 6% of Gross Sales over \$33,335	12.5% of Gross Sales

The Royalty Fee is subject to the following monthly minimum royalty (the “Minimum Monthly Royalty Fee”). Each month, you must pay a Royalty Fee equal to the greater of your elected Royalty Fee Calculation set forth in the above table or the Minimum Monthly Royalty Fee set forth in the table below.

TIME IN BUSINESS AND MINIMUM ROYALTY FEE CALCULATION – TERRITORY 1

IF YOUR CURRENT TIME IN BUSINESS PERIOD IS....	YOUR MINIMUM MONTHLY ROYALTY FEE WILL BE...	
	STANDARD OFFERING	REDUCED INITIAL FEE OFFERING
Open Date through the 2 nd Month of Operation	The Standard Offering Royalty Fee Calculation	The Reduced Initial Fee Offering Royalty Fee Calculation
3 rd Month of Operation through the 12 th Month of Operation	Greater of \$300 or the Standard Offering Royalty Fee Calculation	Greater of \$475 or the Reduced Initial Fee Offering Royalty Fee Calculation
13 th Month of Operation through the 24 th Month of Operation	Greater of \$600 or the Standard Offering Royalty Fee Calculation	Greater of \$950 or the Reduced Initial Fee Offering Royalty Fee Calculation
25 th Month of Operation through the 36 th Month of Operation	Greater of \$900 or the Standard Offering Royalty Fee Calculation	Greater of \$1,425 or the Reduced Initial Fee Offering Royalty Fee Calculation
37 th Month of Operation through the 48 th Month of Operation	Greater of \$1,200 or the Standard Offering Royalty Fee Calculation	Greater of \$1,875 or the Reduced Initial Fee Offering Royalty Fee Calculation
49 th Month of Operation through the Remaining Term	Greater of \$1,500 or the Standard Offering Royalty Fee Calculation	Greater of \$2,350 or the Reduced Initial Fee Offering Royalty Fee Calculation
Any Interim Period Month	Greater of \$3,000 or the Standard Offering Royalty Fee Calculation	Greater of \$4,700 or the Reduced Initial Fee Offering Royalty Fee Calculation

TIME IN BUSINESS AND MINIMUM ROYALTY FEE CALCULATION – TERRITORY 2 & 3

IF YOUR CURRENT TIME IN BUSINESS PERIOD IS....	YOUR MINIMUM MONTHLY ROYALTY FEE WILL BE...	
	STANDARD OFFERING	REDUCED INITIAL FEE OFFERING
Territory 1 Open Date through the 6 th Month of Operation	The Standard Offering Royalty Fee Calculation	The Reduced Initial Fee Offering Royalty Fee Calculation
7 th Month of Operation through the 12 th Month of Operation	Greater of \$300 or the Standard Offering Royalty Fee Calculation	Greater of \$475 or the Reduced Initial Fee Offering Royalty Fee Calculation
13 th Month of Operation through the 24 th Month of Operation	Greater of \$600 or the Standard Offering Royalty Fee Calculation	Greater of \$950 or the Reduced Initial Fee Offering Royalty Fee Calculation
25 th Month of Operation through the 36 th Month of Operation	Greater of \$900 or the Standard Offering Royalty Fee Calculation	Greater of \$1,425 or the Reduced Initial Fee Offering Royalty Fee Calculation
37 th Month of Operation through the 48 th Month of Operation	Greater of \$1,200 or the Standard Offering Royalty Fee Calculation	Greater of \$1,875 or the Reduced Initial Fee Offering Royalty Fee Calculation

TIME IN BUSINESS AND MINIMUM ROYALTY FEE CALCULATION – TERRITORY 2 & 3		
49 th Month of Operation through the Remaining Term	Greater of \$1,500 or the Standard Offering Royalty Fee Calculation	Greater of \$2,350 or the Reduced Initial Fee Offering Royalty Fee Calculation
Any Interim Period Month	Greater of \$3,000 or the Standard Offering Royalty Fee Calculation	Greater of \$4,700 or the Reduced Initial Fee Offering Royalty Fee Calculation

To avoid any confusion, you will pay the Royalty Fee on your Gross Sales beginning on Territory 1's Open Date for any revenue generated in Territory 2 and Territory 3.

3. National Advertising Fees. During the term of the Franchise Agreements, on the 20th day of each month, collected one month in arrears, you will pay us a monthly National Advertising Fee as calculated follows:

NATIONAL ADVERTISING FEE CALCULATION – TERRITORY 1	
TIME IN BUSINESS	NATIONAL ADVERTISING FEE
Territory 1 Open Date through the 2 nd Month of Operation	1% of Gross Sales
3 rd Month of Operation through Remaining Term	Greater of \$300 or 1% of Gross Sales

NATIONAL ADVERTISING FEE CALCULATION – TERRITORY 2 & 3	
TIME IN BUSINESS	NATIONAL ADVERTISING FEE FOR EACH TERRITORY
Territory 1 Open Date through the 6 th Month of Operation	No National Advertising Fee
7 th Month of Operation through the 9 th Month of Operation	1% of Gross Sales
10 th Month of Operation through Remaining Term	Greater of \$300 or 1% of Gross Sales

To avoid any confusion, you will pay 1% of your Gross Sales toward your National Advertising Fee beginning on Territory 1's Open Date for any revenue generated in Territory 2 and Territory 3.

4. Minimum Performance Requirements. We require you meet the following Minimum Performance Requirements.

MINIMUM PERFORMANCE REQUIREMENTS – TERRITORY 1	
BY THE END OF YOUR...	YOU MUST ACHIEVE...
Territory 1 Open Date through the 12 th Month of Operations	Gross Sales of \$50,000 or 15 placements, whichever is greater.
13 th Month of Operations through the 24 th Month of Operations	Gross Sales of \$75,000 or 20 placements, whichever is greater.

MINIMUM PERFORMANCE REQUIREMENTS – TERRITORY 1	
25 th Month of Operations through the 36 th Month of Operations	Gross Sales of \$125,000 or 35 placements, whichever is greater.
37 th Month of Operations through the 48 th Month of Operations	Gross Sales of \$250,000 or 70 placements, whichever is greater.
49 th Month of Operations through the Remaining Term	Gross Sales of \$300,000 or 85 placements, whichever is greater
Any Quarterly Interim Period	Gross Sales of \$87,500 or 25 placements, whichever is greater.

MINIMUM PERFORMANCE REQUIREMENTS – TERRITORY 2 & 3	
BY THE END OF YOUR...	YOU MUST ACHIEVE FOR EACH TERRITORY...
Territory 1 Open Date through the 6 th Month of Operations	None
7 th Month of Operations through the 12 th Month of Operations	Gross Sales of \$25,000 or 7 placements, whichever is greater
13 th Month of Operations through the 24 th Month of Operations	Gross Sales of \$75,000 or 20 placements, whichever is greater.
25 th Month of Operations through the 36 th Month of Operations	Gross Sales of \$125,000 or 35 placements, whichever is greater.
37 th Month of Operations through the 48 th Month of Operations	Gross Sales of \$250,000 or 70 placements, whichever is greater.
49 th Month of Operations through the Remaining Term	Gross Sales of \$300,000 or 85 placements, whichever is greater
Any Quarterly Interim Period	Gross Sales of \$87,500 or 25 placements, whichever is greater.

5. Protected Territory Rights; Reduction of Protected Territory Rights. In order to maintain for Franchisee to maintain its Protected Territory rights, Franchisee must attain and maintain the Minimum Performance Requirements as stated in the Franchise Agreement and maintain the required minimum staffing.

6. Google Workspace® Fee. You are required to have at least one dedicated Google Workspace® license for each Territory.

7. Technology Fee. Your Technology Fee, as defined in the Franchise Agreements, for each Territory, is amended as follows:

TERRITORY	AMOUNT/FREQUENCY
Territory 1	\$449/Per Month
Territory 2	\$50/Per Month
Territory 3	\$50/Per Month

8. Annual Meetings; Regional Meetings. You are required to have at least one individual representing each Territory attend the Annual Meetings and Regional Meetings.

9. Reporting. You will submit separate reports for each Territory including, but not limited to, Gross Sales Reports.

10. Sale of Territories. In the event you sell or transfer any or some combination of the Territories to an unrelated, third-party, that new owner will be required to enter into the then current standard franchise agreement and will have no rights to any of the adjustments made under this Agreement.

9. Franchise Agreement Terms and Conditions. This Agreement in no way modifies or amends any other terms or obligations you may have in the Franchise Agreements. In the event of a conflict between the Agreement and the Franchise Agreements, the Franchise Agreements will prevail.

10. Counterparts. This Agreement may be executed in counterparts or by copies transmitted by telecopier or email, all of which shall be given the same force and effect as the original. This Agreement shall be effective when the signatures of all Parties have been affixed to counterparts or copies.

FRANCHISOR:
CarePatrol Franchise Systems, LLC
A Delaware Limited Liability Company

By: Stephen D. Greenwald
By: In-house Counsel

FRANCHISEE:

By: _____
Title: _____

**ADDENDUM I
TO THE FRANCHISE AGREEMENT**

SAMPLE PROMISSORY NOTE

[\$AMOUNT]

Date: _____

FOR VALUE RECEIVED, the undersigned, [INSERT OBLIGOR LEGAL ENTITY NAME] and [INSERT OBLIGOR INDIVIDUAL NAME/S] (together the “Obligor”) unconditionally promises to pay to the order of CarePatrol Franchise Systems, LLC (the “Holder”), a Delaware limited liability company, in lawful money of the United States of America and in immediately available funds, the principal sum of [AMOUNT] Dollars (\$[AMOUNT]), together with all accrued interest thereon and other amounts due hereunder, as provided in this Promissory Note, (“Note”).

1. **Interest.** Interest shall accrue on the unpaid principal balance of this Note at the rate of 10% from the Open Date as defined in the Franchise Agreement (whether by acceleration or otherwise). Interest shall be computed for the actual number of days elapsed on the basis of a year consisting of 365 days.

2. **Payments of Principal and Interest.** Obligor will pay principal and interest due under this Note in full in 60 consecutive monthly installments of [INSTALLMENT AMOUNT] (\$[#]). The first monthly installment shall be due on the first day of the month immediately following the Open Date. Each subsequent installment shall be due on the first day of each succeeding month; provided, however, the entire principal balance of this Note, together with all unpaid interest, costs, and expenses owing by the Obligor to the Holder, shall be paid in full not later than [FINAL DUE DATE]. Payment of principal, interest, fees, and expenses shall be made in lawful money of the United States of America, in immediately available funds via ACH made payable to Holder and delivered to the address as set forth above.

3. **Prepayment:** Obligor may at any time prepay this Note in whole or in part without premium, penalty or consent of the Holder. Each payment or prepayment will be applied first to fees, expenses, or charges outstanding under this Note or the other Loan Documents (as defined below), second to accrued but unpaid interest on the principal amount of this Note to the date of such prepayment, and third to the outstanding principal payments due under this Note in inverse order of maturity.

