FOR USE IN CALIFORNIA ONLY

FRANCHISE DISCLOSURE DOCUMENT

HOMEWATCH CAREGIVERS, LLC
(a Colorado limited liability company)
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Greenwood Village, Colorado 80111
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Department of
Business Oversight

Homewatch CareGivers, LLC is offering franchises for the operation of a business which offers companionship, personal care, complex personal care and nursing and other skilled services provided by home health aides, personal care providers, certified nurse assistants, licensed practical nurses and registered nurses for seniors and clients of all ages

The total investment necessary to begin operation of a HOMEWATCH CAREGIVERS franchised business ranges from $83,000 to $141,500 This includes $49,195 to $71,695 that must be paid to the franchisor

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

You may wish to receive your disclosure document in another format that is more convenient for you To discuss the availability of disclosures in different formats, contact the Franchise Development Department at Homewatch CareGivers, LLC, at 6251 Greenwood Plaza Blvd , Suite 250, Greenwood Village, Colorado 80111, (303) 758-5111

The terms of your contract will govern your franchise relationship Do not 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 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 "*Buying a Franchise A Consumer's Guide*," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, DC 20580 You can also visit the FTC's home page at www ftc gov for additional information Call your state agency or visit your public library for other sources of information on franchising

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

ISSUANCE DATE May 1, 2019, as amended August 27, 2019

STATE COVER PAGE

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

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

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

Please consider the following RISK FACTORS before you buy this franchise

1 **THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY ARBITRATION AND LITIGATION ONLY IN COLORADO OUT OF STATE ARBITRATION OR LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES IT MAY ALSO COST YOU MORE TO ARBITRATE OR LITIGATE WITH US IN COLORADO THAN IN YOUR HOME STATE**

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

3 **THE FRANCHISOR HAS MINIMUM SALES PERFORMANCE STANDARDS THAT YOU MUST MAINTAIN YOU MAY WANT TO CONSIDER THIS WHEN MAKING A DECISION TO PURCHASE THIS FRANCHISE OPPORTUNITY**

4 **IF YOU ARE AN INDIVIDUAL, YOUR SPOUSE MUST SIGN THE GUARANTY, WHICH WILL MAKE THEM JOINTLY AND SEVERALLY LIABLE FOR THE DEBTS OF THE HOMEWATCH CAREGIVERS BUSINESS WHETHER OR NOT YOUR SPOUSE IS INVOLVED IN THE OPERATIONS OF THE BUSINESS THIS REQUIREMENT PLACES YOUR PERSONAL ASSETS AND YOUR SPOUSE'S ASSETS AT RISK**

5 **THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE**

We may use the services of one or more franchise brokers or referral sources to assist us in selling our franchise A franchise broker or referral source is our agent and represents us, and not you We pay this person a fee for selling our franchise or referring you to us You should be sure to do your own investigation of the franchise

FRANCHISE DISCLOSURE DOCUMENT STATE EFFECTIVE DATES

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

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

California May 21, 2019, as amended on [PENDING]

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

Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise

(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 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

Any questions regarding the notice should be directed to

State of Michigan
Consumer Protection Division
Attention Franchise
P O Box 30213
Lansing, Michigan 48909
Telephone Number (517) 373-7117

TABLE OF CONTENTS

ITEM	Page
ITEM 1 THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES	1
ITEM 2 BUSINESS EXPERIENCE	6
ITEM 3 LITIGATION	8
ITEM 4 BANKRUPTCY	10
ITEM 5 INITIAL FEES	10
ITEM 6 OTHER FEES	12
ITEM 7 ESTIMATED INITIAL INVESTMENT	16
ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES	19
ITEM 9 FRANCHISEE'S OBLIGATIONS	21
ITEM 10 FINANCING	22
ITEM 11 FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING	23
ITEM 12 TERRITORY	30
ITEM 13 TRADEMARKS	33
ITEM 14 PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION	35
ITEM 15 OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS	3536
ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL	37
ITEM 17 RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION	3738
ITEM 18 PUBLIC FIGURES	3940
ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS	3940
ITEM 20 OUTLETS AND FRANCHISEE INFORMATION	4647
ITEM 21 FINANCIAL STATEMENTS	5253
ITEM 22 CONTRACTS	5354
ITEM 23 RECEIPTS	5354
RECITALS	1

EXHIBITS

Exhibit A	List of State Agencies/Agents for Service of Process
Exhibit B	Franchise Agreement, including State-Specific Addenda to Franchise Agreement, SBA Addendum and the following exhibits Exhibit I – Addendum Exhibit II – Guaranty Exhibit III - Statement of Ownership Exhibit IV - Automated Clearing House Authorization Agreement Exhibit V – Franchisee Acknowledgement Regarding Participation in Business Implementation Program
Exhibit C	Nondisclosure and Noncompetition Agreement
Exhibit D	List of Franchisees
Exhibit E	Franchisees That Have Left the System
Exhibit F	Financial Statements
Exhibit G	Operations Manual Table of Contents
Exhibit H	State Specific Addenda to Disclosure Document
Exhibit I-1	Additional Territory Addendum to Franchise Agreement
Exhibit I-2	Renewal Amendment to Franchise Agreement
Exhibit I-3	Additional Office Addendum to Franchise Agreement
Exhibit I-4	Conversion Amendment to Franchise Agreement
Exhibit J	Business Associate Agreement
Exhibit K	General Release
Exhibit L	Disclosure Acknowledgement Statement
Exhibit M	Resale Assignment and Consent Agreement
Exhibit N	Receipts

ITEM 1

THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

The Franchisor

The Franchisor is Homewatch CareGivers, LLC For ease of reference, Homewatch CareGivers, LLC will be referred to as "**we**," "**us**," "**our**," "**Franchisor**" or "**HWCG**" in this Disclosure Document We will refer to the person buying the franchise as "**you**" or "**your**" throughout this Disclosure Document, unless otherwise noted If you are a corporation, partnership or limited liability company ("**Business Entity**"), certain provisions of the Franchise Agreement will also apply to your owners as noted in the Franchise Agreement

HWCG was originally formed on December 28, 1992 as a Colorado corporation under the name Homewatch International, Inc In September 2017, Homewatch International, Inc converted its legal formation from a Colorado corporation into a Colorado limited liability company, Homewatch International, LLC Following the conversion, Homewatch International, LLC changed its entity name to Homewatch CareGivers, LLC, a Colorado limited liability company We currently conduct business under our entity name, and under the service mark and brand "HOMEWATCH CAREGIVERS " Our principal business address is 6251 Greenwood Plaza Blvd , Suite 250, Greenwood Village, Colorado 80111 As of December 31, 2018, the end of our last fiscal year, there were 174 HOMEWATCH CAREGIVERS franchised businesses operating in the United States of America Our agents for service of process are disclosed in Exhibit A

Parents and Predecessors, Prior Business Experience

We have been offering franchises for HOMEWATCH CAREGIVERS Services since January 1996 From 1993 through 1996, we offered franchises for pet/housesitting, handyman and companionship service businesses that used the service mark HOMEWATCH From our formation and until 2005, we operated three HOMEWATCH CAREGIVERS Businesses in Denver, Colorado In late 2005, these three Businesses were transferred to Home Care Services of Denver, Inc ("**HCSD**"), a Colorado corporation controlled by Paul Sauer, who was also our Chief Executive Officer HCSD was incorporated on December 12, 2005 and its principal business address was 6251 Greenwood Plaza Blvd , Suite 250, Greenwood Village, Colorado 80111 The three Businesses in Denver, Colorado were closed in August 2015 HCSD was dissolved in November 2016 HCSD had never offered franchises in any line of business and had not engaged in other business activities except as described

Rosie & Al, LLC, a Colorado limited liability company formed on February 21, 2006, with its principal business address at 25232 E Indore Dr , Aurora, Colorado 80016, became our parent company on January 1, 2009 In September 2017, Rosie & Al, LLC transferred all of its ownership interests in HWCG to Cleaning Authority Holding Company, LLC, a Delaware limited liability company Subsequently, Cleaning Authority Holding Company, LLC changed its name to Authority Brands, LLC, a Delaware limited liability company ("**Authority Brands**") Authority Brands maintains its principal business address at 7230 Lee Deforest Drive, Suite 200, Columbia, Maryland 21046

On September 21, 2018, Villa BidCo Inc acquired all of the equity interests in Authority Brands As of September 21, 2018, the name and principal business address of each of the companies that directly or indirectly control Authority Brands are as follows

Name of Company	Principal Business Address	Ownership or Control of Company
Villa Aggregator LP, a Delaware limited partnership	c/o Apax Partners 601 Lexington Avenue, 53rd Floor New York, New York 10022	An investment fund established by Apax Partners, a private equity firm
Villa TopCo Inc, a Delaware corporation	c/o Apax Partners 601 Lexington Avenue, 53rd Floor New York, New York 10022	Wholly owned by Villa Aggregator LP
Villa MidCo Inc, a Delaware corporation	c/o Apax Partners 601 Lexington Avenue, 53rd Floor New York, New York 10022	Wholly owned by Villa TopCo Inc
Villa Parent Inc, a Delaware corporation	c/o Apax Partners 601 Lexington Avenue, 53rd Floor New York, New York 10022	Wholly owned by Villa MidCo Inc
Villa BidCo Inc, a Delaware corporation	c/o Apax Partners 601 Lexington Avenue, 53rd Floor New York, New York 10022	Wholly owned by Villa Parent Inc
Authority Brands, LLC	7230 Lee Deforest Drive, Suite 200, Columbia, Maryland 21046	Wholly owned by Villa BidCo Inc

Apax Partners and its affiliates have a history of investing in middle market companies across various industries and we anticipate that they will engage in mergers and acquisitions in the future, including mergers and acquisitions involving other franchise companies

Affiliates

Homewatch Canada, Inc ("**Homewatch Canada**") is a New Brunswick, Canadian corporation formed on August 25, 2017 and is a 100%-owned subsidiary of Authority Brands Homewatch Canada has its principal place of business at Barker House, 570 Queen Street, Suite 600, Fredericton NB E3B 6Z6 Homewatch Canada offers franchises in Canada under the "HOMEWATCH CAREGIVERS" mark and logo In September 2017, Homewatch Canada acquired from us all of our right, title and interest in and to all of our franchise agreements involving or relating to any franchise territory located in Canada (and any accounts receivable relating thereto), (the "**Canadian Franchise Agreements**"), and it assumed all of our liabilities related to such Canadian Franchise Agreements, other than liability for taxes, arising from our operation of our Canadian business and the ownership of the Canadian Franchise Agreements prior to the date of such acquisition As of December 31, 2018, Homewatch Canada was a party to Canadian Franchise Agreements for a total of four HOMEWATCH CAREGIVERS Businesses Except as described above, Homewatch Canada does not provide any goods or services to our franchisees nor has it offered franchises in any line of business

Homewatch CareGivers International, Inc ("**HWCG International**") is a Delaware corporation formed on August 25, 2017 as a 100%-owned subsidiary of Authority Brands HWCG International has the same principal place of business as Authority Brands HWCG International offers franchises under the "HOMEWATCH CAREGIVERS" mark and logo in territories outside the U S and Canada In September 2017, HWCG International acquired from us all of our right, title and interest in and to all of our franchise agreements involving or relating to any franchise territory located outside the U S and Canada (and any accounts receivable relating thereto) (the "**International Franchise Agreements**"), and it assumed all of our liabilities related to such International Franchise Agreements, other than liability for taxes arising from our operation of our international business and the ownership of the International Franchise Agreements prior to the date of such acquisition Immediately following the acquisition of HWCG by Authority Brands, Authority Brands contributed all of the capital stock of HWCG International to us, making HWCG International a 100%-owned subsidiary of HWCG As of December 31, 2018, HWCG International was a party to International Franchise Agreements in Chile (with one HOMEWATCH CAREGIVERS business operating), Colombia (with one HOMEWATCH CAREGIVERS business operating), Costa Rica (with two HOMEWATCH CAREGIVERS businesses operating), Guatemala (with one HOMEWATCH CAREGIVERS business operating), and Mexico (with five HOMEWATCH CAREGIVERS businesses operating) Except as described above, HWCG International does not provide any goods or services to our franchisees nor has it offered franchises in any line of business

The Cleaning Authority, LLC ("**TCA**") is a limited liability company formed in Maryland on February 4, 2010 and is a 100%-owned subsidiary of Authority Brands TCA has the same principal place of business as Authority Brands Since September 2010, TCA has been offering franchises for a cleaning service program that specializes in residential cleaning As of December 31, 2018, there were 211 TCA franchised businesses operating in the United States TCA has not offered franchises in any other line of business and has never provided any goods or services to our franchisees

The Cleaning Authority Inc ("**TCA CANADA**") is a corporation formed in the Province of New Brunswick, Canada, in August 2014 as a 100% owned subsidiary of Authority Brands TCA CANADA maintains its principal business address at 1 Germain Street Suite 1700, Saint John NB E2L 4V1 TCA CANADA offers franchises in Canada under "THE CLEANING AUTHORITY" mark and logo On August 19, 2014, in accordance with the Acquisition Agreement, TCA CANADA purchased substantially all of the assets and assumed substantially all of the liabilities of The Cleaning Authority Canada, LLC (the "**TCA CANADA Predecessor**") The TCA CANADA Predecessor offered franchises in Canada under "THE CLEANING AUTHORITY" mark and logo from February 2011 to August 2014 As of December 31, 2018, there were seven (7) TCA franchised businesses in Canada Except as described above, TCA CANADA does not provide any goods or services to our franchisees nor has it offered franchises in any line of business

Our affiliate since October 19, 2018, ASP Franchising, Inc ("ASP Franchising"), a Georgia corporation formed on January 11, 2006, is a wholly-owned indirect subsidiary of Villa BidCo ASP Franchising's principal business address is 3986 Lake Street, Macon, GA 31204 Since January 2006, ASP Franchising has been offering franchises for the operation of businesses that provide swimming pool cleaning, swimming pool maintenance, and swimming pool renovation services, as well as related services and products in the swimming pool industry, such as swimming pool construction and retail operations, under the name ASP® As of December 31, 2018, there were 271 ASP franchised businesses in the U S ASP Franchising does not provide any goods or services to our franchisees nor has it offered franchises in any other line of business

Our affiliate since December 7, 2018, Mosquito Squad Franchising, LLC ("Mosquito Squad") is a wholly-owned indirect subsidiary of Villa BidCo Mosquito Squad was originally formed on January 19, 2009 as a Delaware corporation, Mosquito Squad Franchising Corporation, and was converted on

December 7, 2018 to a Delaware limited liability company Mosquito Squad's principal business address is 2924 Emerywood Parkway, Suite 101, Richmond, VA Mosquito Squad's predecessor was Mosquito Squad Franchise Corp ("Mosquito Squad Predecessor") Mosquito Squad Predecessor offered franchises for outdoor pest control businesses from January 2005 to January 2009 Since January 2009, Mosquito Squad has been offering franchises for outdoor pest control businesses, which offer residential and commercial customers a variety of goods and services in the pest elimination/control industry including the sale, design, installation and servicing of outdoor misting systems, barrier treatment services and other pest elimination and control systems, under the name Mosquito Squad® As of December 31, 2018, there were 229 Mosquito Squad franchised businesses in the U S Mosquito Squad does not provide any goods or services to our franchisees nor has it offered franchises in any other line of business

On April 30, 2019, our affiliate, Hidden Gem Holdco, LLC ("**Buyer**") acquired from RSG Holding Corp , a Delaware corporation ("**Seller**") all of the issued and outstanding equity interests in Clockwork, Inc ("**Clockwork**"), a Delaware corporation and a direct parent company to (i) Benjamin Franklin Franchising, LLC, a Missouri limited liability company ("**BFP**"), (ii) Mister Sparky Franchising, LLC, a Florida limited liability company ("**Mister Sparky**") and (iii) One Hour Air Conditioning Franchising, LLC, a Florida limited liability company ("**OHAC**") As a result of the acquisition, Clockwork became a direct, wholly-owned subsidiary of Buyer Since September 2001, BFP has been offering franchises to operate a residential plumbing maintenance, repair and replacement and drain cleaning services business under the mark BENJAMIN FRANKLIN PLUMBING As of December 31, 2018, BFP had 254 franchises in the U S BFP's principal office address is 12 Greenway Plaza, Suite 250, Houston, Texas 77046 Since June 2006, Mister Sparky has been offering franchises to operate a residential electric services business under the trademark MISTER SPARKY As of December 31, 2018, Mister Sparky had 106 franchises in the U S Mister Sparky's principal office address is the same as BFP's address Since April 2003, OHAC has been offering franchises to operate a residential air conditioning and heating services and repair business under the trademarks ONE HOUR AIR CONDITIONING & HEATING and ONE HOUR HEATING & AIR CONDITIONING As of December 31, 2018, OHAC had 344 franchises in the U S OHAC's principal office address is the same as BFP's address None of BFP, Mister Sparky or OHAC provides any goods or services to our franchisees nor has it offered franchises in any other line of business, however, OHAC guarantees our performance under the franchise agreements and OHAC's financial statements are included as an exhibit to this FDD (See Item 21 and Exhibit F)

Other than as described, HWCG has not have offered franchises in any other line of business, or owned or operated any HOMEWATCH CAREGIVERS Businesses HWCG has not been engaged in other business activities except as described

The Franchises

We offer franchises for the establishment and operation of a business ("**HOMEWATCH CAREGIVERS Business**" or "**Business**") offering companionship, personal care, complex personal care, and nursing and other skilled services, where allowed by HWCG standards and under state law ("**HOMEWATCH CAREGIVERS Services**") to private pay and insured clients ("**Clients**") We refer to the persons who provide care for Clients as "**Caregivers** " The Businesses use our service mark "HOMEWATCH CAREGIVERS" and related service marks and trademarks ("**Marks**"), as well as our proprietary business methods ("**Licensed Methods**") HOMEWATCH CAREGIVERS Businesses provide services to a variety of Clients focusing on seniors who need assistance with the necessities of daily living The HOMEWATCH CAREGIVERS Services include companionship, personal care, complex personal care and nursing and other skilled services for Clients with disabilities, long-term health conditions and chronic illnesses HOMEWATCH CAREGIVERS Services also include post-hospitalization care, nursing coordination services, specialized dementia care and temporary staffing for nursing homes and other health care facilities We provide a detailed list of the HOMEWATCH CAREGIVERS Services offered by a

Business in our Operations Manual and reserve the right to modify the services at any time As used herein, the term "**Operations Manual**" means all manuals, technical bulletins, standard operating procedures, guides, and other written materials, some or all of which may be web-based, which we provide to you and which we may modify from time to time The Franchise Agreement is attached to this Disclosure Document as Exhibit B

If you have been operating your HOMEWATCH CAREGIVERS Business for at least 12 months and your Territory size and level of market development qualify, you may, upon our approval, open an additional office for your Business (the "**Additional Office**") by signing the Additional Office Addendum to the Franchise Agreement, attached in Exhibit I-3 to this Disclosure Document

We may, but are not required to, periodically make available optional programs ("**Optional Programs**") in which you may be eligible to participate These programs are sometimes provided in association with the Marks and Licensed Methods, or may be associated with other trademarks and service marks owned by us or by third parties The focus of Optional Programs is to enable Businesses to provide additional services or products to Clients, or make available additional referral sources or strategic alliances to generate new Clients There may be qualification standards, set by us or a third-party provider, which must be met in order to participate In order to participate in some Optional Programs, you may be required to sign an Addendum to your Franchise Agreement or a separate agreement with us or a third-party provider

Market for the Franchise Services and Competition

The target market for the HOMEWATCH CAREGIVERS Services you will offer is the general public, in particular, Clients who utilize outside services to take care of various personal care needs and especially Clients needing outside personal assistance services to continue to live at home Your Clients will consist of seniors and others who are disabled, rehabilitating, convalescing or recovering from accidents, surgical procedures or injuries You will compete with a wide variety of other businesses and individuals that provide similar services in your market area There are numerous enterprises and individuals in all areas of the United States providing some or all of the services you will offer through your HOMEWATCH CAREGIVERS Business, such as senior daycare centers, convalescent care providers and assisted living services

Regulations

You must observe all rules and regulations that apply to a HOMEWATCH CAREGIVERS Business in the state where your Business will be conducted Many states require licenses or otherwise regulate some aspect of personal or home care businesses You are responsible for determining whether licensing or other regulations exist and if so, how you will comply with them We will provide limited assistance to you in complying with regulations, but we strongly recommend that you consult with an attorney regarding federal, local and state laws, rules and regulations that may affect the operation of your Business You must determine whether there are state and local laws that regulate the operation of a HOMEWATCH CAREGIVERS Business in your area You are required to check your state and local laws and regulations regarding insuring, and training your personnel who will be assisting Clients in their homes, as well as labor laws, human resources laws and licensing laws applicable to the provision of personal or home care services in your state In some states, individual Caregivers must be licensed, depending on the type of services provided At a minimum, you and your employees must be background checked and you must obtain insurance against theft or other crimes committed

You should also familiarize yourself with federal, state or local laws of a more general nature that may affect the operation of your HOMEWATCH CAREGIVERS Business It will be your responsibility to comply with any laws affecting your Business For example, you must comply with the anti-kickback

provisions in the federal Social Security Act, which prohibit the payment or receipt of any consideration either in return for the referral of clients or client care opportunities paid by a federal health care program such as the Department of Veteran's Affairs ("**VA**"), or in return for the purchase of goods or services paid by a federal health care program such as the VA This federal anti-kickback law has been interpreted to cover a wide range of activities In addition, some states have anti-kickback laws, rules prohibiting fee-splitting, and corporate practice of medicine rules that may apply to Clients regardless of their health insurance coverage You must also abide by HWCG's data privacy policies set forth in the Operations Manual You must determine if you are a covered entity, as defined by the federal Health Insurance Portability and Accountability Act of 1996, as amended ("**HIPAA**"), and, if you are, you must comply with HIPAA when collecting, using and disclosing information about Clients If you are a covered entity under HIPAA, HWCG is a "Business Associate" of yours as described in the Franchise Agreement, in which case you will be required to sign a Business Associate Agreement with us, in the form attached hereto as Exhibit J There may be other state, local or federal regulations specific to the operation of a HOMEWATCH CAREGIVERS Business in your area

If you desire to participate in a federally-sponsored program such as Medicaid, you will first obtain our approval in writing You must also follow state and federal health insurance and Medicaid procedures, if you are Medicaid certified, VA rules, if you provide services to veterans paid by the veteran's pension, and the federal and state laws that sometimes regulate a Client's right to cancel services for a period after entering into a contract in their personal residence You must stay informed about any applicable changes to these laws You are responsible for learning about and complying with applicable state laws and regulations such as Passport and Waiver, and Medicaid, VA and other federal government rules and regulations, if you choose to conduct your Business in a manner that requires you to comply with these rules and regulations

If you are a Business Entity, you have the duty to maintain your Business Entity's good standing with the state where the Business Entity was formed to maintain the existence of the Business Entity

ITEM 2

BUSINESS EXPERIENCE

Manager Rob Weddle

Mr Weddle has been ~~(i)~~ a manager on our~~the~~ board of managers, ~~for HWCG and~~ a director on the board of directors for Homewatch Canada and HWCG International, and President and CEO of Homewatch Canada, since September 2017, ~~(ii) a manager on the board of managers for Authority Brands and TCA since August 2014 and (iii) the Chief Executive Officer for Authority Brands, TCA and TCA CANADA since August 2014~~ ; Since April 2019~~December 2018, he has also been a manager on the board of managers of Mosquito Squad In addition~~, Mr Weddle has been a member of the board of managers/~~the President, Assistant Secretary, and Assistant Treasurer of TCA Canada since August 2014 and a director on the board of~~ directors ~~for TCA CANADA since October 2014~~ Since August 2014, Mr and the Chief Executive Officer of BFP, OHAC, Mister Sparky and several of their affiliates, and in June 2019, also became the President of such companies. Mr. Weddle has also been a manager on the board of managers and an Authorized~~the Chief Executive~~ Officer of Mosquito Squad since December 2018 ~~and manager on~~ Since August 2014, Mr Weddle has been (i) a member of the board of managers/directors for Authority Brands, TCA, TCA CANADA and ~~for~~ Mighty Maids, LLC ("**Mighty Maids**~~MM~~"), a 100%-owned subsidiary of Authority Brands that operates a business under the name "The Cleaning Authority" in the Columbia, Maryland area ~~Since April 2019, Mr Weddle has also been the CEO and a manager of OHAC, BFP, Mister Sparky and several of their affiliates From August 2013 to August 2014, Mr Weddle was the Chief Operating Officer for TCA~~ Mr , (ii) the President and Chief Executive Officer for Authority Brands, TCA,

Mighty Maids and TCA CANADA, as well as (iii) President, Assistant Secretary, and Assistant Treasurer of TCA CANADA.