4. **Security Agreement.** Obligor hereby agrees to enter into a Security Agreement (as amended, restated, supplemented, or modified from time to time, the “Security Agreement”) granting Holder a security interest in certain Collateral (as defined in the Security Agreement) owned by Obligor as security for, among other things, Obligor’s obligations under this Note.

5. **Events of Default:** Upon the occurrence of any of the following events of default (each, a “Default”), the Holder may declare, by written notice to the Obligor, the entire unpaid balance of the principal amount hereof and any accrued interest thereon and fees and expenses in connection with the Loan Documents to be immediately due and payable, together with reasonable attorneys’ fees and disbursements incurred in connection with collection; provided, however, if a Default described in clause (e) of this Section occurs, the outstanding principal amount, accrued and unpaid interest, and all other amounts payable under the Loan Documents shall become immediately due and payable without notice, declaration, or other act on the part of the Holder. The Defaults are:

- a. Obligor’s failure to pay any installment of principal due hereunder after the same is due; or
- b. Obligor’s failure to pay any interest or other amounts owing to Holder after the same is due and such failure continues for seven (7) calendar days after such failure; or

- c. Any representation or warranty made by Obligor to Holder in any Loan Document contains an untrue or misleading statement of fact as of the date made; or
- d. Obligor fails or neglects to perform, keep, or observe any term, provision, condition, or covenant contained in any Loan Document; or
- e. If any of the following events or circumstances occur:
 - i. the Obligor institutes a voluntary case seeking relief under any law relating to bankruptcy, insolvency, reorganization, or other relief for debtors; or
 - ii. an involuntary case is commenced seeking the liquidation or reorganization of the Obligor under any law relating to bankruptcy or insolvency, and such case is not dismissed or vacated within sixty days of its filing; or
 - iii. the Obligor is unable, or admits in writing its inability, to pay its debts as they become due; or
 - iv. a general assignment for the benefit of creditors by the Obligor; or
 - v. the appointment of a receiver for the Obligor; or
 - vi. a case is commenced against the Obligor or its assets seeking attachment, execution, or similar process against all or a substantial part of its assets, and such case is not dismissed or vacated within sixty (60) days of its filing; or
- f. A default or event of default occurs under the Franchise Agreement entered into between Obligor and Holder dated [FA DATE] (the "Franchise Agreement")

In the event of default and/or acceleration, the Holder shall have all other rights and remedies provided by any law or by agreement. No failure on the part of the Holder in exercising any of its rights, powers or privileges hereunder shall operate as a waiver thereof or of any other exercise of such rights, powers or privileges or preclude any other or further exercise of any other right, power or privilege.

6. Notice of Default.

- a. Holder shall provide Obligor with written notice of Default and shall indicate therein whether Holder is declaring all outstanding amounts due and owing from Obligor to Holder immediately due in full. Written notice of Default is sufficient if it is served on the Obligor at the address provided for in the Franchise Agreement by electronic mail by personal service or delivery via overnight courier (i.e. FedEx or UPS).
- b. As soon as possible after it becomes aware that a Default has occurred, and in any event within one business day, the Obligor shall notify the Holder in writing of the nature and extent of such Default and the action, if any, it has taken or proposes to take with respect to such Default. Nothing contained in any correspondence from Obligor shall impact Holder's rights hereunder, including but not limited to the right of Holder to accelerate all amounts due and owing.

7. Attorneys' Fees. If this Note is not paid at maturity, regardless of how such maturity may be brought about, or is collected or attempted to be collected through the initiation or prosecution of any arbitration or suit or through any probate, bankruptcy or any other judicial proceedings, or is placed in the hands of an attorney for collection, Obligor shall pay, in addition to all other amounts owing hereunder, all actual expenses of collection, all court costs and reasonable attorney's fees incurred by the Holder.

8. Governing Law and Venue. This Note and the rights and obligations of the parties hereunder shall be governed by the laws of the United States of America and by the laws of the State of Arizona without regard to conflict of law provisions and is performable in Maricopa County, Arizona. Obligor consents to the exclusive jurisdiction of an Arizona state court located in Maricopa County, Arizona or the United States

District Court for the Phoenix Division of the District of Arizona for actions arising out of or related to this Note.

9. **WAIVER OF JURY TRIAL.** THE OBLIGOR HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY RELATING TO THIS NOTE OR THE TRANSACTIONS CONTEMPLATED HEREBY, WHETHER BASED ON CONTRACT, TORT, OR ANY OTHER THEORY.

10. **Business Day.** If any action is required or permitted to be taken hereunder on a Sunday, legal holiday or other day on which banking institutions in the State of Arizona are authorized or required to close, such action shall be taken on the next succeeding day which is a business day, and, to the extent applicable, interest on the unpaid principal balance shall continue to accrue at the applicable rate.

11. **Successors and Assigns.** This Note shall be binding on Obligor and its successors and assigns, and shall inure to the benefit of the Holder, its successors and assigns. Any reference to the Holder shall include any holder of this Note. The Obligor may not assign any of its rights, duties, or obligations under this Note to any person without the Holder's prior written consent. The Holder may assign any of its rights under this Note without notice to or consent of the Obligor.

12. **Amendments and Waivers.** No term of this Note may be waived, modified, or amended, except by an instrument in writing signed by the Obligor and the Holder. Any waiver of the terms hereof shall be effective only in the specific instance and for the specific purpose given.

13. **No Waiver; Remedies Cumulative.** No failure by the Holder to exercise and no delay in exercising any right, remedy, or power hereunder or under any other Loan Document shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, or power hereunder or under any other Loan Document preclude any other or further exercise thereof or the exercise of any other right, remedy, or power. The rights, remedies, and powers herein provided are cumulative and not exclusive of any other rights, remedies, or powers provided by law.

14. **Counterparts.** This Note and any amendments, waivers, consents, or supplements hereto may be executed in counterparts, each of which shall constitute an original, but all of which taken together shall constitute a single contract. Delivery of an executed counterpart of a signature page to this Note by facsimile or in electronic ("pdf" or "tiff") format shall be as effective as delivery of a manually executed counterpart of this Note.

HOLDER:

CarePatrol Franchise Systems, LLC
A Delaware Limited Liability Company

By: Stephen D. Greenwald
By: In-house Counsel

As Individuals;

OLBIGOR:

By: _____
Title: _____

**ADDENDUM J
TO THE FRANCHISE AGREEMENT**

SAMPLE SECURITY AGREEMENT

THIS SECURITY AGREEMENT (“Agreement”), dated as of [DATE] (“Effective Date”), is between CarePatrol Franchise Systems, LLC a Delaware limited liability company (the “Secured Party”) and [INSERT LEGAL NAME OF FRANCHISEE] (the “Debtor”).

RECITALS

A. This Agreement is in security of the obligations of the Debtor under a Promissory Note in the amount of [AMOUNT] executed by Debtor in favor of the Secured Party on [DATE] (as amended, restated, supplemented, or modified from time to time, the “Note,” capitalized terms used in this Agreement and not otherwise defined herein shall have the meanings ascribed thereto in the Note).

B. In order to secure all obligations of Debtor to Secured Party under the Note and the other Loan Documents, the Debtor agrees to grant Secured Party a first priority security interest in the Collateral (as defined herein).

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Grant of Security Interest. To secure the prompt and complete payment of all obligations of Debtor to Secured Party under the Note and the other Loan Documents, plus all interest, costs, expenses, and reasonable attorneys’ fees, which may be made or incurred by Secured Party in the protection, maintenance, and liquidation of the Collateral (collectively, the “Obligations”), the Debtor grants to Secured Party a continuing first priority security interest in and to the following described assets, whether now owned or existing or hereafter arising or acquired or received by the Debtor, and wherever located (all of which is herein collectively called the “Collateral”):

1.1. all Accounts; all Inventory; all Equipment and Fixtures; all General Intangibles, Payment Intangibles, and Intellectual Property; all titled property; all Investment Property; all capital stock and related property; all subsidiary interests; all Deposit Accounts and any and all monies credited by or due from any financial institution or any other depository; all Goods and other personal property, including all merchandise returned or rejected by Account Debtors, relating to or securing any of the Accounts; all rights as a consignor, a consignee, an unpaid vendor, mechanic, artisan, or other lienor, including stoppage in transit, setoff, detinue, replevin, reclamation and repurchase; all additional amounts due to the Debtor from any Account Debtors relating to the Accounts; all other property, including warranty claims, relating to any Goods; all contract rights, rights of payment earned under a contract right, Instruments (including promissory notes), Chattel Paper (including electronic chattel paper), Documents, warehouse receipts, letters of credit, and money; all Commercial Tort Claims (whether now existing or hereafter arising); all Letter-of-Credit Rights (whether or not such Letter of Credit is evidenced by a writing); all Supporting Obligations; all real and personal property of third parties in which the Debtor has been granted a lien or security interest as security for the payment or enforcement of Accounts; and any and all other goods or personal property, if any, in which the Debtor may hereafter in writing grant a security interest to Secured Party hereunder, or in any amendment or supplement hereto or thereto, or under any other agreement between Secured Party and the Debtor; and

1.2. the Debtor’s ledger sheets, ledger cards, files, correspondence, records, books of account, business papers, computers, computer software (whether owned by the Debtor or in which

the Debtor has an interest), computer programs, electronic media, tapes, disks and documents relating to clause 1.1 of this definition of Collateral;

1.3. any real property now or hereafter owned by the Debtor; and

1.4. all proceeds and products of clauses 1.1 - 1.4 of this definition of Collateral in whatever form, including: cash, deposit accounts (whether or not comprised solely of proceeds), certificates of deposit, insurance proceeds (including hazard, flood and credit insurance), negotiable instruments and other instruments for the payment of money, chattel paper, security agreements, documents, eminent domain proceeds, condemnation proceeds and tort claim proceeds.

2. Continuing Agreement; Prohibitions. This Agreement shall continue in effect as long as the Obligations are outstanding or unpaid, and except as specifically permitted in this Agreement, Debtor shall not sell, assign, transfer, pledge or otherwise dispose of or encumber any Collateral to any third party while this Agreement is in effect without the prior written consent of Secured Party. Except as otherwise defined in this Agreement or the Note, all terms in this Agreement shall have the meanings provided by the Arizona Uniform Commercial Code ("UCC") or any successor laws hereafter enacted.

3. Perfection of Security Interest. By execution of this Agreement, Debtor irrevocably authorizes Secured Party to file financing statements (and amendments thereto) with respect to the Collateral in all jurisdictions that Secured Party deems appropriate or necessary. In addition, Debtor shall execute and deliver to Secured Party, concurrently with Debtors' execution of this Agreement and at any time or times thereafter at the request of Secured Party (and pay the cost of filing or recording same in all public offices deemed necessary by Secured Party), all financing statements, assignments, affidavits, reports, notices, letters of authority and all other documents that Secured Party may reasonably request, in form satisfactory to Secured Party, to grant, perfect and maintain perfected Secured Party's security interest in the Collateral. Upon satisfaction in full in cash of the Obligations, at Debtor's request, Secured Party will promptly file a termination statement terminating each financing statement filed with respect to the Collateral that lists Secured Party as the secured party.