Since September 2018, he has also been a director on the board of directors of each of the following entities, Buyer, Villa BidCo Inc., Villa GP Inc., Villa MidCo Inc., Villa Parent, Inc., and Villa TopCo Inc., as well as the President and CEO of the foregoing entities (excluding Villa GP Inc.). Since September 2002, he has beenWeddle served as TCA's Vice President of Operations from February 2010 to July 2013. He served as Vice President of Operations for TCA CANADA Predecessor from January 2011 to August 2014. He also is the Vice President and an owner of Longhorn Enterprises, Inc d/b/a The Cleaning Authority in Newark, Delaware., a position he has held since September 2002. Since April 2013, he has owned an interest in Dirty Dozen 9, LLC d/b/a The Cleaning Authority in Harrisburg, Pennsylvania. From August 2013 to August 2014, he was TCA's Chief Operating Officer. He served as Vice President of Operations for TCA CANADA Predecessor from January 2011 to August 2014. - Except as noted, all of these positions are or were based in Columbia, Maryland

Manager, Vice President, Chief Financial Officer, Treasurer and Secretary Silpa Velaga

Since May 2019, Ms Velaga has been a manager on our board of managers, our Vice President, Chief Financial Officer, Treasurer and Secretary. Since May 2019, and Ms Velaga has also been (i) a director on the boardChief Financial Officer of directorsAuthority Brands, Mighty Maids, LLC, TCA, TCA CANADA and theHomewatch Canada, (ii) Vice President, Chief Financial Officer, Treasurer and Secretary of TCA Canada, Homewatch Canada and HWCG International, (ii) a director on the board of directors and the Chief Financial Officer of BFP, OHAC and Mister Sparky, (iii) a member of the board(iii) manager on the board of managers for Authority Brands, TCA, Mighty Maids, LLC, Mosquito Squad, OHAC, BFP and Mister Sparky and several of their affiliates, (iv) a director on the board of directors for TCA Canada, Homewatch Canada and HWCG International and (v) authorized officer of directors managers and an Authorized Officer of Mosquito Squad, BFP, OHAC, BFP and Mister Sparky and several of their affiliates, (iv) the Chief Financial Officer of Authority Brands, Mighty Maids, TCA, TCA CANADA, Buyer, Villa BidCo Inc., Villa MidCo Inc., Villa Parent, Inc., and Villa TopCo Inc., (v) Vice President, Treasurer and Secretary of Authority Brands, Mighty Maids, TCA, TCA CANADA, Buyer, Villa BidCo Inc., Villa MidCo Inc., Villa Parent, Inc., and Villa TopCo Inc., and (vi) a manager or director for Authority Brands, TCA, TCA CANADA, Mighty Maids, Buyer, Villa BidCo Inc., Villa MidCo Inc., Villa Parent, Inc., and Villa TopCo Inc. - All of these positions are based in Columbia, Maryland. - From September 20172017 until May 2019, Ms Velaga was a Director, Deals with PricewaterhouseCoopers in New York, New York

Chief Operating Officer Jennifer Tucker

Ms Tucker has been our Chief Operating Officer since February 2019. From December 2009 until January 2019, Ms Tucker was our Vice President of Marketing and Business Development. From January 2015 to January 2016, she also oversaw our Franchise Development Department.

Vice President of Franchise Support LaShelle Taylor

Ms **Chief Development Officer, Michael Pearce**

Mr. Pearce has been our Chief Development Officer since June 2019Taylor has served as our Mr Pearce is also the Chief Development Officer of Mister Sparky, Mosquito Squad, BFP and OHAC since July 2019. Mr Pearce is based in Columbia, Maryland. From May 2013 to March 2019, Mr Pearce was the Chief Development Officer of ServiceMaster Franchise Services Group in Memphis, Tennessee. From May 2013 to March 2019, Mr Pearce was first the Chief Development Officer and then Vice

President, Franchise Development of ServiceMaster Franchise Services Group in Memphis, Tennessee, which included Service Master and its affiliates, Merry Maids, AmeriSpec and Furniture Medic

Vice President and General Counsel, Brian Balconi

Since June 2019, Mr Balconi has been (i) our Vice President and General Counsel and (ii) Vice President and General Counsel of a number of our affiliates, including TCA, TCA CANADA, Homewatch Canada, HWCG International, OHAC, BFP, Mister Sparky and Mosquito Squad Since May 2019 Mr Balconi has been the Chief Legal Officer of Authority Brands, in Columbia, Maryland, and since December 2018 has been the Assistant Secretary of Villa GP Inc Mr. Balconi is based in Columbia, Maryland From November 2018 to May 2019, he was the General Counsel of Authority Brands in Columbia, Maryland From August 2018 to September 2018, Mr. Balconi was the General Counsel Corporate Secretary and a board of directors member of Dessange Group North America in Beverly, Massachusetts. From August 2017 to July 2018, Mr. Balconi was the President and then also the General Counsel of The Camp Franchise Systems, LLC in Chino Hills, California From September 2015 to August 2017, he was first a Vice President, then the President of Retail Food Group USA (franchisor of the Gloria Jean's Coffees and It's A Grind Coffee House chains) and Di Bella Coffee USA in Santa Fe Springs, California From February ~~Franchise Support since June~~ 2006 to September 2015, he was the Vice President and General Counsel of Little Caesar Enterprises, Inc. in Detroit, Michigan -

Vice President of Strategy and Healthcare Innovation Jennifer Ramona

Ms Ramona has served as our Vice President of Strategy and Healthcare Innovation since August 2018 From April 2013 to August 2018, she served as our Director of Business Development

~~**Vice President of Franchise Development Walter "Chip" Baranowski**~~

~~Mr Baranowski has served as our Vice President of Franchise Development since December 2018 Since December 2018, he has also been the Vice President of Franchise Development for Authority Brands From May 2016 to November 2018, Mr Baranowski was our Director of Franchise Development From June 2015 through March 2016, he served as Director of Franchise Development for PostNet International, a printing and shipping franchise system headquartered in Denver, Colorado Before that, he served as Vice President of Franchise Development for Honest-1 Auto Care, an automotive repair franchise located in Scottsdale, Arizona, from January 2011 to June 2015~~

Director of Finance and Information Systems Bryant Veazey

Mr Veazey has served as our Director of Finance and Information Systems since October 2018 From April 2018 to September 2018, he served as our Director of Financial Systems & Analysis From December 2015 to April 2018, Mr Veazey served as Vice President of Corporate Development for Champa International Ltd, located in Denver, Colorado Before that, he served as the Chief Financial Officer of Behre Dolbear Group in Greenwood Village, Colorado, from October 2012 to May 2016

National Director of Business Development Tessa Dormann Hood

Tessa Dormann Hood has served as our National Director of Business Development since March 2019 From August 2015 to February 2019, Ms Dormann Hood served as our Business Development

Manager Prior to that, she served as the South Central Region Executive – Metabolics for Nutricia North America, from June 2013 to August 2015 in Rockville, Maryland

~~Chief Development Officer of Authority Brands Eric Wexler~~

Mr ~~Wexler has been Chief Development Officer for Authority Brands since September 2017 He has been Chief Development Officer for TCA and TCA CANADA since April 2016 From August 2014 to April 2016, he was the Vice President, Development for TCA and TCA CANADA He was Vice President, Development for FranForward LLC from June 2013 to August 2014 in Columbia, Maryland~~

ITEM 3

LITIGATION

Required Disclosure on Prior Concluded Actions

Homewatch International, Inc v Pacific Homecare Services, Inc and Vertanessian, (C D Calif) Case No CV11-6827-VBF On December 15, 2010, HWCG filed a complaint against a former franchisee for infringing HWCG's Marks On May 9, 2011, the former franchisee filed counterclaims alleging breach of contract, fraud and violation of the California Corporations Code HWCG denied each of those claims On December 22, 2011, the parties settled all claims and the former franchisee agreed to cease use of HWCG's Marks and the phone number associated with his former HWCG franchise and to the entry of judgment in favor of HWCG on all counterclaims HWCG paid $25,000 to the former franchisee in connection with the settlement

Homewatch International, Inc v The Carswell Group, Inc , Case No 2016CV033260 On December 2, 2016, HWCG filed an action against Lisa F Benson and Vivian E Carswell ("Defendants") arising from a Franchise Agreement entered into on August 24, 2012 On July 20, 2016, HWCG terminated the Franchise Agreement via a termination notice, which detailed Defendants' post-termination obligations including those of non-competition and confidentiality Since termination of the Franchise Agreement, Defendants have failed to pay outstanding royalties, and have failed to return proprietary information including customer and employee lists, to which HWCG is entitled Further, Defendants continue to operate an in-home care business in violation of the non-competition provisions in the Franchise Agreement HWCG has brought claims of (1) breach of contract, (2) unjust enrichment (in the alternative), and (3) misappropriation of trade secrets Defendants counterclaimed, alleging breach of contract, fraudulent misrepresentation and unjust enrichment against HWCG The case was tried over three days on November 6, 10 and 13, 2017 at the El Paso County District Court in Colorado Springs, Colorado On January 5, 2018, the Court issued its Findings of Fact and Conclusions of Law, finding in favor of HWCG on its claims, enforcing the non-competition provisions of the Franchise Agreement and awarding an injunction, monetary damages and attorney's fees to HWCG The Court also dismissed all claims made by Defendants against HWCG Final judgment in favor of HWCG was entered on February 14, 2018, and an award of attorney's fees and costs in favor of HWCG was entered on February 23, 2018

Prior Actions Involving an Affiliate, One Hour Air Conditioning Franchising, L L C , as Guarantor, and Not Involving Franchisor

We are not a party to any of the following actions and these actions do not involve the Licensed Methods or our franchise relationship with any of our current or former franchisees

Holland Heating and Air Conditioning, Inc , et al v One Hour Air Conditioning Franchising, L L C , Case No 11-cv-01869-JDW-MAP, United States District Court for the Middle District of Florida

On August 18, 2011, Holland Heating and Air Conditioning, Inc , Holland Service Company, LLC, and Steve Holland (collectively, "Holland"), an OHAC franchisee in Wisconsin with two existing franchise agreements, filed, but did not serve, a complaint against OHAC, our affiliate Holland asserted that OHAC did not have the right to collect a continuing franchise fee under one of the franchise agreements, that OHAC was improperly collecting continuing franchise fees for "air quality services" under both franchise agreements and that OHAC had improperly terminated four other franchise agreements in violation of the Wisconsin Fair Dealership Law On August 5, 2011, prior to the filing of the complaint, OHAC initiated the mediation process required by the franchise agreements On October 13, 2011, the parties engaged in one-day mediation session Following the mediation, the parties continued to seek to resolve the dispute, and on December 16, 2011, the parties entered into a mutual release agreement ("Mutual Release Agreement") resolving the dispute Pursuant to the terms of the Mutual Release Agreement, Holland and OHAC agreed, without any admission of liability, to a mutual general release of claims Holland also agreed to dismiss the suit Holland further agreed that it was obligated to pay continuing franchise fees under both existing franchise agreements, including for "air quality services " On December 22, 2011, the Court entered an order dismissing the suit

VenVest Ballard, Inc , et al v Clockwork, Inc , et al , Case No 5 14-cv-00195-MWF-EX, (Central District of California) January 31, 2014 Originally, only Clockwork, Inc and Clockwork IP, LLC, both affiliates of OHAC, were sued by entities owned by George Donaldson, including a company that had been a franchisee of OHAC (collectively "Donaldson") The original complaint sought or alleged (1) declaratory judgment that a slogan used by Donaldson's re-branded business and purportedly owned by Continental Heating and Air Conditioning, Inc did not infringe trademarks held by defendants, (2) declaratory judgment that certain non-competition provisions in a contract (separate from the franchise agreements) between the parties were void under California law, and (3) unfair competition Subsequent pleadings added additional parties, including OHAC, and added claims for monetary damages, alleging that defendants improperly provided, to a neighboring franchisee, data about customers in the neighboring franchisee's owned territory The parties filed a joint stipulation of dismissal on May 12, 2015 This matter was resolved by agreement between the parties entered into on May 8, 2015 in which 1) the slogan that Donaldson requested the court declare non-infringing would be removed from use and its registration canceled by Donaldson, 2) Donaldson agreed to refrain from using any marks of the franchise system, or other intellectual property similar to those of OHAC and the other defendants, including images of a clock, the phrase "on time", and any guarantees of payment or refund based on timeliness, 3) defendants agreed not to use any of Donaldson's customer information, and 4) all other remaining claims between the parties were dismissed, and other customary terms common to such settlements were also agreed On July 10, 2015, the court entered an order to close the case

One Hour Air Conditioning Franchising, L L C v Dallas Unique Indoor Comfort, Ltd , Case No 8 13-cv-03278-JSM-MAP (Middle District of Florida) December 31, 2013 In this suit, OHAC alleged that its former franchisee, Dallas Unique Indoor Comfort, Ltd , continued to use a name and marks similar to OHAC's marks, continued to utilize the identifying characteristics of OHAC's system, and continued to operate by utilizing OHAC indicia of operation, each in violation of the defendant's franchise agreement with OHAC A bench trial was held in November 2015 and the court entered a judgment in favor of defendant on November 16, 2015 Defendant filed a motion for attorneys' fees and costs The defendant's motion for attorneys' fees and costs was resolved by agreement between the parties in which OHAC agreed to pay defendant $560,000 On January 14, 2016 a notice of settlement was filled with the court

One Hour Air Conditioning Franchising, L L C v Holland Heating and Air Conditioning, Inc , Steven D Holland, Case 8 15-cv-02475, U S District Court, Middle District of Florida On October 20, 2015, OHAC filed suit against one of its franchisees, Holland Heating and Air Conditioning, Inc , and its owner, Steven Holland, alleging breach of their franchise agreement, and breach of an expired franchise agreement, by operating a competing business that offered residential air conditioning and heating

services On March 24, 2016, defendants filed a counterclaim against OHAC claiming violation of the Wisconsin Fair Dealership Law, for allegedly failing to renew a franchise agreement and substantially changing the competitive circumstances, and breach of the implied duty of good faith and fair dealing, for allegedly breaching the franchise agreements and unfairly interfering with defendants' receipt of benefits under the franchise agreements The parties entered into a settlement agreement and release (the "Settlement Agreement") on June 6, 2016, in which they agreed to terminate defendants' remaining franchise agreement, and signed a mutual general release, and in which the defendants agreed to pay OHAC $200,000 over a period of time As part of the Settlement Agreement, the parties agreed that defendants would comply with certain franchise agreement termination obligations and could continue to operate a heating and air conditioning business, provided that the business (i) does not operate in conjunction with the OHAC system or trademarks, and (ii) complies with other obligations in the Settlement Agreement A notice of dismissal was filed on June 8, 2016

Litigation by an Affiliate, One Hour Air Conditioning Franchising, L L C , as Guarantor, and Not Involving Franchisor, against OHAC Franchisees in the Last Fiscal Year

Suit to Collect Royalties and Other Monies Owed

One Hour Air Conditioning Franchising, L L C , Benjamin Franklin Franchising, LLC, and Mister Sparky Franchising, L L C v Bobby R Wilkins, Case No 2018-08117, filed on February 6, 2018 in the 11th Judicial District Court of Harris County, Texas

Other than the actions noted above, no litigation is required to be disclosed in this Item

ITEM 4

BANKRUPTCY

No bankruptcy is required to be disclosed in this Item

ITEM 5

INITIAL FEES

Initial Franchise Fee Except as noted below, you pay a non-refundable initial franchise fee of $49,000 for franchise rights to one territory ("**Territory**") which will be designated in the Franchise Agreement If you qualify, and subject to availability, you may purchase rights to additional Territories to be developed simultaneously with the first Territory for a 15% discount off the initial franchise fee (i e , for a discounted initial franchise fee of $41,650) You must sign a Franchise Agreement for each Territory you purchase If you buy an additional Territory at the same time as the first Territory, you will also sign our Additional Territory Addendum attached as Exhibit I-1 to this Disclosure Document The initial franchise fee for each Territory is paid to us in full when you sign the Franchise Agreement for that Territory

The initial franchise fee is calculated based on a typical Territory containing 30,000 to 35,000 persons age 65 or older ("**Seniors**") We calculate the number of Seniors based on demographic information from an independent company specializing in data analytics We may sell a Territory with a population of as few as 15,000 Seniors in appropriate circumstances, but this does not reduce the initial franchise fee If you choose to purchase a Territory with more than 35,000 Seniors, you will pay us a supplemental territory fee of $1 50 per Senior living in the Territory above 35,000, up to a maximum of 50,000 Seniors, for a maximum supplemental territory fee of $22,500 This calculation applies to each Territory purchased We reserve the right to adjust the calculation of the population of a Territory based

on other demographic features of a particular area, but Territories are not adjusted after you sign the Franchise Agreement See Item 12 for more information about Territories

If you qualify for the VetFran program, which requires that you provide HWCG evidence of active duty service or an honorable discharge from the United States armed services, you will receive a 10% discount on your initial franchise fee for one Territory

Conversion Business If you currently operate or are purchasing an existing business providing personal care, elder care and/or in-home companionship and converting it into a HOMEWATCH CAREGIVERS Business, then you will execute the Conversion Amendment to the Franchise Agreement (attached as an exhibit to the Franchise Agreement) There is no reduction or change in the initial franchise fee but there is a phase-in period for royalties and other territory changes, as set forth in the Conversion Amendment

Existing Franchisees If you would like to acquire additional Territories and you meet our qualification standards for same, for each such additional Territory you will pay a discounted initial franchise fee equal to the then current initial franchise fee discounted by 15% (currently, a discounted initial franchise fee of $41,650) In addition, if you would like to acquire a competing business located in your Territory and convert it to a HOMEWATCH CAREGIVERS Business, you must meet our qualification standards and we must approve of your proposal in advance

Uniformity of Fees, Incentives and Fee Reductions Initial franchise fees paid may not be uniform From time to time, we may vary, reduce, negotiate or make an exception to our standard initial franchise fee structure and/or payment terms related to mergers, conversions or other transactions, as well as for our existing franchisees or franchisees of our affiliates For example, we may offer opportunities to purchase a franchise at a reduced initial franchise fee to (i) our affiliates' qualified existing franchisees in good standing, or (ii) qualified prospective franchisees that are converting their existing business to a franchised business We may discontinue, modify, withdraw or reinstate any such opportunities or variations to initial fees without notice to you at any time

If you qualify and decide to participate in one or more Optional Programs (see Item 8), there may be an additional initial training or other fees, charged by us or a third party

In the last fiscal year, the initial franchise fees paid by franchisees ranged from $45,026 to $61,220

As of the date of this Disclosure Document, we offer a referral incentive program that pays $20,000 to an existing franchisee who directly refers a candidate to us who becomes a new HOMEWATCH CAREGIVERS franchisee in a new location within 6 months of the date of referral The incentive payment is only paid with respect to the first franchise purchased by the referred new franchisee and other limitations may apply We may change or eliminate the referral program at any time without notice Franchisees participating in the referral program are not our sales agents and are not authorized to make any statements on our behalf, including any statements related to the financial performance or prospect for success of any franchise

Homewatch CareGivers Care+ Software Technology Set-Up Fee In connection with opening of your Business, within 10 days after receipt of invoice, you must pay us a one-time set-up fee of $195 for the set-up of Homewatch CareGivers Care+, the business management software that you are required to use in the operation of your Business

All fees in this Item 5 are fully earned by us when paid and we do not refund them under any circumstances

ITEM 6

OTHER FEES

<table>
<tr><th>Type of Fee</th><th>Amount</th><th>Due Date</th><th>Remarks</th></tr>
<tr><td>Royalty[1] [2]</td><td>The greater of (a) 5% of monthly Gross Billings[2] or (b) the applicable monthly Minimum Royalty Fee (see the Remarks column)

For conversion franchisees, no royalties are due on the billings for existing conversion clients for the first 3 months, after that, the greater of (a) 5% of monthly Gross Billings or (b) the applicable Minimum Royalty Fee is due on all Gross Billings</td><td>Payable by the 10th~~15th~~ of each month based on Gross Billings in the preceding month</td><td>Reports are due each month even if no Royalty is owed Royalties will be paid by electronic funds transfer as we designate, currently Automated Clearing House
The monthly Minimum Royalty Fee is determined based on the total number of months the Business has been in operation since the original opening of business date for the franchisee or any predecessor (regardless of whether the franchisee operating the Business has changed as a result of a transfer) (such original opening date, the "Original Opening Date"), as follows
<table>
<tr><th>Months in Operation</th><th>Months 1*-12</th><th>Months 13-24</th><th>Months 25-36</th><th>Months 37 - 48</th><th>Months 49 and after</th></tr>
<tr><td>Monthly Minimum Royalty Fee</td><td>$0</td><td>$635</td><td>$1,750</td><td>$2,500</td><td>$2,500</td></tr>
</table>
*Month 1 starts with Original Opening Date</td></tr>
<tr><td>National Marketing Fee[1] [2,3]</td><td>Up to 3% of monthly Gross Billings (it is 2% as of the date of this Disclosure Document, but we reserve the right to increase it to 3% at any time)</td><td>Payable by the 10th~~15th~~ of each month based on Gross Billings in the preceding month</td><td>Used for advertising, marketing and promoting Businesses Businesses owned by affiliates, if any, contribute on the same basis as franchisees See Item 11 for more detail on allowable uses of the fee This fee is paid by electronic funds transfer as we designate, currently Automated Clearing House</td></tr>
<tr><td>Local Marketing Expenditure[1] [4]</td><td>The greater of $1,500 a month or 2% of monthly Gross Billings[2]</td><td>You must begin spending this amount in the first month after your opening of Business date</td><td>You must spend the greater of $1,500 a month or 2% of monthly Gross Billings on local advertising, averaged every 12 months</td></tr>
<tr><td>Renewal Fee[1]</td><td>$7,000</td><td>On signing of successor Franchise Agreement</td><td>Fee is payable when successor franchise agreement is signed</td></tr>
</table>

Type of Fee	Amount	Due Date	Remarks
Transfer Fee[1]	25% of the then-current Initial Franchise Fee, but not to exceed $15,000 The one-time fee will apply to all territories transferred at the same time by the same franchisee, unless the territories are transferred to multiple buyers If we owe a referral fee to a broker, you must reimburse us that amount in addition to other applicable fees	Before consummation of transfer	You must obtain our prior written consent to any transfer The transferee is charged no additional initial franchise fee If you hire a broker, you must pay all fees owed to the broker
Audit Costs[1]	Cost of inspection or audit	As incurred	Payable only if you understate your Gross Billings by 1% or more, fail to submit reports to us 3 times in a row or do not cooperate in performance of any inspection or audit, including failing to have the books, records and other information regarding your Business available for audit
Additional Training and Conferences Costs[1 5]	Costs associated with attending mandatory training sessions, conferences and other meetings We reserve the right to charge a fee irrespective of attendance Currently the fee for non-attendance is $2,000	Costs due as incurred, annual conference registration fee is due 60 days before the conference begins, if applicable	We or a third party may charge tuition for ongoing training programs You must pay for your travel and living expenses while attending training and conferences We reserve the right to require your attendance at one annual conference and one regional conference per year If you elect to offer Optional Programs through your Business, you may be required to attend training for a program before you can offer it
Interest[1]	Lesser of 18% per annum or highest rate allowed by law	As incurred	Begins to accrue the day after payments are due Payable upon a default concerning money owed to us, including if any financial or tax record or report or any audit shows underpayment of any amount owed to us