4. Warranties. Debtor warrants and agrees that while any of the Obligations remain outstanding: (a) Debtor is the sole owner of the Collateral free and clear of any lien, security interest, encumbrance, claim, option or right of others except for (i) the security interest in favor of Secured Party created pursuant to this Agreement and (ii) such other liens and encumbrances that the Secured Party approves in writing, and no financing statement other than that of Secured Party is on file covering the Collateral or any of it; (b) Debtor's name, jurisdiction of incorporation or organization, or address shall not be changed without 30 days' prior written notice to Secured Party; (c) Debtor's exact legal name and jurisdiction of incorporation or organization are as set forth on Schedule 1; (d) Debtor further warrants that the Collateral or the execution and delivery of this Agreement, the Note, and all other related documents delivered in connection thereto, shall not violate nor constitute a breach of any agreement or restriction of any type whatsoever to which Debtor is a party or is subject; and (e) Debtor warrants that the Collateral will be maintained and preserved and that any loss or damage to the Collateral will be immediately reported to Secured Party in writing.

5. Insurance; Taxes.

5.1. The Debtor shall maintain usual and customary casualty and liability insurance on the Collateral and the policy or policies that evidence such insurance shall contain a lender loss payable clause in favor of the Secured Party and shall name the Secured Party as an additional insured, as its interest may appear. If any Event of Default (as defined below) has occurred and is continuing, all proceeds paid under any insurance policy of the Debtor shall be paid to the Secured Party for application to the Obligations.

5.2. The Debtor will pay promptly, and within the time that they can be paid without interest or penalty, any taxes, assessments and similar imposts and charges that are now or hereafter may become a lien upon any of the Collateral. If the Debtor fails to pay any such taxes, assessments or other imposts or charges in accordance with this Section, the Secured Party shall have the option to do so and the Debtor agrees to repay forthwith all amounts so expended by the Secured Party together with interest at the highest rate set forth in the Note.

6. Deposit Accounts. Schedule 2 lists all deposit accounts of the Debtor in which proceeds of any government Accounts are deposited ("Government Accounts") and Schedule 3 lists all other deposit accounts of the Debtor ("Non-Government Accounts"). The Debtor will (a) cause each bank or other financial institution in which it maintains (i) a Non-Government Account to enter into a control agreement with the Secured Party, in form and substance satisfactory to the Secured Party, in order to give the Secured Party control of the deposit account and (ii) a Government Account to enter into a deposit account instruction services agreement, in form and substance satisfactory to the Secured Party, under which such bank or other financial institution agrees to sweep all funds in the Government Account on a daily basis to an account at which the Secured Party has control and (b) upon the Secured Party's request after the occurrence and during the continuance of an Event of Default, deliver to each such bank or other financial institution a letter, in form and substance reasonably acceptable to the Secured Party, transferring full rights of dominion and control in any Non-Government Account to the Secured Party until such time as no Event of Default exists. Debtor hereby represents and warrants that it will direct any and all customer receivables and proceeds of government Accounts to be paid into and/or deposited into the accounts listed on Schedules 2 and 3 attached to this Agreement. Any request that accounts into which customer receivables or proceeds of any customer payments are deposited be changed from those listed on Schedules 2 and 3 attached to this Agreement must be consented to by Secured Party in writing. The Debtor represents, warrants, and agrees that the Government Accounts will be used solely and exclusively for the collection of proceeds of government Accounts of the Debtor.

7. Special Rights Regarding Accounts. The Secured Party or any of its agents may, at any time and from time to time during the existence and continuance of any Event of Default, verify, directly with each person which owes any Accounts to the Debtor (collectively, the "Obligors"), the Accounts in any reasonable manner. The Secured Party or any of its agents may, at any time from time to time after and during the continuance of an Event of Default, notify the Obligors of the security interest of the Secured Party in the Collateral and/or direct such Obligors that all payments in connection with such obligations and the Collateral be made directly to the Secured Party in the Secured Party's name. If the Secured Party or any of its agents shall collect such obligations directly from the Obligors, the Secured Party or any of its agents shall have the right to resolve any disputes relating to goods or services directly with the Obligors in such manner and on such terms as the Secured Party or any of its agents shall deem appropriate. The Debtor directs and authorizes any and all of its present and future Obligors to comply with requests for information from the Secured Party, the Secured Party's designees and agents and/or auditors, relating to any and all business transactions between the Debtor and the Obligors. The Debtor further directs and authorizes all of its Obligors upon receiving a notice or request sent by the Secured Party or the Secured Party's agents or designees to pay directly to the Secured Party any and all sums of money or proceeds now or hereafter owing by the Obligors to the Debtor, and any such payment shall act as a discharge of any debt of such Obligor to the Debtor in the same manner as if such payment had been made directly to the Debtor. The Debtor agrees to take any and all action as the Secured Party may reasonably request to assist the Secured Party in exercising the rights described in this Section.

8. Sale, Collections, Remedies, Etc.

8.1. Unless a Default occurs or Debtor defaults on any of the Obligations (an "Event of Default"), Secured Party authorizes and permits Debtor to exercise all of its lawful rights relating to the Collateral. If an Event of Default exists and is continuing hereunder, all of Debtor's lawful rights relating to the Collateral shall immediately revert to Secured Party during the existence of any Event of Default.

8.2. Until the occurrence of an Event of Default and until such time as Secured Party shall notify Debtor, of the revocation of such power and authority, Debtor may, at its own expense, endeavor to collect, as and when due all amounts due with respect to any of the Collateral.

8.3. Upon the occurrence of an Event of Default, Secured Party may exercise any and all of its rights as set forth in this Agreement, the other Loan Documents, and under applicable laws.

8.4. Upon the occurrence and during the continuance of any Event of Default, the Secured Party shall have and may exercise any one or more of the rights and remedies provided to it under this Agreement or any of the other Loan Documents or provided by law, including but not limited to all of the rights and remedies of a secured party under the UCC or other applicable law, and the Debtor hereby agrees to assemble the Collateral and make it available to the Secured Party at a place to be designated by the Secured Party which is reasonably convenient to both parties, authorize the Secured Party to take possession of the Collateral with or without demand and in accordance with applicable law and to sell and dispose of the same at a public or private sale and to apply the proceeds of such sale to the costs and expenses thereof (including reasonable and documented attorneys' fees and disbursements, incurred by the Secured Party) and then to the payment and satisfaction of the Obligations. Any requirement of reasonable notice shall be met if the Secured Party sends such notice to the Debtor, by registered or certified mail, at least 10 days prior to the date of sale, disposition or other event giving rise to a required notice. The Secured Party may be the purchaser at any such sale. The Debtor expressly authorizes such sale or sales of the Collateral in advance of and to the exclusion of any sale or sales of or other realization upon any other collateral securing the Obligations. The Secured Party shall have no obligation to preserve rights against prior parties, and the Secured Party shall have no obligation to clean-up or otherwise prepare the Collateral for sale. The Debtor hereby waives as to the Secured Party any right of subrogation or marshaling of such Collateral and any other collateral for the Obligations. To this end, the Debtor hereby expressly agrees that any such collateral or other security of the Debtor or any other party which the Secured Party may hold, or which may come to its possession, may be dealt with in all respects and particulars as though this Agreement were not in existence. The parties hereto further agree that public sale of the Collateral by auction conducted in any county in which any Collateral is located or in which the Secured Party or the Debtor does business after advertisement of the time and place thereof shall, among other manners of public and private sale, be deemed to be a commercially reasonable disposition of the Collateral. The Debtor shall be liable for any deficiency remaining after disposition of the Collateral. The Secured Party may comply with any applicable law requirements in connection with a disposition of the Collateral and compliance will not be considered to adversely affect the commercial reasonableness of any sale of the Collateral. The Secured Party may specifically disclaim any warranties of title or the like. If the Secured Party sells any of the Collateral upon credit, the Debtor will be credited only with payments actually made by the purchaser, received by the Secured Party and applied to the indebtedness of such purchaser. In the event any such purchaser fails to pay for the Collateral, the Secured Party may resell the collateral and the Debtor shall be credited with the proceeds of sale. The Debtor shall reimburse the Secured Party, on demand, for any costs, expenses, and reasonable attorneys' fees that are incurred by the Secured Party in the protection, maintenance, and liquidation of the Collateral or the enforcement of the Secured Party's rights and remedies under this Agreement or the other Loan Documents.

9. Information. Debtor agrees to supply to Secured Party such information concerning the status of any Collateral as Secured Party, from time to time, may reasonably request. The Debtor shall also take such further action, and deliver such additional information, as the Secured Party may reasonably request from time to time in order to give the Secured Party the full benefit of this Agreement and to give full force and effect to the security interest granted hereunder (including, without limitation, reasonably detailed descriptions of any assets owned by the Debtor).

10. Notices. All notices, requests, consents, claims, demands, waivers and other communications hereunder shall be given according to the Franchise Agreement.

11. Headings. The headings in this Agreement are for reference only and shall not affect the interpretation of this Agreement.

12. Severability. If any term or provision of this Agreement or any other Loan Document is invalid, illegal or unenforceable in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other term or provision of this Agreement or such other Loan Document or invalidate or render unenforceable such term or provision in any other jurisdiction. Upon such determination that any term or other provision is invalid, illegal or unenforceable, the parties hereto shall negotiate in good faith to modify the Agreement or the other Loan Document so as to affect the original intent of the parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the greatest extent possible.

13. Entire Agreement. This Agreement and the documents to be delivered hereunder constitute the sole and entire agreement of the parties to this Agreement with respect to the subject matter contained herein, and supersede all prior and contemporaneous understandings and agreements, both written and oral, with respect to such subject matter. The Note, the Franchise Agreement, and any schedules or exhibits to this Agreement are integral parts of this Agreement and are incorporated by reference herein.

14. Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and permitted assigns. The Debtor may not assign any of its rights, duties, or obligations under this Agreement to any person without the Secured Party's prior written consent. The Secured Party may assign any of its rights or duties under this Agreement without notice to or consent of the Debtor. No assignment shall relieve the assigning party of any of its obligations hereunder.

15. No Third-Party Beneficiaries. This Agreement is for the sole benefit of the parties hereto and their respective successors and permitted assigns and nothing herein, express or implied, is intended to or shall confer upon any other person or entity any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

16. Amendment and Modification. This Agreement may only be amended, modified or supplemented by an agreement in writing signed by each party hereto.

17. Waiver. No waiver by any party of any of the provisions hereof shall be effective unless explicitly set forth in writing and signed by the party so waiving. No waiver by any party shall operate or be construed as a waiver in respect of any failure, breach or default not expressly identified by such written waiver, whether of a similar or different character, and whether occurring before or after that waiver. No failure to exercise, or delay in exercising, any right, remedy, power or privilege arising from this Agreement shall operate or be construed as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

18. Governing Law. This Agreement shall be governed by and construed in accordance with the internal laws of the State of Arizona without giving effect to any choice or conflict of law provision or rule. Debtor hereby consents to the exclusive jurisdiction of an Arizona state court located in Maricopa County, Arizona or the United States District Court for the Phoenix Division of the District of Arizona for actions arising out of or related to this Agreement.

19. Waiver of Jury Trial. Each party acknowledges and agrees that any controversy which may arise under this Agreement is likely to involve complicated and difficult issues and, therefore, each such party irrevocably and unconditionally waives any right it may have to a trial by jury in respect of any legal action arising out of or relating to this Agreement or the transactions contemplated hereby.

20. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall be deemed to be one and the same agreement. A signed copy of this Agreement delivered by e-mail shall be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

IN WITNESS WHEREOF, the parties have executed this Security Agreement dated as of the first date above written.

DEBTOR:

By: _____
Title: _____

SECURED PARTY:

CarePatrol Franchise Systems, LLC
A Delaware Limited Liability Company

Stephen D. Greenwald
Title: In-house Counsel

SCHEDULE 1

DEBTOR INFORMATION

Debtor's Name: _____

Debtor's Jurisdiction of Organization or Incorporation: _____

SCHEDULE 2

GOVERNMENT ACCOUNTS

BANK NAME	BANK ADDRESS	ACCOUNT #	ROUTING #	ACCOUNT TYPE

SCHEDULE 3

NON-GOVERNMENT ACCOUNTS

BANK NAME	BANK ADDRESS	ACCOUNT #	ROUTING #	ACCOUNT TYPE

EXHIBIT C

STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

STATE	STATE ADMINISTRATOR/AGENT	ADDRESS
California	Commissioner of Financial Protection and Innovation California Department of Financial Protection and Innovation	320 West 4 th Street Suite 750 Los Angeles, CA 90013 866-275-2677
Hawaii (State Administrator)	Commissioner of Securities Dept. of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch	335 Merchant Street Room 203 Honolulu, HI 96813
Illinois	Illinois Attorney General	500 S. Second Street Springfield, IL 62706
Indiana (State Administrator)	Indiana Securities Commissioner Securities Division	302 W. Washington St. Room E111 Indianapolis, IN 46204
Indiana (Agent)	Indiana Secretary of State	302 W. Washington St. Room E018 Indianapolis, IN 46204
Maryland (State Administrator)	Office of the Attorney General Division of Securities	200 St. Paul Place Baltimore, MD 21202
Maryland (Agent)	Maryland Securities Commissioner	200 St. Paul Place Baltimore, MD 21202
Michigan	Michigan Department of Attorney General Consumer Protection Division	G. Mennen Williams Building 1 st Floor 525 W. Ottawa St. Lansing, MI 48933
Minnesota	Minnesota Department of Commerce Registration and Licensing Division	85 7 th Place, Suite 280 St. Paul, MN 55101
New York (State Administrator)	New York State Department of Law Investor Protection Bureau	28 Liberty Street, 21 st Floor New York, NY 10005
New York (Agent)	Secretary of State for New York	41 State St. Second Floor Albany, NY 12231
North Dakota	Securities Commissioner North Dakota Securities Department	600 E. Boulevard Ave. State Capitol 5 th Floor, Dept. 414 Bismarck, ND 58505

STATE	STATE ADMINISTRATOR/AGENT	ADDRESS
Rhode Island	Director, Department of Business Regulation, Securities Division	1511 Pontiac Ave. John O. Pastore Complex Building 69-1 Cranston, RI 02920
South Dakota	Department of Labor and Regulation Division of Securities	124 S. Euclid Suite 104 Pierre, SD 57501
Virginia (State Administrator)	State Corporation Commission Division of Securities and Retail Franchising	1300 E. Main St. 9 th Floor Richmond, VA 23219 804-371-9051
Virginia (Agent)	Clerk of the State Corporation Commission	1300 E. Main St. 1 st Floor Richmond, VA 23219
Washington (Agent)	Department of Financial Institutions Securities Division	150 Israel Rd. SW Tumwater, WA 98501 360-902-8760
Washington (State Administrator)	Department of Financial Institutions Securities Division	P.O. Box 9033 Olympia, WA 98507 360-902-8760
Wisconsin	Commissioner of Securities	Department of Financial Institutions Division of Securities 201 W. Washington Ave. Suite 300 Madison, WI 53703

EXHIBIT D

POWER OF ATTORNEY – TELEPHONE AND INTERNET

STATE OF _____

COUNTY OF _____

KNOW ALL MEN BY THESE PRESENTS

That _____ (“Franchisee”) irrevocably constitutes and appoints CarePatrol Franchise Systems, LLC, a Delaware limited liability company (“Franchisor”), true and lawful attorney-in-fact and agent for Franchisee and in Franchisee’s name, place and stead, to do or cause to be done all things and to sign, execute, acknowledge, certify, deliver, accept, record and file all agreements, certificates, instruments and documents as, in the sole discretion of Franchisor, is necessary or advisable for the sole purpose of assigning to Franchisor all of Franchisee’s right, title and interest in and to any and all telephone numbers of Franchisee’s franchise and all related Yellow Pages, White Pages, internet listings, networking media sites and other business listings including, but not limited to, the execution and delivery of any Transfer of Service Agreement and any other transfer documentation required by the applicable telephone or internet service company providing services to Franchisee, and grants to Franchisor full power and authority to do and perform all acts and things which, in the sole discretion of Franchisor, are necessary or advisable to be done as fully to all intents and purposes as Franchisee might or could itself do, ratifying and confirming all that Franchisor may lawfully do or cause to be done by virtue of this Power of Attorney and powers granted.

During the term of this Power of Attorney and regardless of whether Franchisee has designated any other person to act as its attorney-in-fact and agent, no person, firm or corporation dealing with Franchisor is required to ascertain the authority of Franchisor, nor to see to the performance of the agency, nor be responsible in any way for the proper application of funds or property paid or delivered to Franchisor. Any person, firm or corporation dealing with Franchisor is fully protected in acting and relying on a certificate of Franchisor that this Power of Attorney on the date of the certificate has not been revoked and is in full force and effect, and Franchisee must not take any action against any person, firm or corporation acting in reliance on a certificate or a copy of this Power of Attorney. Any document executed on behalf of Franchisee by Franchisor is deemed to include a certificate on the part of Franchisor, whether or not expressed. This paragraph shall survive any termination of this Power of Attorney.

This Power of Attorney terminates two (2) years following the expiration or termination of the Franchise Agreement dated _____ by and between Franchisor and Franchisee. The termination, however, does not affect the validity of any act or deed that Franchisor may have affected before that date pursuant to the power granted.

This instrument is to be construed and interpreted as an irrevocable power of attorney coupled with an interest. It is executed and delivered in the State of Arizona and the laws of the State of Arizona govern all questions as to the validity of this Power of Attorney and construction of its provisions.

IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney as of _____, 20____.

FRANCHISOR:
CarePatrol Franchise Systems, LLC
A Delaware Limited Liability Company

By: Stephen D. Greenwald
By: In-house Counsel

FRANCHISEE:

By: _____
Title: _____

EXHIBIT E

SAMPLE DEPOSIT AGREEMENT

This Deposit Agreement ("Agreement") is effective as of _____
_____ (the "Effective Date"), by and between _____, a _____
_____ and _____, as Individuals, with an address at _____
_____ (together the "Franchisee") and CarePatrol Franchise Systems, LLC, a Delaware limited
liability company with an address at 900 Wilshire Drive, Suite 102, Troy, MI 48084 ("Franchisor").

BACKGROUND

A. Franchisor grants franchises for the operation of a CarePatrol franchise (each, a "Franchised Business") to persons who meet Franchisor's qualifications and are willing to undertake the investment and effort to own and operate a Franchised Business as described in Franchisor's current form of Franchise Disclosure Document (the "FDD").

B. Franchisee and Franchisor are entering into a Franchise Agreement with an effective date of _____ (the "Franchise Agreement") under which Franchisee will be granted the right to open and operate a Franchised Business in _____, and pursuant to which Franchisee must pay Franchisor the Initial Franchise Fee equal to \$_____ (the "Initial Franchise Fee").

C. Franchisee has requested, and Franchisor has agreed, that Franchisee may execute the Franchise Agreement and pay a non-refundable deposit of \$_____ (the "Deposit") toward the Initial Franchise Fee, with the opportunity to pay Franchisor the remaining balance of the Initial Franchise Fee of \$_____ (the "Remaining Balance") the earlier of Franchisee's receipt of its _____ loan or _____ days from the Effective Date (the "Payment Period"), subject to the terms and conditions set forth in this Agreement.

TERMS

NOW, THEREFORE, in consideration of the mutual promises and undertaking set forth herein, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the parties hereby mutually agree as follows:

1. **Payment of Deposit.** Upon executing the Franchise Agreement, Franchisee must pay Franchisor the Deposit of \$_____ and Franchisee agrees and consents that if Franchisee does not pay Franchisor the Remaining Balance of \$_____ within the Payment Period, Franchisor will terminate the Franchise Agreement and retain the Deposit in addition to its rights identified in Section 2 below.

2. **Payment of Remaining Balance; Guaranty and Assumption of Obligations.** The acceptance by Franchisor of payment terms and this Deposit in no way alters Franchisee's obligation to pay the Remaining Balance to Franchisor. In addition, Franchisee agrees and acknowledges that this obligation is subject to and made part of the terms and conditions of the underlying Franchise Agreement and its Guaranty and Assumption of Obligations.

3. **Governing Law and Jurisdiction.** Arizona law governs this Agreement. Jurisdiction and venue for any claims involving this Agreement is exclusively in the courts of Arizona. The parties irrevocably submit to the venue and jurisdiction of such courts.

4. **Assignment.** This Agreement, and all rights and obligations of the parties, may not be assigned, subcontracted, or transferred by any party without the prior written consent of the other party.

5. **Background Information.** Both parties agree that the background information at the beginning of this Agreement is accurate.

6. **Entire Agreement.** The Franchise Agreement, this Deposit Agreement, and all other written agreements entered into in writing between the parties represent the entire understanding and agreement between the parties on the subject matter of this Deposit Agreement and supersede all other negotiations, understandings and representations, if any, made between the parties. No representations, inducements, promises or agreements, oral or otherwise, if any, not embodied in this Deposit Agreement are of any effect.

IN WITNESS WHEREOF, the Franchisee and Franchisor have executed this Deposit Agreement effective as of the date set forth in the preamble of this Agreement.