Type of Fee	Amount	Due Date	Remarks
Late Royalty Payment Fee[1]	The actual amount owed, if known, or the greater of $1,250 or the prior month's Royalty Plus, if an ACH request is returned due to insufficient funds, you will be charged a fee of the higher of $50 or the amount we are obligated to pay to the bank due to insufficient funds	Payable 15 days after Royalty payment is due	We may withdraw the amount of past due Royalties via the electronic funds transfer we designate, currently ACH, if you are 15 or more days late in paying Royalties for 3 months or more
Staff Monitoring, Background Checks and Client & Caregiver Satisfaction Survey Costs[5]	Will vary, background checks typically are $20 to $100 per person, drug screening is typically $10 to $75 per person, third-party survey of Client/ Caregiver satisfaction ranges from $0 (if an in-house survey) to $25 per survey	As incurred	You must run background checks on all employees and independent contractors before hiring them, and thereafter as frequently as specified in the Operations Manual We recommend that you run drug screening tests on all employees and independent contractors before hiring them, and annually after that You must conduct Client and Caregiver Satisfaction Surveys once every twelve months and share the survey results with us
Costs and Attorneys' Fees[1]	Will vary under the circumstances	As incurred	Payable only if we are successful in a legal action or arbitration proceeding You also pay any collection agency fees due if collection actions are necessary
Indemnification[1]	Will vary under the circumstances	As incurred	You have to reimburse us if we are held liable for claims arising from your HOMEWATCH CAREGIVERS Business operations
Email Service and Technical Assistance Fee[1] [6]	$140 a month for the initial territory, payable to us Subject to change as costs change	Due monthly on the 10th ~~15th~~, starting in the first full month after training, or annually	The fee covers participation in our electronic mail system and other electronic communications These fees are paid to HWCG

Type of Fee	Amount	Due Date	Remarks
Homewatch CareGivers Care+ Monthly Software Fees[1],[5]	The then-current fee, monthly fees vary according to the number of concurrent office staff users, currently beginning at a minimum of $205 per month (for one user)	Due monthly 10 days after receipt of the invoice	You must participate in this web-based program that manages your back-office functions by providing referral tracking, Client and Caregiver management, Client scheduling, invoicing, payroll file generation and technology (mobile app and telephony) functions, provided by our designated software vendor You must pay us these monthly fees, which are subject to change upon prior notice
HIPAA Licensure & Documentation Fees	A one-time fee of $125	Due upon signing of Franchise Agreement	You must pay us this fee for our assistance in connection with you obtaining required HIPAA licenses to operate your HOMEWATCH CAREGIVERS Business You are solely responsible for ensuring that you obtain and maintain all required licenses and permits to operate your Business
Homewatch CareGivers University Fees[1]	Current monthly fees are $1 90, increasing to $2 00 in September 2019, per active enrolled user, these fees are subject to change	Due monthly 10 days after receipt of the invoice	You must pay HWCG each month for each of your employees who are enrolled in any of our online education courses
Investigative Fees[1]	Our then- current fees ($100 an hour as of the date of this Disclosure Document) for our investigation, plus attorneys' fees and costs	As incurred	Incurred if you service Clients in another franchisee's territory without our prior consent
Liquidated Damages[1]	An amount equal to the greater of (a) the average monthly Royalty Fee owed by you to us during the 12 month period preceding effective date of termination, multiplied by 24 (i e , the number of months in a two-year period) or (b) $100,000	On early termination of your Franchise Agreement	If we terminate your Franchise Agreement early for uncured defaults or you wrongfully terminate the Franchise Agreement before it expires, in addition to any other amounts owed by you to us or our affiliates, we may recover the liquidated damages If you had been in operation for less than 12 months at the time of the termination, we will determine the average Royalty Fee amount for the termination payment calculation as the system-wide average Royalty Fee payments for the previous 12 months
Failure to purchase required data security products	Actual costs we incur if we purchase data security products for you	On demand	If you fail to purchase any required data security products, we may purchase them for you and you must reimburse us for the costs we incur

1 Fees and costs are payable to us All of these fees and costs are nonrefundable and all are charged uniformly to franchisees currently acquiring a franchise We reserve the right to modify these fees under certain circumstances, including to resolve disputes

2 "Gross Billings" means all amounts billed by Franchisee as a result of any and all services and goods provided at, through, or in connection with, the Business, excluding sales taxes and certain pass-through expenses as determined by HWCG, but including all amounts billed by Franchisee even if Franchisee has contracted with authorized third parties to provide certain of the authorized services to Clients of the Business Included in Gross Billings are the value of services and goods provided in trade or barter transactions

3 For prospective franchisees who received our 2018 franchise disclosure document ("FDD") and a fully completed 2018 franchise agreement but who have not signed the franchise agreement prior to the issuance of this FDD, we will honor the 2018 National Marketing Fees rate, provided that the franchise agreement is signed prior to May 31, 2019

4 This amount is not paid to us but must be spent by you See Item 11

5 All of these fees are nonrefundable

6 As of the date of this Disclosure Document, we provide you with pages on our website and as many electronic mail addresses as needed for your employees Services covered by this fee may change periodically

ITEM 7

ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure*	Amount	Method of Payment	When Due	To Whom Payment Is To Be Made
Initial Franchise Fee per Territory (See Note 1)	$49,000	Lump Sum	On signing of Franchise Agreement	HWCG
Supplemental Territory Fee (See Note 2)	$0 - $22,500	Lump Sum	On signing of Franchise Agreement	HWCG
Initial Telephone System Costs – installation of two lines, or VOIP with one or more lines (See Note 3)	$250 - $500	As Agreed	As Incurred	Other Suppliers
Training Expenses (See Note 4)	$1,500 – $4,500	As Agreed	As Incurred	Suppliers of transportation, food and lodging
Office Equipment and Computer Hardware and off-the-shelf Software (See Note 5)	$1,000 – $2,000	As Agreed	As Incurred	Other Suppliers
Security Deposits	$1,000 – $3,000	As Agreed	Before Office Opens	Other Suppliers including Landlord, Utilities
Office Furniture	$1,000 – $2,000	As Agreed	Before Office Opens	Other Suppliers
Insurance and Liability (See Note 6)	$3,250 - $4,500	As Agreed	Before Starting Business	Other Suppliers

Workers' Compensation Insurance (See Note 7)	$4,000 - $12,000	As Agreed	Before Starting Business	Other Suppliers
Local Marketing Expenditure (See Note 8)	$1,500	As Agreed	Paid monthly, beginning in the first month after your opening of Business date	Other Suppliers
Licenses, Permits and Professional Fees (See Note 9)	$500 - $10,000	As Agreed	As Incurred	Other Suppliers
Additional Funds for 3 months (See Note 10)	$20,000 - $30,000	As Required	As Incurred	Other Suppliers
TOTAL ESTIMATED INITIAL INVESTMENT PER TERRITORY (See Note 11)	**$83,000 – $141,500**			

Explanatory Notes

* All amounts paid to us are non-refundable Third-party suppliers will determine whether payments to them are refundable

Note 1 **Initial Franchise Fee** The initial franchise fee is $49,000 for a Territory containing up to 35,000 Seniors We may sell a Territory with a population of as few as 15,000 Seniors in appropriate circumstances, but this does not reduce the initial franchise fee If you qualify for the VetFran program, you will receive a 10% discount See Item 5 If you qualify, you may purchase additional Territories for a 15% discount off the initial franchise fee ($41,650) See Item 5 for more information You must pay the initial franchise fee and supplemental territory fee, if applicable (see below), for each Business and sign a Franchise Agreement for each Business to be developed

Note 2 **Supplemental Territory Fee** If you opt to buy a Territory with more than 35,000 Seniors, you must pay $1 50 per additional Senior, up to a maximum total of 50,000 Seniors

Note 3 **Initial Telephone System Costs** These are the costs associated with purchasing two phones, or phone technology that affords your office the ability for your staff to handle multiple calls using a voice over Internet protocol (VOIP) telephone system You must have an adequate number of telephone lines dedicated solely to your HOMEWATCH CAREGIVERS Business and an employee answering your phone number at all times during regular business hours You must have one employee on call 24 hours a day to return urgent phone messages with a cell phone The costs of purchasing a cell phone and setting up cell phone service are also included in these estimates Your telephone system must be capable of being rolled to a cell phone, and must also be able to handle conference calls You will incur additional monthly charges for your telephone service, the first three months of which are included in the chart under Additional Funds (See also Note 10 below)

Note 4 **Training Expenses** Tuition for up to three individuals attending our initial training program is included in your initial franchise fee You are responsible for all travel, lodging and living expenses associated with attendance at the initial training program and other training programs You must also pay salaries of your employees who attend initial training See Item 11

Note 5 **Office Equipment and Computer Hardware and Off-the-Shelf Software** You must purchase a Microsoft compatible computer loaded with a supported version of Microsoft Office, MS

Outlook, MS Word, MS Excel, MS PowerPoint, MS Internet Explorer, and Quickbooks Online, plus a cellular phone dedicated to your Business, a fax machine, copy machine and a printer You are required to have high-speed broadband access to the Internet installed at your office location You must implement Homewatch CareGivers Care+ software program and pay an associated set up fee of $195

Note 6 **Insurance and Liability** It is your responsibility to obtain and provide to us proof of insurance from an insurance company rated at least "A" by A M Best with a Financial Size Category of IX or better and approved by your state and to maintain the following insurance coverage (i) comprehensive general liability and professional liability insurance for the Office Location and the Business with an initial limit of not less than $1,000,000 combined single limit and $3,000,000 aggregate, including a minimum of $250,000 for abuse and molestation coverage, as well as business interruption insurance, (ii) insuring against theft or other dishonesty by your employees in the amount of $25,000 per occurrence, (iii) non-owned automobile liability insurance covering all employees with authority to operate a motor vehicle in an amount not less than $1,000,000, and if your Business owns a vehicle, automobile liability insurance $1,000,000 combined single limit, (iv) unemployment insurance, (v) Employment Practices Liability Insurance with a minimum per occurrence limit of $500,000 and a minimum aggregate limit of $500,000 insuring you if one of your employees brings allegations of harassment, discrimination and wrongful termination, and (vi) all-risk personal property insurance in an amount equal to at least 90% of the replacement costs of the contents and tenant improvements located at the Office Location As soon as you achieve annualized Gross Billings of $1,500,000 or more, your minimum coverage requirement for comprehensive general liability and professional liability insurance will increase to $2,000,000 combined single limit and $3,000,000 aggregate The required policies of insurance must list us, HWCG, as an additional insured and provide for 30 days advance written notice to us of cancellation The cost of the insurance premium will vary depending on the location and size of your Business premises and the number of employees and independent contractors The cost of the insurance premium may also change periodically due to changes in insurance rates or due to your claims and loss history See Item 8

Note 7 **Workers Compensation Insurance** You are also required to carry workers compensation insurance to cover your employees The premium rate varies from state to state and our estimate is based on a base payroll for your first year in business

Note 8 **Local Marketing Expenditure** You must spend the greater of $1,500 per month or 2% of monthly Gross Billings, averaged over the past 12 months, for local promotion and marketing in the Territory You will spend this amount monthly, beginning in the first month after your opening of Business date You will spend this amount only on approved promotional and marketing activities, including promotional print materials purchased from approved vendors

Note 9 **Licenses, Permits and Professional Fees** You must acquire all licenses and permits necessary to operate a Business in your state, county and municipality The cost of obtaining licenses or permits varies widely, from a small business registration, to accreditation fees ranging from $500 to $8,000 We strongly recommend that you retain an attorney, accountant or business advisor to assist you in establishing a Business and obtaining all necessary licenses and permits in every state, county and municipality in your Territory

Note 10 **Additional Funds** This amount is an estimate of your pre-operational expenses that are not listed above, as well as estimated additional funds necessary for the first three months of your Business operations **These expenses include payroll costs, including costs for an operations and/or marketing position, but do not include any draw or salary or personal living expenses for you or the financing costs if you are borrowing money to fund your initial investment** This estimate also includes amounts incurred for three months' rent, marketing and advertising, office expenses, insurance, taxes, royalties, costs for telephone service, payroll processing fees, credit card processing fees, and other

operational expenses These expenses vary substantially from location to location You must rent approximately 350 to 600 square feet of commercial office space within your Territory and at a location approved by us on or before your business opening date Lease costs may vary significantly depending on the geographic location of your HOMEWATCH CAREGIVERS Business These figures are estimates and we cannot guarantee that you will not have additional expenses starting the Business Depending on state laws and regulations that may apply to your HOMEWATCH CAREGIVERS Business, additional time may be required to obtain licenses for your Business and your staff that could delay your opening and require you to have up to an additional $5,000 during this initial period This additional $5,000 is included in the high number in the chart above Your costs will also depend on factors such as how well you follow our methods and procedures, your management skills, experience and business acumen, state licensure requirements, local economic conditions, the local market for our services, the prevailing wage rate, competition, and the sales level reached during this initial period