FRANCHISOR:
CarePatrol Franchise Systems, LLC
A Delaware Limited Liability Company

By: Stephen D. Greenwald
By: In-house Counsel

FRANCHISEE:

By: _____
Title: _____

As Individuals:

By: _____

EXHIBIT F

SAMPLE RELEASE AGREEMENT, WAIVER AND RELEASE OF CLAIMS

This Waiver and Release of Claims ("Release") is made as of _____, 20_____
by _____, a(n) _____
("Franchisee"), and each individual holding an ownership interest in Franchisee (collectively with Franchisee, "Releasor") in favor of CarePatrol Franchise Systems, LLC, a Delaware limited liability company ("Franchisor," and together with Releasor, the "Parties").

WHEREAS, Franchisor and Franchisee have entered into a Franchise Agreement ("Agreement") pursuant to which Franchisee was granted the right to own and operate a CarePatrol Franchised Business;

WHEREAS, Franchisee has notified Franchisor of its desire to transfer the Agreement and all rights related thereto, or an ownership interest in Franchisee, to a transferee (enter into a successor franchise agreement), and Franchisor has consented to such transfer (agreed to enter into a successor franchise agreement); and

WHEREAS, as a condition to Franchisor's consent to the transfer (**Franchisee's ability to enter into a successor franchise agreement**), Releasor has agreed to execute this Release upon the terms and conditions stated below.

NOW, THEREFORE, in consideration of Franchisor's consent to the transfer (**Franchisor entering into a successor franchise agreement**), and for other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, and intending to be legally bound, Releasor hereby agrees as follows:

1. **Representations and Warranties.** Releasor represents and warrants that it is duly authorized to enter into this Release and to perform the terms and obligations herein contained, and has not assigned, transferred, or conveyed, either voluntarily or by operation of law, any of its rights or claims against Franchisor or any of the rights, claims, or obligations being terminated and released hereunder. The undersigned represents and warrants that he/she is duly authorized to enter into and execute this Release on behalf of Franchisee. Releasor further represents and warrants that all individuals that currently hold a direct or indirect ownership interest in Franchisee are signatories to this Release.
2. **Release.** Releasor and its subsidiaries, affiliates, parents, divisions, successors and assigns, and all persons or firms claiming by, through, under, or on behalf of any or all of them, hereby release, acquit, and forever discharge Franchisor, any and all of its affiliates, parents, subsidiaries, or related companies, divisions, and partnerships, and its and their past and present officers, directors, agents, partners, shareholders, employees, representatives, successors and assigns, and attorneys, and the spouses of such individuals (collectively "Released Parties"), from any and all claims, liabilities, damages, expenses, actions, or causes of action which Releasor may now have or has ever had, whether known or unknown, past or present, absolute or contingent, suspected or unsuspected, of any nature whatsoever, including without limiting the generality of the foregoing, all claims, liabilities, damages, expenses, actions, or causes of action directly or indirectly arising out of or relating to the execution and performance of the Agreement and the offer and sale of the franchise related thereto, except to the extent such liabilities are payable by the applicable indemnified party in connection with a third-party claim.
3. **Non-disparagement.** Releasor expressly covenants and agrees not to make any false representation of facts, or to defame, disparage, discredit, or deprecate any of the Released Parties or otherwise communicate with any person or entity in a manner intending to damage any of the Released Parties, their business, or their reputation.
4. **Confidentiality.** Releasor agrees to hold in strictest confidence and not disclose, publish, or use the

existence of, or any details relating to, this Agreement to any third-party without Franchisor's express written consent, except as required by law.

5. Miscellaneous.

- a. Releasor agrees that it has read and fully understands this Release and that the opportunity has been afforded to Releasor to discuss the terms and contents of said Release with legal counsel and/or that such a discussion with legal counsel has occurred.
- b. This Release will be construed and governed by the laws of the State of Arizona.
- c. Each individual and entity that comprises Releasor will be jointly and severally liable for the obligations of Releasor.
- d. In the event that it will be necessary for any Party to institute legal action to enforce or for the breach of any of the terms and conditions or provisions of this Release, the prevailing Party in such action will be entitled to recover all of its reasonable costs and attorneys' fees.
- e. All of the provisions of this Release will be binding upon and inure to the benefit of the Parties and their current and future respective directors, officers, partners, attorneys, agents, employees, shareholders, and the spouses of such individuals, successors, affiliates, and assigns. No other party will be a third-party beneficiary to this Release.
- f. This Release constitutes the entire agreement and, as such, supersedes all prior oral and written agreements or understandings between and among the Parties regarding the subject matter hereof. This Release may not be modified except in a writing signed by all of the Parties. This Release may be executed in multiple counterparts, each of which will be deemed an original and all of which together will constitute but one and the same document.
- g. If one or more of the provisions of this Release will for any reason be held invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability will not affect or impair any other provision of this Release, but this Release will be construed as if such invalid, illegal, or unenforceable provision had not been contained herein.
- h. Releasor agrees to do such further acts and things and to execute and deliver such additional agreements and instruments as any Released Party may reasonably require to consummate, evidence, or confirm the Release contained herein in the matter contemplated hereby.

IN WITNESS WHEREOF, Releasor has executed this Release as of the date first written above.

FRANCHISOR:

CarePatrol Franchise Systems, LLC
A Delaware Limited Liability Company

By: Stephen D. Greenwald

By: In-house Counsel

FRANCHISEE:

By: _____

Title: _____

EXHIBIT G**LIST OF FRANCHISEES
As of December 31, 2022****OPEN**

NAME	ADDRESS	PHONE	EMAIL	TERRITORY
ALABAMA				
Shawn Barnes	P.O. Box 43094, Birmingham, AL 35243	855-980-2250	sbarnes@carepatrol.com	Birmingham/ Huntsville
Wendy Harris	P.O. Box 1463, Daphne, AL 36526	251-317-0183	wharris@carepatrol.com	Greater Mobile and NW Florida
ARIZONA				
Anthony Black	17899 E. Pacana Ct., Gold Canyon, AZ 85118	480-282-8566	ablack@carepatrol.com	Mesa
Barbara Cheroske	70 S. Val Vista Dr., Suite A3-182, Gilbert, AZ 85296	480-295-5656	bcheroske@carepatrol.com	Chandler/Gilbert
Michelle Kiel	837 East Monte Way, Phoenix, AZ 85042	925-515-3100	mkiel@carepatrol.com	Northern Arizona
Bill and Brenda Lusk	6963 W. Rose Garden Ln. Glendale, AZ 85309	623-201-1281	blusk@carepatrol.com blusk1@carepatrol.com	Northwest Phoenix
Christa Slatina	958 E. Frances Ln., Gilbert, AZ 85295	602-476-1963	cslatina@carepatrol.com	Phoenix
Deb Williams	6975 E. Princess Dr., #2085, Phoenix, AZ 85054	480-358-7247	dwilliams@carepatrol.com	Scottsdale
ARKANSAS				
Angela Houser	1284 E. Cicero Ln., Fayetteville, AR72703	479-329-9468	ahouser@carepatrol.com	NW Arkansas
Kim and Chris Powell	1434 Hwy 92 W., Bee Branch, AK 72013	501-517-4979	kpowell@carepatrol.com cpowell@carepatrol.com	Central Arkansas
CALIFORNIA				
Nicolet Araujo	638 Camino De Los Mares, Suite H130- 501, San Clemente, CA 92673	951-421-8772	naraujo@carepatrol.com	San Diego
Mike Awadalla	3323 Nutmeg Ln., Walnut Creek, CA 94598	925-979-8656	mawadalla@carepatrol.com	Walnut Creek

NAME	ADDRESS	PHONE	EMAIL	TERRITORY
Christopher Caldwell	646 Vintage Valley Dr., Fairfield, CA 94534	707-398-0300	ccaldwell@carepatrol.com	Solano County
Ronald Demske	2280 Grass Valley Hwy, Suite 228, Auburn, CA 95603	530-305-4085	rdemske@carepatrol.com	Sacramento Foothills
Gauri Kapur	15970 Los Serranos Country Club Dr., PMB 119, Chino Hills, CA 91709	909-614-5176	gkapur@carepatrol.com	North OC and East LA County
Rich and Kathleen Leahy	1840 Shaw Ave., Suite 105-5, Fresno, CA 93611	559-575-6771	rleahy@carepatrol.com kleahy@carepatrol.com	Fresno
Gabriela Lozano and Laura Olguin (2 territories)	17252 Hawthorne Blvd., Suite 429, Torrance, CA 90504	562-377-0795	glozano@carepatrol.com lolguin@carepatrol.com	Southbay and Thousand Oaks
Reza Miraghaie	272 S. Poplar Ave., Unit 302, Brea, CA 92821	714-706-9036	rmir@carepatrol.com	NE Orange County
Sam Nazhand	8677 Villa La Jolla Dr., Suite 313, La Jolla, Ca 92037	858-997-2248	snazh@carepatrol.com	San Diego/La Jolla
Bonnie Parker	30724 Benton Rd., Suite C302 #517, Winchester, CA 92596	951-438-0427	bparker@carepatrol.com	Temecula Valley
Mark and Marilyn Warm (3 territories)	2420 River Rd., Suite 230-829, Norco, CA 92860	909-453-2406	mwarm@carepatrol.com mwarm2@carepatrol.com	Inland Empire
				The Foothills
COLORADO				
Laura Cooley	17850 Fremont Fort Rd., Peyton, CO 80831	719-257-3001	lcooley@carepatrol.com	Colorado Springs
Jenn Gomer	P.O. Box 150584, Denver, CO 80215	720-675-8308	jgomer@carepatrol.com	Denver
Beth Miller	5689 Water Oak Circle, Castle Rock, CO 80108	303-488-9167	bmiller@carepatrol.com	South Metro Denver
Doug Page (2 territories)	482 South Hoyt St., Lakewood, CO 80226	303-691-8138	dpage@carepatrol.com	North Denver
CONNECTICUT				
Jordan Frey	1 Orchard Hill Rd., Newton, CT 06470	866-560-5656	jfrey@carepatrol.com	Connecticut