Note 11 **Total Estimated Initial Investment** We relied on our management's analysis of the last 10 years of operations of both franchised and affiliate-owned HOMEWATCH CAREGIVERS Businesses to compile these estimates These estimates do not include any salary or draw for you **We strongly recommend that you have an additional $40,000 to $60,000 to invest in the Business in the first year** The estimated Initial Investment range is the same if you currently operate or are purchasing an existing business providing personal care, elder care and/or in-home companionship and converting it into a HOMEWATCH CAREGIVERS Business You should review these figures carefully with a business advisor before making any decision to purchase the franchise We do not offer financing directly or indirectly for any part of the initial investment See Item 10

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Operations

Your HOMEWATCH CAREGIVERS Business must be established and operated in compliance with your Franchise Agreement You must purchase or lease equipment, products, services and supplies used in or offered through your Business in compliance with the standards and specifications contained in the Operations Manual Our standards and specifications may include standards for operations, use of our Marks and Licensed Methods, quality, appearance, products and services offered, equipment and software, advertising and standards for compliance with local regulations Unless otherwise noted in the Operations Manual, you may purchase or lease original and replacement equipment, products, supplies and services meeting our specifications from any approved source After signing the Franchise Agreement and upon reasonable request by you, we will make available to you a list of then-currently approved suppliers and vendors

Purchases From Designated or Approved Sources

You must purchase from or through us or our designated suppliers, certain supplies, services and computer software you will use in your HOMEWATCH CAREGIVERS Business, including (1) access to our web-based Homewatch CareGivers Care+ business management software program, described in Items 6, 7 and 11, (2) electronic communications services described in Items 6 and 11, (3) ongoing training from HOMEWATCH CAREGIVERS University, an online portal, and (4) initial marketing materials We reserve the right to approve the form of all documents, including Client services contracts, you use in the operation of your Business We have buying programs with vendors for the items mentioned and require that you purchase these items through our buying programs These buying programs may change and we

reserve the right to designate additional or different items which must be purchased through us or another designated source

You must purchase or lease other equipment, products, supplies or services used in or offered through your Business only of a type approved by us and only from other approved vendors who can supply these items in accordance with our standards and specifications

Although not obligated to do so, we may negotiate purchase arrangements with other suppliers for the benefit of our franchisees In addition to the buying programs we have with various vendors for the items mentioned above, we have a recommended list of vendors that provide goods and services to our franchisees You should not rely on the continued availability of any particular pricing or distribution arrangement, or the availability of any particular product or brand, in deciding whether to purchase the franchise We are not currently affiliated with any designated or approved suppliers but reserve the right to become a designated or sole-source supplier None of our officers own an interest in any supplier

We and our affiliates reserve the right to receive rebates, incentives, overrides or other consideration from suppliers in connection with your purchases of goods, products and services as described in this ITEM 8, as well as in connection with any future purchases of any goods, products or services Most of these payments are calculated on an amount based on products sold We will retain and use such payments as we deem appropriate or as required by the vendor We also may derive revenue from any items we sell directly to you in the future by charging you more than our cost In fiscal year ended December 31, 2018, we derived $ $62,767 in revenues from vendors or suppliers based on purchases or leases made by our franchisees, which represents 0 8% of our total revenues of $8,127,700 You do not receive a material benefit from us based on your use of any particular designated or approved source We do not have any purchasing or distribution co-operatives as of the issuance date of this Disclosure Document

The cost of the marketing campaigns, software, equipment and all other items purchased from designated suppliers or in accordance with our standards and specifications represents 15% to 25% of your total purchases in connection with the establishment of your HOMEWATCH CAREGIVERS Business, and 10% to 15% of your overall purchases in operating your HOMEWATCH CAREGIVERS Business after it has been established

If you propose to purchase or lease any equipment, products, supplies or services for use in or sale through your Business of a type not previously approved by us, or purchase or lease these items from a supplier we have not approved, you must notify us in writing and obtain our approval in advance We will notify you of our approval or disapproval of the item or supplier in writing within 30 days after our receipt of your request We may withhold approval of the proposed new item or supplier for any reason, however, we will not unreasonably withhold our approval of a supplier of your choosing if the supplier meets our standards and specifications regarding the items to be supplied to you We may require submission of sufficient specifications, information, or samples to determine whether the items or proposed suppliers of the items meet our standards and specifications We will not make our criteria for approving suppliers available for you to review We may revoke our approval of an item or a supplier that was previously approved, on 30 days' written notice

Optional Programs

If you participate in one or more Optional Programs that we may make available to you periodically, depending on the program, you may be required to purchase from us, or another designated source, certain products, supplies, or services You may also be required to obtain training from a designated source in order to participate in the Optional Program If the required purchases through one of

these programs are from HWCG, we will typically derive revenue from those sales or from any related provision of services under the Optional Programs You should not rely on the availability or continuation of any particular Optional Program Periodically, we may publish Optional Program training requirements, initial purchase requirements and other program parameters to help franchisees in deciding whether to participate in an Optional Program

Marketing and Advertising

You must purchase initial marketing materials from our designated print management vendor(s) See Item 6 All other marketing and promotion of your Business must conform to our standards and specifications At least 30 days before you use them, you must submit for our approval all advertising, marketing and promotional materials not prepared or previously approved by us, including materials you wish to use on the Internet We require you to participate in digital advertising by customizing web pages that are linked to our website and sending out a monthly electronic newsletter to an appropriate contact list We retain the right to develop and control all Internet advertising and communications, including social media, using our Marks We reserve the right, upon 30 days' prior written notice to you, to require that you participate in digital advertising by creating, customizing or providing access to a linked webpage, electronic newsletters, or otherwise All HOMEWATCH CAREGIVERS Businesses, including any owned by our affiliates, must participate in these programs or other promotions that we may adopt in the future

Insurance

You must purchase and maintain certain types and coverages of insurance for your HOMEWATCH CAREGIVERS Business See Items 7 and 9 of this Disclosure Document If you fail to purchase or provide us evidence of this insurance, we have the right to remove your Business listings from our website, demand that you cease operations, terminate your franchise or we may obtain insurance for you and you must reimburse us for the cost of insurance We reserve the right to require you to change the type of insurance you are required to maintain and upon 60 days' prior written notice to you, revise the required coverage limits

ITEM 9

FRANCHISEE'S OBLIGATIONS

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

Obligation	Section in Agreement	Disclosure Document Item
(a) Site selection and acquisition/lease	Section 1 4 of Franchise Agreement ("**FA**")	Items 7 and 11
(b) Pre-opening purchases/leases	Sections 5 2 and 5 10 of FA	Item 7
(c) Site development and other pre-opening requirements	Sections 5 2, 5 7, and 5 10 of FA	Items 7 and 11
(d) Initial and ongoing training	Sections 5 1 and 5 8 of FA	Item 11
(e) Opening	Section 5 2 of FA	Item 11
(f) Fees	Article 2, Sections 3 3 and 5 11 of FA	Items 5, 6 and 7

Obligation	Section in Agreement	Disclosure Document Item
(g) Compliance with standards and policies/Operations Manual	Sections 5 2, 5 3, 5 5, and 5 7 of FA, Section 7 of Conversion Amendment to FA	Items 11 and 14
(h) Trademarks and proprietary information	Sections 5 3 and 10 3, Article 7 of FA	Items 13 and 14
(i) Restrictions on products/services offered	Sections 5 2, 5 7, and 5 8 of FA	Item 16
(j) Warranty and customer service requirements	Section 5 2 (only customer service requirements) of FA	Not applicable
(k) Territorial development and sales quotas	Sections 5 2 and 5 7 of FA Section 4 of Conversion Amendment to FA	Item 12
(l) Ongoing product/service purchases	Section 5 10 of FA	Item 8
(m) Maintenance, appearance and remodeling requirements	Section 11 1 of FA	Item 8
(n) Insurance	Section 5 9 of FA	Items 7 and 8
(o) Advertising	Article 3 of FA	Items 6 and 11
(p) Indemnification	Section 6 2 of FA	Item 6
(q) Owner's participation/management	Sections 5 2, 5 7 and 5 8 of FA	Item 15
(r) Records/reports	Sections 2 3 and 5 4 of FA Section 6 of Conversion Amendment to FA	Item 6
(s) Inspections/audits	Sections 5 2 and 5 4 of FA	Item 6
(t) Transfer	Article 9 of FA	Item 17
(u) Renewal	Article 11 of FA	Item 17
(v) Post-termination obligations	Sections 8 5 and 10 2 of FA	Item 17
(w) Non-competition covenants	Article 10 of FA	Item 17
(x) Dispute resolution	Articles 12 and 13 of FA	Item 17
(y) Owner/Operator's Guaranty	Section 5 7 of FA, Exhibit II to FA	Item 15

ITEM 10

FINANCING

Neither we nor any agent or affiliate currently offers direct or indirect financing to you We do not guarantee your note, lease or obligations

ITEM 11

FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING

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

Pre-Opening Assistance

Before you open your Business, we, or our designee, will do the following

1 Provide guidance in becoming licensed, if the state where your territory is located requires licensing, although obtaining and maintaining all required licenses are solely your responsibilities (Section 4 1(a), Franchise Agreement)

2 Provide access to our confidential and proprietary online Operations Manual covering operating techniques, standards and specifications for products and services, administration, operations and methods of doing business, including all updates and revisions (Section 4 1(b), Franchise Agreement) The Operations Manual has a total of approximately 129 pages, this is an approximate number because it is a group of electronic documents made available on our intranet The Table of Contents for the Operations Manual is attached to this Disclosure Document as Exhibit G

The Operations Manual contains mandatory and suggested specifications, standards and procedures You must adopt and use as your continuing operational routine the required standards, procedures, techniques, and management systems described in the Operations Manual or other written materials relating to the Business The Operations Manual will contain both mandatory standards and recommended standards You must treat the Operations Manual, and other written materials created for or approved for use in the operation of the Business, and the information contained in them, as confidential The Operations Manual will remain our sole property We may, from time to time, revise the contents of the Operations Manual and you must comply with each new or changed standard

3 Train up to three people, including you, your Principal Operator (defined below), and management employees, for five days at our principal offices in the Denver, Colorado metropolitan area or another location selected by us, with approximately 5 weeks of pre-opening training to complete before you attend the initial training program (Section 4 1(c), Franchise Agreement)

4 Provide assistance, orientation and guidance via teleconferences, electronic mail and other means (Section 4 1(d), Franchise Agreement)

5 Provide a 52-week Business Implementation Program to assist you in building the Business, including sales and marketing planning (Sections 4 1(e) and 5 2, Franchise Agreement)

6 Assist you in selecting and contracting with suppliers of services, supplies and other items and providing you with specifications for these items and with a list of approved suppliers and vendors (Section 4 1(f), Franchise Agreement)

7 If you wish to expand your business through the acquisition of an existing business providing home care and converting it to a HOMEWATCH CAREGIVERS Business, we will evaluate the location of the existing clients considering your actual or potential territory and the territory of any existing franchisees located near you, and if you agree to the terms of the Conversion Amendment to the Franchise Agreement, permit a royalty phase-in period for those incoming clients (Conversion Amendment to Franchise Agreement, Exhibit I-4 to FDD)

Ongoing Assistance

During the operation of your Business, we, or our designee, will do the following

1 Provide a Lifetime Training Guarantee for your new management personnel if you want them to attend all or a part of our regularly-scheduled training program at any time during the initial term and renewal term of your Franchise Agreement without charge of tuition or a training fee (Section 4 2(a), Franchise Agreement)

2 Upon your reasonable request, consult with you by telephone or electronic mail regarding the continued operation and management of your HOMEWATCH CAREGIVERS Business (Section 4 2(b), Franchise Agreement)

3 Provide you with news and updates containing information regarding the industry and the HOMEWATCH CAREGIVERS Business (Section 4 2(c), Franchise Agreement)

4 Provide assistance and advice in preparing your customized marketing plan, referred to as the Market Action Plan (Section 4 2(d), Franchise Agreement)

5 Periodically make advertising and promotional materials available to you, either free of charge or at a price that covers our costs, at our option (Section 4 2(e), Franchise Agreement)

6 Refer you to prospective Clients in your Territory who contact us seeking information regarding the HOMEWATCH CAREGIVERS Services (Section 4 2(f), Franchise Agreement)

7 Provide email addresses and limited technical assistance for a monthly charge (Section 4 2(g), Franchise Agreement)

8 Provide website hosting and intranet access (Section 4 2(h), Franchise Agreement)

9 Provide various products and services as we may make them available to you periodically, for example, monthly conference calls, webinars, in-depth direct sales training, business development, Caregiver orientation and training materials, ongoing training in an online format called "HOMEWATCH CAREGIVERS University", and access to sources from which you may obtain referrals to prospective Clients These are examples of products and services we currently offer to you, but we are not obligated to continue to offer any of them (Section 4 2(i), Franchise Agreement)

10 If you desire additional assistance after your Business opens, we will, on one or more occasions, at our option, send a representative to visit your HOMEWATCH CAREGIVERS Business and provide assistance Before the visit, HWCG may, at its option, require you to pay a daily fee for our services, in addition to expenses, for the additional assistance (Section 4 3, Franchise Agreement)

Marketing Programs

National Marketing Fee You pay us on a monthly basis a National Marketing Fee of up to 3% of your Gross Billings, as designated by us (currently 2% of Gross Billings), which National Marketing Fee we will deposit into a marketing fund (the "**National Marketing Fund**") We will not use the National Marketing Fund to solicit franchisees Upon your request, we will provide to you, once during the calendar year, no earlier than 120 days after HWCG's fiscal year end, an unaudited financial statement for the funds in the National Marketing Fund for the previous fiscal year All company and affiliate-owned Businesses, if any, pay National Marketing Fees on an equal percentage basis with all franchised Businesses

The National Marketing Fund is administered and managed by HWCG and/or its affiliates in HWCG's discretion HWCG consults with the HOMEWATCH CAREGIVERS Franchise Advisory Council ("FAC") (if the FAC is in existence), on marketing expenditures reasonably intended to benefit HOMEWATCH CAREGIVERS Businesses As of the date of this Disclosure Document, our FAC advises us on marketing and other company policies Members of the FAC are selected by HWCG from candidates chosen by the franchisees Members serve three-year terms All franchisees in good standing after two years of operation are eligible to be appointed to the FAC The FAC serves in an advisory capacity only, though we seriously consider its recommendations We may form, change, or dissolve the FAC HWCG may reimburse itself and its representatives from the National Marketing Fund for the payment of costs related to administering and/or implementing initiatives within the National Marketing Fund, such as reasonable salaries and administrative costs, as well as travel expenses and overhead we may incur in fulfilling allowed National Marketing Fund activities

The National Marketing Fund may be used for creation, production (either through an advertising agency or in-house), or media placement of marketing materials, and these materials may be disseminated through television, radio, print, the Internet or any other media we deem appropriate, in our sole discretion The National Marketing Fund may also be used for website design and maintenance, social media marketing, creative design, printed material, public relations material, conferences, trade shows, electronic mail communications, direct response literature, direct mailings, brochures, collateral material advertising, surveys of marketing effectiveness, sales and business development support, or other marketing or public relations expenditures relating to marketing the HOMEWATCH CAREGIVERS Business services and products or reasonably intended to benefit HOMEWATCH CAREGIVERS Businesses The National Marketing Fund may borrow from us or other lenders to cover deficits or cause the National Marketing Fund to invest any surplus for future use Any amounts remaining in the National Marketing Fund at the end of each year accrue and we apply them toward the next year's expenses We do not guarantee that marketing expenditures from the National Marketing Fund will benefit you or any other franchisee directly or on a pro rata basis The National Marketing Fund is not a trust fund, and neither we nor our affiliates owe a fiduciary duty to you with respect to the maintenance, direction or administration of the National Marketing Fund We are not required to spend any money in the National Marketing Fund in, or for the benefit of, your Territory We will assume no other direct or indirect liability or obligation to you with respect to collecting amounts due to the National Marketing Fund or with respect to maintaining, directing or administering the National Marketing Fund

The National Marketing Fee will be in addition to, and not in lieu of, expenditures we require you make for local promotion and marketing described below You must pay the National Marketing Fees by

electronic funds transfer as we designate, which is Automated Clearing House as of the date of this Disclosure Document, from your bank account This transfer is a separate transfer from that made for your Royalty payment

In our 2018 fiscal year, we spent 85% of the National Marketing Fund on Internet marketing, website upgrades, creative design, brochures, printed material, public relations materials, in-house marketing salaries, conferences and trade shows, and 15% on administrative costs We did not spend any of the National Marketing Fund directly soliciting franchisees although our website and certain marketing materials mention that franchises are available

You may not use any form of digital, multimedia or telecommunication marketing materials without our prior consent We retain the right to control the content, method and scope of all digital marketing for HOMEWATCH CAREGIVERS Businesses On 30 days' notice, you must participate in any digital marketing program sponsored by us You may not post a blog, a website, engage in any social networking on the Internet, or conduct any type of Internet communication that refers to the Marks, the Licensed Methods, HWCG, its affiliates, any HOMEWATCH CAREGIVERS Businesses or franchisees without our prior written consent If we agree to permit you to have a social media account to advertise the HOMEWATCH CAREGIVERS Business, then you must provide us with the passwords for any such social media account We may access the account to take corrective action if your advertising is in violation of our policies or is misleading and we may operate the social media account after termination of your franchise agreement

Computer, Electronic and Telecommunications Systems

You must purchase, use, maintain and update computer equipment, telephone systems and software programs that meet our specifications as they evolve over time In some cases, these items may only be available through us, our affiliates and suppliers designated by us You must learn to use these software programs, telephone systems and computer equipment proficiently We also require that you have a copy machine and the ability to email copies of documents You are required to use a VOIP phone system or an equivalent system We require that you have a cell phone, telephone conferencing ability and the ability to roll your telephone answering to a cell phone You must have sufficient Internet capacity to prioritize phone traffic if you operate in a shared router environment You must pay all amounts charged by any supplier or licensor (which may be us or an affiliate) of the systems and programs used by you, including charges for use, maintenance, support and update of these systems or programs We have independent access to information and data that you collect electronically

We do not require you to purchase any particular brand of computer hardware, however, your computer hardware must be Microsoft products compatible You must purchase the specific software described below You have a contractual obligation to update hardware and software components, and there are no contractual limits on the frequency or cost of this obligation

Computer Hardware We require that your computer system include all of the following

1. A Microsoft products compatible desktop computer or laptop computer
2. Minimum hard disc capacity and RAM capacity to run the specified software
3. Broadband Internet service
4. Printer and copier
5. Tablets, SmartPhones or other mobile devices with mobile connectivity as needed

Computer Software We require you to purchase, install and use a recent version of Microsoft Windows as your operating system

As of the date of this Disclosure Document, you must purchase or lease from a supplier of your choice all of the following software

1 A recent version (approved for commercial use) of Microsoft Office, including MS Outlook, MS Word, MS Excel, MSPowerPoint, and Microsoft Internet Explorer/Edge providing access to all marketing collateral and graphics, operational data, forms, and newsletters via the Intranet,
2 Quickbooks Online, and
3 Virus and data protection software with a current subscription to virus definitions

We estimate the price of your computer system will range from $1,000 to $2,000 You must pay for upgrades and updates for all software and remain current on all software updates You may purchase maintenance and support contracts from third parties for hardware or other software if you wish We have no contractual obligation to maintain, repair, update or upgrade your computer system

We may access information from your computer system and retrieve, analyze, download and use all software, data and files stored or used on your computer system We may access information from your computer system from other locations or through an intranet/extranet system we may develop You must store all data and information that we designate and report data and information in the manner we specify You may need to purchase software designated by us to allow us access to your computer system and to report information in the manner we specify You may also be required to purchase software, hardware or subscribe to a monitoring service to comply with our standards on computer security and to comply with laws regulating the privacy of Client data If you refuse to purchase any required security products, we may purchase them for you and you must reimburse us The data storage, phone line, communication software, internet access, electronic mail account and all additional hardware and software needed to implement and maintain these services are at your cost See Item 6 for ongoing costs related to the computer system

Franchise Office Selection

You are responsible for selecting and acquiring the office space for the Business, but your office space ("**Office Location**") must be located in your Territory and it is subject to our prior approval We require that you obtain commercial office space on or before your business opening date We do not generally own and lease to you the premises for your Business Our assistance in connection with the selection and approval of an Office Location is generally limited to providing written criteria for a satisfactory location and reviewing the information you provide to determine whether the location fulfills the criteria We consider the following factors (among others) in reviewing and approving proposed Office Locations size and condition of office space, parking access, and geographic location to optimize Internet search presence and accessibility for staff Our approval of a location does not infer or guarantee the success or profitability of an approved Office Location in any manner If you purchase a second contiguous Territory, you may or may not be allowed to operate the second Territory from the same Office Location as the initial Territory

Schedule for Opening

We estimate that the typical length of time between the signing of the Franchise Agreement, or the payment of any consideration by you for your Business, and the opening of your Business is approximately 60 to 180 days The factors affecting this time period are completion of the initial training program, meeting the licensing and other regulatory requirements and securing proper insurance for operation, and beginning to market the Business and recruiting Caregivers You must open the Business (as defined in the

Franchise Agreement) within 45 days of your completion of the initial training program or once you have completed any regulatory requirements that may extend beyond that time

Additional Training Information

You may send up to three people to our initial training program You, or if you are not an individual, a majority owner of the franchisee entity, and if applicable, the person who will be primarily responsible for managing your Business (**"Principal Operator"**), must attend the entire training program no earlier than one month before the target date for the opening of the Business (as established by us) and no later than 90 days after signing the Franchise Agreement We may extend this period if it is anticipated that the date of starting the Business will be delayed because of licensing or other regulatory requirements You, or your majority owner if you are an entity, and the Principal Operator (as applicable), must complete the initial training program to our satisfaction We reserve the right to charge tuition if you elect to send more than three people to the initial training program Additional management employee trainees are allowed only on a space available basis

We conduct the initial training program at our offices in the Denver, Colorado metropolitan area or any other location we select, at our sole discretion The training program lasts five days The training material consists of written and visual materials The initial training program is usually conducted six times each year

As described above, we provide initial training for new or replacement management employees, including Principal Operators, without charge of tuition or a training fee at any time during the initial term and any renewal term of your Franchise Agreement, under our Life-time Training Guarantee program Any newly appointed Principal Operator of your Business must attend the initial training program within four months of appointment

You or your Principal Operator must attend, in its entirety, any additional mandatory ongoing training programs or webinars we may offer We agree to give you 30 days' prior written notice of any mandatory ongoing training programs or webinars

We may give you the opportunity to offer optional programs in your Business If so, and if you desire to offer those programs, you will be required to attend training concerning those programs, and pay any related training fee

You must pay all transportation and living expenses incurred by you and your management employees in connection with attending initial and ongoing training programs

You or your Principal Operator must also complete 5 weeks of pre-training programs and preparations for our Business Implementation Program before attending the initial training program at our headquarters or other designated location

The following table shows our schedule for the 5 weeks of pre-training programs and preparations for the Business Implementation Program as of the date of this Disclosure Document

PRE-TRAINING PROGRAMS AND PREPARATIONS

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Business Overview	2	0	Franchisee Location
Marketing & Sales	210	0	Franchisee Location
Operations	259	0	Franchisee Location
Finance and Technology	17	0	Franchisee Location
Total	**488**	**0**	

All pre-training programs and preparations are conducted on your computer at a location of your choice with access to the Internet There are no in-person instructors for the pre-training programs and preparations This training is self-directed

The following table shows our schedule for our initial training program as of the date of this Disclosure Document

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Business Overview	8	0	Denver, Colorado
Marketing & Sales	8	0	Denver, Colorado
Operations	22	0	Denver, Colorado
Technology	2	0	Denver, Colorado
Total	**40**	**0**	

The actual time spent covering each subject area may vary depending upon the size of the class, the particular training needs of the attendees, and other circumstances Classroom hours include simulated "on-the-job" training Training may be conducted at an alternative location that we designate Training materials will include our Operations Manual, vendor brochures, PowerPoint presentations and other materials, many of which are posted on our intranet