NAME	ADDRESS	PHONE	EMAIL	TERRITORY
DELAWARE				
Gary and Amy Feger	P.O. Box 7, Selbyville, DE 19975	302-321-6800	gfeger@carepatrol.com afeger@carepatrol.com	DelMarVa
FLORIDA				
John Allegretti	880 Fieldstone Court, Ft. Lauderdale, FL 33004	754-702-3000	jallegett@carepatrol.com	Fort Lauderdale
Amanda Babb	12218 Boca Reserve Lane, Boca Raton, FL 33428	561-270-5727	ababb@carepatrol.com	Boca Raton and North Broward
Sarah Baez	9603 Sunnyoak Dr., Riverview, FL 33569	941-586-3033	sbaez@carepatrol.com	Bradenton
J.J. Barber (2 territories)	863 Arthur Moore Dr., Green Cove Springs, FL 32043	904-586-8697	jbarber@carepatrol.com	Jacksonville/St. Augustine
Joshua and Josephine Burch	250 S. Davis St., LaBelle, FL 33935	561-679-7561	jburch@carepatrol.com jburch1@carepatrol.com	West Palm Beach
Dan and Geri Burke	19046 Bruce B. Downs Blvd., Suite 180, Tampa, FL 33647	863-824-7700	dburke@carepatrol.com gburke@carepatrol.com	Tampa - North
Mary Ellen Gilbert	P.O. Box 10451, Largo, FL 33773	727-451-9225	mgilbert@carepatrol.com	South Pinellas
Marty Keyes- Goodemote and Ed Goodemote	6911 Eagle Ridge Blvd., Lakeland, FL 33813	863-640-7059	mgoodemote@carepatrol.com	Polk and East Hillsborough
Alexis and Ryan Gragg	630 Alexandra Ave. SW, Vero Beach, FL 32968	321-652-1071	agragg@carepatrol.com rgragg@carepatrol.com	Melbourne
Michelle Horner (2 territories)	16907 SE 160 th Avenue Rd., Weirsdale, FL 32195	352-269-0636	mhorner@carepatrol.com	Ocala and The Villages
Chris Hynes	7022 Lifford Ave., Windermere, FL 34786	407-217-2865	chynes@carepatrol.com	Orlando
Ralph Lindblad	36181 East Lake Rd., Suite 280, Palm Harbor, FL 34685	727-359-0752	rlindblad@carepatrol.com	Port Richey
Bruce Lopes	26970 San Carlos Blvd., #160-224, Fort Myers, FL 33908	239-265-9590	blopes@carepatrol.com	SW Florida
Wendy Rickenbach- Barclay	P.O. Box 840, Venice, FL 34284	941-237-0846	wrickenbach@carepatrol.com	Sarasota

NAME	ADDRESS	PHONE	EMAIL	TERRITORY
David Lefringhouse, Liliana Velez-Lefringhouse and Diego Velez	5604 Sun Point Dr., Ft. Pierce, FL 34951	321-273-2424	lvelez@carepatrol.com dlefringhouse@carepatrol.com dvelez@carepatrol.com	Treasure Coast
GEORGIA				
Victoria Archable	5255 Peachtree Blvd., #618, Chamblee, GA 30341	404-583-1231	varchable@carepatrol.com	Metro Atlanta
Tammy Brewer and Tammy McGown	606 Harmony Grove Rd., Ball Ground, GA 30701	770-258-6194	tbrewer@carepatrol.com tmcgown@carepatrol.com	Cherokee
	P.O. Box 5271, Alpharetta, GA 30114	404-474-3958		N. Forsyth/ Cherokee
Jane Nichols	27 Lake Heron Ct. W, Pooler, GA 31322	912-737-0020	jcurlee@carepatrol.com	Savannah/ Hilton Head
IDAHO				
Jason Atkinson	700 Brundage St., Chubbuck, ID 83202	866-560-5656	jatkinson@carepatrol.com	E. Idaho
Stephen Holloway and Monica Miller	9696 W. Canyon Ridge Ln., Boise, ID 83704	208-609-9995	sholloway@carepatrol.com mmiller@carepatrol.com	Boise
ILLINOIS				
Ruthie Barkus	19934 Wolf Road, Unit 788, Mokena, IL 60448	630-300-3554	rbarkus@carepatrol.com	Chicagoland South – Mokena
Eric Klein	310 Busse Hwy, #352, Park Ridge, IL 60068	847-653-1212	eklein@carepatrol.com	Chicagoland North - Evanston
INDIANA				
Andrew Gartshore and Aaron Tyson	6614 Ridgeview, Demotte, IN 46310	773-394-1799	agartshore@carepatrol.com atyson@carepatrol.com	NW Indiana
Heinz Kosser	626 Montgomery Dr., Westfield, IN 46074	317-763-1072	hkosser@carepatrol.com	Indianapolis North
Amber Slaughter	13 Southwind Ln., Greenwood, IN 46142	317-559-2577	aslaughter@carepatrol.com	Indianapolis SE

NAME	ADDRESS	PHONE	EMAIL	TERRITORY
KANSAS				
Kisha Steineger/Meda Green	7111 W. 151 st , Suite 140, Overland Park, KS 66223	913-209-3888	ksteineger@carepatrol.com mgreen@carepatrol.com	NE Kansas
KENTUCKY				
Todd and Lindy Lamkin	7026 Brenlee Dr., Georgetown, IN 47122	502-212-4440	tlamkin@carepatrol.com	Kentuckiana
MAINE				
Keith and Lisa Richards	12 Glenwood Ave., Dover, NH 3820	603-842-4002	lrichards@carepatrol.com krichards@carepatrol.com	York County
MARYLAND				
Bonnie Danker	4919 Montgomery Rd., Ellicott City, MD 21043	410-218-5588	bdanker@carepatrol.com	HoCo - Montgomery
Bonnie Elliott	1552 Scandia Circle, Restin, VA 20190	703-436-2219	belliot@carepatrol.com	Central Maryland
Cindy Evans	PO Box 494, Severn, MD 21144	410-943-2242	cevans@carepatrol.com	Anne Arundel
Charles Picard	9708 Dubarry St., Glenn Dale, MD 20769	240-326-3076	cpicard@carepatrol.com	Prince George's North
Paula Sotir (2 territories)	520 Allegheny Ave., Towson, MD 21204	410-844-0800	psotir@carepatrol.com	Baltimore/Towson
MASSACHUSETTS				
Dave Hood	70 Thoreau Rd., Plymouth, MA 02360	617-694-3053	dhood@carepatrol.com	South Shore/Cape Code
Cean Tan	1 Grove St., #812085, Wellesley, MA 01760	781-879-3038	ctan@carepatrol.com	Greater Boston – Metro West
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MICHIGAN				
Alexandra and Dennis Cleminte	6705 Ridgefield Circle #101, West Bloomfield, MI 48322	734-563-3088	acleminte@carepatrol.com dcleminte@carepatrol.com	Livingston County
Karla Middlecamp	800 E. Ellis Rd., Norton Shores, MI 49441	231-683-2002	kmiddlecamp@carepatrol.com	West Michigan - Lakeshore

NAME	ADDRESS	PHONE	EMAIL	TERRITORY
Michael Mithen	23332 Farmington Rd., Suite 413, Farmington, MI 48332	248-717-2679	mmithen@carepatrol.com	Oakland County
Greg Svitchan	P.O. Box 20, Trenton, MI 48183	734-236-6052	gsvitchan@carepatrol.com	Metro Detroit
Marc Trail	21413 Cyman, Warren, MI 48091	586-693-0284	mtrail@carepatrol.com	Macomb County
Mary Beth Visniski (2 territories)	P.O. Box 1323, Muskegon, MI 49440	616-430-9833	mvisniski@carepatrol.com	Grand Rapids West – Saugatuck/Battle Creek-Kalamazoo
Sandi Wake	257 High Ridge Ct., Middleville, MI 49333	616-773-2085	swake@carepatrol.com	Western Michigan – Grand Rapids East
Rick Young	48913 Wildwood Ct., Plymouth, MI 48170	734-667-4560	ryoung@carepatrol.com	Ann Arbor – Jackson
MINNESOTA				
Roxanne Kirchoff	PO Box 383, Circle Pines, MN 55014	651-927-2047	rkirchoff@carepatrol.com	Twin Cities North
Zach Kirchoff (2 territories)	221 N. 1 st Street, Suite 100, Minneapolis, MN 55401	651-390-0911	zkirchoff@carepatrol.com	Twin Cities West and South
David and Frances Zelch	5 Yellowbird Rd., Dellwood, MN 55110	651-927-8737	dzelch@carepatrol.com fzelch@carepatrol.com	Twin Cities East and St. Paul
MISSOURI				
Ron and Jamie Braun (2 territories)	P.O. Box 792, Raymore, MO 64083	816-535-9955	rbraun@carepatrol.com	KCMO Metro South
Nancy McClure	7620 Capilia Dr., St. Louis, MO 63123	314-471-0042	nmcclure@carepatrol.com	Greater St. Louis
NEBRASKA				
Tom Hallman	4089 S. 84 th St., Suite 101, Lincoln, NE 68127	402-904-8296	thallman@carepatrol.com	Lincoln/Omaha
NEW HAMPSHIRE				
Keith and Lisa Richards	12 Glenwood Ave., Dover, NH 3820	603-842-4002	lrichards@carepatrol.com krichards@carepatrol.com	New Hampshire
NEW JERSEY				
Boris Becker	27 Perry St., Lambertville, NJ 08530	609-397-0921	bbecker@carepatrol.com	Central NJ

NAME	ADDRESS	PHONE	EMAIL	TERRITORY
Steven Pazienza	212 W. Rte. 38, Suite 104, Moorestown, NJ 08057	215-325-1460	spazienza@carepatrol.com	Philadelphia/ Mercer/Burlington
Stephen and Jodi Smith	230 N. Maple Ave., Suite B1 #300, Marlton, NJ 08053	856-985-0084	ssmith@carepatrol.com jsmith@carepatrol.com	South Jersey
NEW YORK				
Richard Curry	16 Country Rd., Albany, NY 12203	518-564-0086	rcurry@carepatrol.com	Albany
Chaim Eliash	72-11 Austin St., PMB 121, Forest Hills, NY 11375	718-535-7880	heliash@carepatrol.com	Queens and Western Long Island
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	140 Allens Creek Road, #3, Rochester, NY 14618			Rochester-Syracuse
Ava McIver and Gregory Johnson	244 Fifth Ave., Suite Q243, New York, NY 10001	888-673-2103	amciver@carepatrol.com gjohnson@carepatrol.com	Staten Island
Uwe Ross and Laura Geneen	999 Montauk Hwy, Unit 32 #619, Shirley, NY 11967	631-323-4650	uross@carepatrol.com lgeneen@carepatrol.com	East Long Island
NORTH CAROLINA				
Jonathan Clark (2 territories)	5000 Centre Green Way, Suite 500, Cary, NC 27513	919-377-9922	jlark1@carepatrol.com	Chapel Hill/Durham/ Greensboro
Gina Gordon	1942 Volunteer Rd., Pinnacle, NC 27043	844-218-2273	ggordon@carepatrol.com	Winston-Salem
Brad Roland	P.O. Box 3122, Cary, NC 27519	919-459-7797	broland@carepatrol.com	Wake County
Lori and Todd Vrcan	P.O. Box 39036, Charlotte, NC 28278	704-771-1777	lvrcan@carepatrol.com tvrcan@carepatrol.com	Charlotte
OHIO				
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Anthony Coleman	P.O. Box 39359, North Ridgeville, OH 44039	440-262-5115	acoleman@carepatrol.com	North Central Ohio

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		513-268-0314		SW Ohio
Jim Everson	357 Nathan Dr., Powell, OH 43065	614-679-5319	jeverson@carepatrol.com	Columbus
Cathy Tippenhauer	S 799 County Rd. 1D, Liberty Center, OH 43532	419-318-0268	ctippenhauer@carepatrol.com	NW Ohio
OREGON				
Kerry Nelson	10117 SE Sunnyside Rd., Suite F, #11, Clackamas, OR 97015	503-379-1492	knelson@carepatrol.com	Portland-South
PENNSYLVANIA				
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Scott and Theresa Dow	P.O. Box 185, Landenberg, PA 19350	484-712-7400	sdow@carepatrol.com tdow@carepatrol.com	Northern Delaware and South Chester County
Mary Ann Pickell	P.O. Box 397, Center Valley, PA 18034	610-509-0445	mpickell@carepatrol.com	Lehigh Valley and Upper Bucks
Lynne Robb	2 Castlyn Dr., Wheeling WV 26003	412-254-8077	lrobb@carepatrol.com	Pittsburgh
David Roesser	642 Cowpath Rd., Suite 393, Lansdale, PA 19466	215-666-0778	droesser@carepatrol.com	Greater Lansdale and King of Prussia
SOUTH CAROLINA				
Cynthia and Ken Knudsen (4 territories)	1869 Brigadoone Ln., Florence, SC 29505	803-667-4489	cknudsen@carepatrol.com kknudsen@carepatrol.com	Columbia
	450 Second Loop Rd., #12248, Florence, SC 29054	864-335-8112		Upstate South Carolina
		843-536-4498		Myrtle Beach/Pee Dee

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TENNESSEE				
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Marty Burkhart	8472 Dennison Cove, Ooltewah, TN 37363	423-718-5254	mburkhart@carepatrol.com	Greater Chattanooga
Bernard Fechter	1774 Fernhall, Collierville, TN 38017	901-910-7260	bfechter@carepatrol.com	Memphis
Eric and Rachel Miller	6688 Nolensville Rd., #108-220, Brentwood, TN 37027	615-270-4812	emiller@carepatrol.com rmiller@carepatrol.com	Music City
Susan and Mike Nichols	9310 Navaho Dr., Brentwood, TN 37027	615-450-0194	snichols@carepatrol.com mnichols@carepatrol.com	Nashville-Franklin
TEXAS				
Artist Covington	P.O. Box 963362, El Paso, TX 79996	915-201-2461	acovington@carepatrol.com	El Paso – Las Cruces
Keith and Lisa Huegel	8524 Silverleaf Circle, Lantana, TX 76226	940-455-2254	khuegel@carepatrol.com lhuegel@carepatrol.com	Denton
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Ralph Hurst	3005 Quill Meadow Dr., League City, TX 77573	832-639-8800	rhurst@carepatrol.com	Clear Lake/Houston
Amandita Johnson	800 Summer Place, Murphy, TX 75094	972-472-4274	ajohnson@carepatrol.com	North Dallas
Greg and Julie Lynch	220 Adams Dr., Suite 280 #125, Weatherford, TX 76086	817-677-1421	jlynch@carepatrol.com glynch@carepatrol.com	Fort Worth
Anna McMaster	P.O. Box 91652, Austin, TX 78709	512-574-0910	amcmaster@carepatrol.com	Central and South Austin
Lew Mickley and Alex Cox-Cuzzi	3010 Broadmoor Dr., Sugar Land, TX 77478	713-379-5626	acuzzi@carepatrol.com lmickley@carepatrol.com	North Central Houston
Cindy Mostaff and Val Rogers	28902 Fairs Gate, Fair Oaks Ranch, TX 78015	726-201-4040	cmostaffa@carepatrol.com	NW San Antonio – Hill Country
Ashley O’Sullivan	310 Honey Mesquite Path, Willis, TX 77318	936-249-2402	aosullivan@carepatrol.com	The Woodlands-Spring
Lacie Petsch	411 Las Colinas Drive, Leander, TX 78641	512-337-3235	lpetsch@carepatrol.com	North Austin

NAME	ADDRESS	PHONE	EMAIL	TERRITORY
Kathryn Scott	831 Comstock Springs Dr., Katy, TX 77450	713-553-4030	kscott@carepatrol.com	West Houston
Kendrick and Katrina Taylor	P.O. Box 542882, Grand Prairie, TX 75054	817-381-1446	ktaylor@carepatrol.com ktaylor1@carepatrol.com	Arlington
Tracy Toomer	450 Century Parkway, Suite 250, Allen, EX 75013	469-930-2273	ttoomer@carepatrol.com	Collin County - Central
UTAH				
Randy and Keri Chipman	1234 River Ridge Ln., Spanish Fork, UT 84660	801-717-9328	rchipman@carepatrol.com	Utah
Rob Winward	411 E. Delano Peak Dr., Eagle Mountain, UT 84005	801-649-9556	rwinward@carepatrol.com	SW Utah
VIRGINIA				
Robin Edwards	6101 Castletown Way, Alexandria, VA 22310	703-375-4389	redwards@carepatrol.com	Northern Virginia
Scott Ogburn (2 territories)	9029 Gold Ridge Ln., Mechanicsville, VA 23116	804-709-0116	sogburn@carepatrol.com	Richmond/ Williamsburg
WASHINGTON				
Elise Biviano	1111 E. Carlson Ln., Spokane, WA 99218	509-315-9324	ebiviano@carepatrol.com	Spokane
David and Diane Lepsig	731 Elk Run Rd., Cle Elum, Wa 98922	425-307-6186	dlepsig@carepatrol.com dlepsig1@carepatrol.com	Bellevue-Eastside
Shane Pierard	10002 Aurora Ave. N, Suite 36, Seattle, WA 98133	206-799-5618	spierard@carepatrol.com	Seattle
WISCONSIN				
Tracy Doeppers	2935 S. Fish Hatchery Rd., #3, #134, Fitchburg, WI 53711	608-807-2828	tdoeppers@carepatrol.com	Dane County
Michelle Graf (2 territories)	3701 E. Evergreen Dr., Suite 275 Appleton, WI 54913	920-428-0827	mgraf@carepatrol.com	Fox Cities
		920-883-5081		Green Bay
Jeff Kelling	2505 N. Mayfair Rd., Suite 221, Milwaukee, WI 53226	414-301-7690	jkelling@carepatrol.com	Milwaukee

NAME	ADDRESS	PHONE	EMAIL	TERRITORY
Ryan Rabe	P.O. Box 422, Sheboygan, WI 53082	920-876-6099	rrabe@carepatrol.com	Sheboygan-West Bend
Todd and Kim Seidl	215 Bayview Rd., Suite 150-1, Mukwonago, WI 53149	262-223-6060	tseidl@carepatrol.com kseidl@carepatrol.com	Greater Milwaukee/SE Wisconsin

SIGNED AGREEMENTS BUT NOT YET OPEN
As of December 31, 2022

NAME	ADDRESS	PHONE	EMAIL	TERRITORY
CALIFORNIA				
Heny Botros and Janice Bautista	1822 E. Route 66, Glendora, CA 81740	866-860-5656	jbautista@carepatrol.com	Arcadia
Michelle Kiel (2 territories)	837 East Monte Way, Phoenix, AZ 85042	925-515-3100	mkiel@carepatrol.com	Ventura and Santa Maria
Shara and Tasha Miller	1 Hawk Ridge Ct., Novato, CA 94949	415-855-5068	tmiller@carepatrol.com smiller@comforcare.com	Marin
Gerald Newton (2 territories)	626 29 th St., Apt. 3, San Francisco, CA 94131	860-514-3464	gnewton@carepatrol.com	Palo Alto/San Mateo
FLORIDA				
Joceny Delva and Vantrell Cross	2115 Song Sparrow Ct., Ruskin, FL 33570	813-444-3380	jdelva@carepatrol.com vcross@carepatrol.com	Tampa South
KENTUCKY				
Rob Graham and Lena Cambron	3500 S. Atlantic Ave., Cocoa Beach, FL 32931	866-560-5656	rgraham@carepatrol.com lcambon@carepatrol.com	Lexington
MICHIGAN				
Stacy Whitefield	30525 Barlow, Farmington Hills, MI 48334	810-328-3582	swhitefield@carepatrol.com	Port Huron and Thumb
NEW YORK				
Jenifer Carter	5 Marino Dr., Wallkill, NY 12589	646-359-0512	jcarter@carepatrol.com	Rockland/Orange Counties
PENNSYLVANIA				
Ryan Buck, Eric Sailor and Don and Julie Lewinski	1500 Union Rd., # 201, West Seneca, NY 14224	716-463-2966	rbuck@carepatrol.com esailor@carepatrol.com dlewinski@carepatrol.com jlewinski@carepatrol.com	Erie and Southern Tier
TEXAS				
Kathryn Scott	831 Comstock Springs Dr., Katy, TX 77450	713-553-4030	kscott@carepatrol.com	Sugar Land
WASHINGTON				
Heather Ashby	2406 E. 16 th St., Vancouver, WA 98661	866-560-5656	hasby@carepatrol.com	Vancouver

EXHIBIT H

CONTACT INFORMATION FOR FORMER FRANCHISEES

Contact information for franchisees who:

- have had an outlet terminated, canceled, not renewed or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the most recently completed fiscal year; or
- have not communicated with the franchisor within 10 weeks of the disclosure document issuance date.

CLOSED
As of December 31, 2022

NAME	ADDRESS	PHONE	EMAIL
FLORIDA			
Dan and Geri Burke	19046 Bruce B. Downs Blvd., Suite 180, Tampa, FL 33647	863-824-7700	dburke@carepatrol.com gburke@carepatrol.com
Adriana Suarez	9923 W. 32 nd Ln., Miami, FL 33018	786-537-4524 737-217-6759	adrianasuarezycia@gmail.com
NEW YORK			
Salvatore Pesce	5 Legacy Ct., Huntingdon, NY 11743	516-376-9044	s36adidas@yahoo.com
OREGON			
Peter and Susan Bauer	15532 SW Pacific Hwy, Suite C1B, #203, Tigard, OR 97224	503-336-0525	peterwbaueriiii@comcast.net
	13460 SW 136 th Pl., Tigard, OR 97223	503-521-0180	
TEXAS			
Nekita Hunter	7324 Gaston Ave., #124, Box 359, Dallas, TX 75214	214-457-2371	ndhunter08@yahoo.com

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

TRANSFERRED
As of December 31, 2022

NAME	ADDRESS	PHONE	EMAIL
ARIZONA			
Lincoln Sutton	3980 E. Cassie Ln., Cottonwood, AZ 86326	208-360-1093	linc.sutt@gmail.com
FLORIDA			
Rob Graham and Lena Cambron	3500 S. Atlantic Ave., Unit 204C, Cocoa Beach, FL 32931	321-591-7315 321-652-6851	rgraham@carepatrol.com lcambbron@carepatrol.com
KANSAS			
David Lanter	22179 W. 121 St., Olathe, KS 66061	913-526-1179	klanter@carepatrol.com
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MISSOURI			
Max Shortell	2202 W. 69 th Terr., Mission Hills, KS 66208	816-476-3005 913-957-2284	mshortell@stu.jsu.edu

**EXHIBIT I
STATE ADDENDUMS**

CALIFORNIA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the California Franchise Investment Law, Cal. Corp. Code §§ 31000-31516 or the California Franchise Relations Act, Cal. Bus. & Prof. Code §§20000-20043 applies, the terms of this Addendum apply.

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AND COMPLAINTS CONCERNING THE CONTENTS OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT WWW.DFPI.CA.GOV.

Item 3, Additional Disclosure:

Neither we nor any person described in Item 2 of the Disclosure Document is subject to any currently effective order of any National Securities Association or National Securities Exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq. suspending or expelling such persons from membership in such association or exchange.

Item 17, Additional Disclosures:

The franchise agreement requires franchisee to execute a general release of claims upon renewal or transfer of the franchise agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order there under is void. Section 31512 voids a waiver of your rights under the Franchise Investment Law. California Business and Professions Code Sections 2000 through 20043 provided rights to the franchisee concerning terminations or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.

Transfers. We will communicate directly with any prospective transferee who is contemplating purchasing an existing franchised business. Such prospective transferees must provide us the following information when submitting an application to us:

- Your name and address;
- A copy of all agreements related to the sale, assignment, or transfer of the franchise, the assets of the franchised business, or the interest in the franchised business;
- An application to us for approval of the transfer, which shall include all forms, financial disclosures, and related information required by the us in reviewing prospective franchisees;
 - If a form/document required to be submitted with an application is not reasonably available to the prospective franchisee, the prospective franchisee may make a written request to us for such form or document, and we must then deliver the form by email, courier, or certified mail within 15 calendar days of receiving the request;
 - If our then-existing standards for approval of any application are not reasonably available to the prospective franchisee, the prospective franchisee may make a written request for

the standards to the us, and we must communicate the standards within 15 calendar days of receiving the request;

- o As soon as practicable after receiving the prospective transferee's application, we must notify the prospective franchisee in writing of any additional information or documentation necessary to complete the application; and
- o We must notify the prospective transferee of the approval or disapproval of their application within 60 days after receiving the information and documentation. The notice must be in writing. If the application is disapproved, we must include in the notice a statement setting forth the reasons for the disapproval.

Modifications of the Franchise Agreement Related to State or Federal Emergencies

We are prohibited from modifying a franchise agreement, or requiring a general release, in exchange for any assistance related to a declared state or federal emergency.

Refusal to Grant a Franchise/Provide Assistance Based on Protected Characteristics. We are prohibited from refusing to grant a franchise, or refusing to provide assistance, to a franchisee or prospective franchisee based solely on (i) any characteristic of the franchisee or prospective franchisee, or (ii) any characteristic of the composition of the neighborhood or geographic area where the franchise is located or the proposed franchise would be located (as listed or defined in California's civil rights law).

The franchise agreement requires application of the laws of Michigan. This provision may not be enforceable under California law.

The franchise agreement contains a liquidated damages clause. Under California Civil Code §1671, certain liquidated damages clauses are unenforceable.

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

The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. §101 et seq.)

The franchise agreement requires mediation. The mediation will occur in the city in which our headquarters are located at the time of the arbitration (currently Troy, Michigan), with the cost being borne by the parties as determined by the mediator. Prospective franchisees are encouraged to consult with private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedures Section 1281 and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form containing the information that the commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.

Each owner of the franchise is required to execute a personal guaranty. Doing so could jeopardize the marital assets of non-owner spouse domiciled in community property states such as California.

The financial performance representations do not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating

your franchised business. Franchisees or former franchisees listed in the Disclosure Document may be one source of this information.

Disclaimers in FAs/Compliance Questionnaires. Any provision of a Franchise Agreement, pre-sale compliance questionnaire, acknowledgment, or other writing that disclaims or denies any of the following are now deemed void and unenforceable under California law:

- Representations made by us or our personnel or agents to a prospective franchisee;
- Reliance by a franchisee on any representations made by us or our personnel or agents;
- Reliance by a franchisee on the Franchise Disclosure Document, including any exhibit thereto; and
- Violations of any provision of the amended law.

In registering this franchise, the California Department of Financial Protection and Innovation has not reviewed, and makes no statements concerning, the franchisor's compliance with state and federal licensing and regulatory requirements relating to the practice of medicine. You should consult with your attorney concerning these laws, regulations, and ordinances that may affect the operation of your business. If the state determines that the operation of the franchise fails to comply with state law, the franchisor may be required to cease operations of the franchised business in California. This may result in the termination of your franchise and loss of your investment.

No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker, or other person acting on behalf of the franchisor that was a material inducement to a franchisee's investment. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

Registration of this franchise does not constitute approval, recommendation or endorsement by the Commissioner.

CALIFORNIA ADDENDUM TO FRANCHISE AGREEMENT

To the extent the California Franchise Investment Law, Cal. Corp. Code §§ 31000-31516 or the California Franchise Relations Act, Cal. Bus. & Prof. Code §§20000-20043 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

- a. The Franchise Agreement requires franchisee to execute a general release of claims upon renewal or transfer of the franchise agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order there under is void. Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 – 20043).
- b. The Franchise Agreement requires application of the laws of Michigan. This provision may not be enforceable under California law.
- c. The Franchise Agreement contains a liquidated damages clause. Under California Civil Code §1671, certain liquidated damages clauses are unenforceable.
- d. California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination or non-renewal of a franchise. The Federal Bankruptcy Code also provides rights to franchisee concerning termination of the Franchise Agreement upon certain bankruptcy-related events. If the Franchise Agreement is inconsistent with the law, the law will control.
- e. The franchise agreement requires mediation. The mediation will occur in the city in which our headquarters are located at the time of the mediation (currently Troy, Michigan), with the cost being borne by the parties as determined by the mediator. Prospective franchisees are encouraged to consult with private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedures Section 1281 and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.
- f. In addition, as of January 1, 2023, (and) notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:
 - i. Transfers. We will communicate directly with any prospective transferee who is contemplating purchasing an existing franchised business. Such prospective transferees must provide us the following information when submitting an application to us:
 1. Your name and address;
 2. A copy of all agreements related to the sale, assignment, or transfer of the franchise, the assets of the franchised business, or the interest in the franchised business;

3. An application to us for approval of the transfer, which shall include all forms, financial disclosures, and related information required by the us in reviewing prospective franchisees;
 - a. If a form/document required to be submitted with an application is not reasonably available to the prospective franchisee, the prospective franchisee may make a written request to us for such form or document, and we must then deliver the form by email, courier, or certified mail within 15 calendar days of receiving the request;
 - b. If our then-existing standards for approval of any application are not reasonably available to the prospective franchisee, the prospective franchisee may make a written request for the standards to the us, and we must communicate the standards within 15 calendar days of receiving the request;
 - c. As soon as practicable after receiving the prospective transferee's application, we must notify the prospective franchisee in writing of any additional information or documentation necessary to complete the application; and
 - d. We must notify the prospective transferee of the approval or disapproval of their application within 60 days after receiving the information and documentation. The notice must be in writing. If the application is disapproved, we must include in the notice a statement setting forth the reasons for the disapproval.
- ii. Modifications of the Franchise Agreement Related to State or Federal Emergencies. We are prohibited from modifying a franchise agreement, or requiring a general release, in exchange for any assistance related to a declared state or federal emergency.
- iii. Refusal to Grant a Franchise/Provide Assistance Based on Protected Characteristics. We are prohibited from refusing to grant a franchise, or refusing to provide assistance, to a franchisee or prospective franchisee based solely on (i) any characteristic of the franchisee or prospective franchisee, or (ii) any characteristic of the composition of the neighborhood or geographic area where the franchise is located or the proposed franchise would be located (as listed or defined in California's civil rights law).
- iv. Disclaimers in FAs/Compliance Questionnaires. Any provision of a Franchise Agreement, pre-sale compliance questionnaire, acknowledgment, or other writing that disclaims or denies any of the following are now deemed void and unenforceable under California law:
 1. Representations made by us or our personnel or agents to a prospective franchisee;
 2. Reliance by a franchisee on any representations made by us or our personnel or agents;
 3. Reliance by a franchisee on the Franchise Disclosure Document, including any exhibit thereto; and
 4. Violations of any provision of the amended law.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee's investment. Any statements or representations signed by a franchisee purporting to understand any fact or its legal effect shall be deemed made only based upon the franchisee's understanding of the law and facts as of the time of the franchisee's investment decision. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

4. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR:
CarePatrol Franchise Systems, LLC
A Delaware Limited Liability Company

By: Stephen D. Greenwald
By: In-house Counsel

FRANCHISEE:

By: _____
Title: _____

EXHIBIT J

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	May 5, 2023
Florida	Different Form of FDD
Hawaii	Different Form of FDD
Illinois	Different Form of FDD
Indiana	Different Form of FDD
Kentucky	Different Form of FDD
Maryland	Different Form of FDD
Michigan	Different Form of FDD
Minnesota	Different Form of FDD
Nebraska	Different Form of FDD
New York	Different Form of FDD
North Dakota	Not Registered
Rhode Island	Different Form of FDD
South Dakota	Not Registered
Texas	Different Form of FDD
Utah	Different Form of FDD
Virginia	Different Form of FDD
Washington	Different Form of FDD
Wisconsin	Different Form of FDD

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

EXHIBIT K RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

The Federal Trade Commission requires CarePatrol Franchise Systems, LLC to provide this disclosure document to you fourteen (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.

In New York, New York law requires a franchisor to provide the franchise disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If CarePatrol Franchise Systems, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency listed in Exhibit C.

Franchise Seller: CarePatrol Franchise Systems, LLC
900 Wilshire Drive, Suite 102, Troy, MI 48084
480.626.2450
Sellers: Casey Morris; 900 Wilshire Drive, Suite 102, Troy, MI 48084; 480-626-2450
Marni Smith; 900 Wilshire Drive, Suite 102, Troy, MI 48084; 480-626-2450
David Tarr; 900 Wilshire Drive, Suite 102, Troy, MI 48084; 480-626-2450

Date of Issuance: April 1, 2023; Amended October 1, 2023

This disclosure document included the following Exhibits:

Exhibit A	Financial Statements
Exhibit B	Franchise Agreement
Exhibit C	State Administrators and Agents for Service of Process
Exhibit D	Power of Attorney – Telephone and Internet
Exhibit E	Sample Deposit Agreement
Exhibit F	Sample Release Agreement
Exhibit G	List of Franchise Locations
Exhibit H	Contact Information for Former Franchisees
Exhibit I	State Addenda
Exhibit J	State Effective Dates
Exhibit K	Receipts

PROSPECTIVE FRANCHISEE:

If a business entity:

If an individual:

Name of Business Entity:

By: _____
Signature

Print Name: _____

Its: _____
Title

Date: _____

Signature

Print Name: _____

Date: _____

RECEIPT

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If a business entity:

If an individual:

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By: _____
Signature

Print Name: _____

Its: _____
Title

Date: _____

Signature

Print Name: _____

Date: _____