In addition to the pre-training requirements and the initial training program, you must also participate in our Business Implementation Program, which is a 52-week program that starts several weeks prior to your participation in the initial training program and that provides you with week-to-week guidance (in the form of phone and email consultations, educational materials, sample forms and other resource materials) on the building of your Business, including sales and marketing planning

Instructors for the initial training program may include ~~LaShelle Taylor, Certified Franchise Executive,~~ Jean Forbes, Certified Franchise Executive, Jennifer Ramona, Tessa Dormann Hood ~~Kimberly Merthch~~, Amanda Moore, Nicole Brackett, Joe Stefanko, Ann Hammell, Joanne Marthe~~, Ervin Guzman~~ and other staff and consultants to HWCG Subject matter experts and vendors also participate in the training program to assist franchisees with computer software and other operations related topics

~~LaShelle Taylor, our Vice President of Franchise Support since 2006, has worked with franchisees on operations in other franchise systems since 1994~~ Jean Forbes has served as the Director of Support for HWCG since 2006 Jennifer Ramona, our Vice President of Strategy & Healthcare Innovation since 2018

(previously Director of Business Development since 2013), has over 18 years of operations and sales experience in the healthcare industry Tessa Dormann Hood, our National Director of Business Development since 2019 (previously Regional Business Development Manager since 2015), has over 13 years of professional experience in the healthcare industry, focusing primarily on sales, coaching, training, and management ~~Kimberly Mertlich, our Franchise Marketing Manager since 2015, focuses her work on market planning, internet advertising, graphic design and brand management~~ Amanda Moore, our Website Administrator since 2016, supports our web presence and provides technical support to Franchisees in their digital marketing initiatives Nicole Brackett, a Quality & Training Specialist for HWCG since January 2007, has previously served as a National Support Manager for HWCG and as Homewatch CareGivers of Denver's Staff Development Coordinator She is a nurse with over 25 years of experience in long term care and over 21 years of experience in Alzheimer's and dementia care Ms Brackett has instructed several Certified Nurse Assistant programs and is a Certified Eden Educator with The Eden Alternative Joanne Marthe, Director of System Operations, joined us in March 2006 and is focused on management of the business management software Joe Stefanko, our Director of Operations since 2014, has also served HWCG as Chief Administrator and Field Operations Manager Ann Hammell, our Quality Support Manager since August 2012, is a Certified Senior Advisor with over 25 years of franchise experience ~~Ervin Guzman, Quality Support Manager since May of 2018, has 20 years of experience in training and operational processes development~~

Any training provided by us to any of your workers will be limited to training or guidance regarding the delivery of approved services to Clients in a manner that reflects the customer and client service standards of the Licensed Methods You are, and will remain, the sole employer of your employees at all times, including during all training programs, and you are solely responsible for all employment decisions and actions related to your workers and staff You are solely responsible for ensuring that your workers and staff receive adequate training

ITEM 12

TERRITORY

Office Location and Territory

You must operate your HOMEWATCH CAREGIVERS Business from the Office Location identified in the Franchise Agreement You may not relocate your Office Location without our prior written approval, which will not be unreasonably withheld Your Office Location must be located within the Territory as identified in Exhibit H to the Franchise Agreement, which is typically identified by zip codes or county lines and contains a population ranging from a minimum of 15,000 Seniors to a typical population of approximately 30,000 to 35,000 Seniors If you desire a larger Territory, you may be able to purchase additional zip code areas to add population up to a maximum total of 50,000 Seniors for our standard fee of $1 50 per Senior Both new and existing franchisees will pay our standard fee to add population above 35,000 to a Territory The addition of more zip code areas to your Territory, however, is conditioned on availability, rights of other franchisees in the market and other demographic considerations as we may determine See Item 5 We determine the number of Seniors in a Territory based on demographic data from a third-party firm specializing in data analytics

Scope of Rights to the Territory

You will not receive an exclusive territory You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control You will be granted a protected territory within which we will not operate, or franchise anyone else to operate, a HOMEWATCH CAREGIVERS Business, subject to our reservation of rights, described below

You may contact referral sources and may advertise outside your Territory subject to our then-current standards, but you may not provide services to Clients residing outside your Territory without our express prior written consent Similarly, other franchisees and company-owned or affiliate-owned Businesses in your market area may contact referral sources and may advertise outside of their Territories, but in most circumstances are restricted from providing services to Clients in your Territory Existing franchisees may have Clients in your Territory when you sign the Franchise Agreement for your Territory, which they may continue to service after you sign the Franchise Agreement, but they are prohibited from accepting any new Clients in your Territory Similarly, if you have existing Clients that are outside your HOMEWATCH CAREGIVERS Business territory but not currently in another HOMEWATCH CAREGIVERS Franchisee's territory, then you agree to honor our then-current territory policy with respect to servicing such Clients Under our current territory policy, which we may modify from time to time, if we permit you to service Clients outside of your Territory that are located in a territory not owned by another franchisee, once the territory is purchased by another HOMEWATCH CAREGIVERS franchisee, you may continue to service such Clients only subject to our further consent, provided, however, that you are not allowed to service any new clients in such other franchisee's territory thereafter and must refer any further potential new clients from such territory to the new franchisee

Conversions If you are a conversion franchisee converting an existing business into a HOMEWATCH CAREGIVERS Business, in connection with the conversion, you will have to determine whether or not your existing clients will be located in the territory you are acquiring under your HOMEWATCH CAREGIVERS Franchise Agreement If you are acquiring clients that will be located outside of your owned territory and in another HOMEWATCH CAREGIVERS franchisee's territory, you must transfer those clients to the other HOMEWATCH CAREGIVERS franchisee within thirty (30) days of the purchase date

We may establish written policies that we may provide to franchisees from time to time, which describe, among other things, customary exceptions to the restriction against provision of Client services outside of a franchisee's Territory, more detailed guidelines for referral of Clients to other HOMEWATCH CAREGIVERS franchisees, provision or referral of non-mandatory, specialized program services and similar issues Except as stated above, you do not have the right to market or advertise for Clients using other channels of distribution, such as Internet catalog sales, telemarketing, or other direct marketing, nor do you have the right to provide services to a Client residing in the Territory of another franchisee

Minimum Sales Requirements

The continuation of your rights to your Territory and your right to continue operating a Business under the Franchise Agreement depends on achievement of the following sales levels ("**Minimum Sales Requirements**") At the end of the 12th month after the Original Opening Date (i e , the original opening of business date for the Franchisee or any predecessor (regardless of whether the franchisee operating the Business has changed as a result of a transfer)), you must attain and maintain a minimum of $12,700 per month in Gross Billings At the end of the 24th month after the Original Opening Date, you must attain and maintain a minimum of $35,000 per month in Gross Billings At the end of the 36th month, after the Original Opening Date, you must attain and maintain a minimum of $50,000 per month in Gross Billings Thereafter, you must attain and maintain $600,000 in Gross Billings each calendar year for the remainder of the term of your Franchise Agreement If you fail to meet the Minimum Sales Requirements, we may reduce the size of the Territory, license someone else to establish a Business in the Territory, or terminate your Franchise Agreement, following a cure period, or we may require you to participate in our Revenue Improvement Program, in which case you must cure this default prior to the conclusion of your participation in such program The Minimum Sales Requirements apply to each Territory that you own and do not vary based on the population of Seniors in a particular Territory

National Accounts

We reserve the right under the Franchise Agreement to enter into contracts or strategic alliances with National Accounts (as defined below) to provide for or encourage the provision of services to Clients they refer or assign to the HOMEWATCH CAREGIVERS network A "**National Account**" is a business or organization that (1) conducts operations, directly or through agents, affiliates, independent contractors, franchisees or licensees, in two or more territories in the United States in which franchisees operate HOMEWATCH CAREGIVERS Businesses, (2) has a written contract or strategic alliance with us for the purpose of providing referrals or assignments of Clients in need of HOMEWATCH CAREGIVERS Services within such territories, and (3) accepts referrals or assignments for HOMEWATCH CAREGIVERS Clients in need of their services/products You will be required to provide HOMEWATCH CAREGIVERS Services to the Clients referred or assigned to us by the National Account who reside in your Territory, pursuant to the terms of our agreement with such National Account, unless you are not eligible to provide the services To be eligible, you must be able to provide services to the Clients based on rules (e g , qualifications, conditions for availability, resources, price and billing terms, insurance requirements or similar), guidelines or other terms and conditions agreed to between us and the National Account or as otherwise directed by the National Account

If you refuse to provide or, in our sole judgment, are not qualified, interested, able or available to provide HOMEWATCH CAREGIVERS Services to Clients in your Territory based on our National Account agreement or program, or violate the agreement with or standards or rules of the National Account, then you will not provide services to those Clients during the term of the National Account agreement or program and will not be entitled to receive any portion of the resulting compensation, and we, another franchisee, or our third-party designee will have the right to enter your Territory and perform or assist you in performing services to Clients under such National Account agreements or programs We cannot guarantee that we will develop or maintain contracts or strategic alliances with a particular number of National Accounts, if any, or if we do, that you will receive any National Account referrals or assignments in your Territory

Options, Rights of First Refusal, Additional Office

You have no option, right of first refusal or similar contractual right to acquire additional HOMEWATCH CAREGIVERS Business franchises You may operate more than one Office Location within your Territory only with prior written approval from us You may not unilaterally change the boundaries of your Territory If the population and demographics in your Territory change during the term of your Franchise Agreement, your territorial boundaries will not be adjusted, even if the number of people over age 65 decreases We may adjust the size of your Territory only if you fail to achieve and maintain Minimum Sales Requirements described above

If you have been operating your Business for at least 12 months and meet our standards for market development and the geographic size of your Territory qualifies, you may choose to open an Additional Office in your Territory by signing the Additional Office Addendum to Franchise Agreement, attached as Exhibit I-3 to this Disclosure Document

Our Reservation of Rights

We retain the rights under the Franchise Agreement, among others (1) to use, and to license others to use, the Marks and Licensed Methods in connection with the operation of HOMEWATCH CAREGIVERS Businesses, including Additional Offices, at any location other than in your Territory, (2) to use the Marks and Licensed Methods to identify services and products other than those which you sell, and to identify services and products the same as or similar to those you will sell, but made available through

alternative channels of distribution, including on the Internet, through catalog sales, telemarketing, or other direct marketing, promotional efforts or related items, at any location, including within your Territory, and (3) to use and license the use of other proprietary marks or methods in connection with the sale of products and services similar to those you will sell, whether in alternative channels of distribution or in connection with the operation of businesses selling similar services or related products or services (for example, if we acquire another company or franchise system that offers in-home personal care services), at any location, which businesses may be the same as, or similar to, or different from HOMEWATCH CAREGIVERS Businesses or Additional Offices, on any terms and conditions as we determine As of the date of this Disclosure Document, we have no plans to establish other related franchises or company-owned businesses offering similar products or services under a name or trademark that is different from HOMEWATCH CAREGIVERS, although we reserve the right to do so

We are not required to pay you if we exercise any of the rights specified above inside your Territory

ITEM 13

TRADEMARKS

Under the Franchise Agreement, we grant you the right to use in the operation of your Business the Marks, including the service mark "HOMEWATCH CAREGIVERS" and our logo and the other current or, if applicable, future Marks, as we may authorize, to identify your Business

HWCG has registered the following principal marks with the United States Patent and Trademark Office on the Principal Register

Mark	Registration No	Registration Date
HOMEWATCH CAREGIVERS	2,683,038	February 4, 2003
	5,626,192	December 11, 2018
HOMEWATCH CAREGIVERS CARE+	5,581,988	October 9, 2018
HOMEWATCH	3,168,605	November 7, 2006

We have filed or intend to file all required affidavits and renewals for the Marks listed above We also have pending or effective trademark registrations in certain other countries

The Marks are used to identify a HOMEWATCH CAREGIVERS Business We require that you identify yourself as an independent owner of a Business, however, in the manner as we may designate You must not use "Homewatch" or any portion of it, or "Caregivers," "Health" or "Medical" as part of any business entity name or with any prefix, suffix, or other modifying words, terms, designs or symbols (other than logos licensed to you), or in any modified form, except with our prior written consent, which consent may be withheld for any reason You must not use any Mark to identify unauthorized services or products or in any other manner not expressly authorized in writing by us You must not use our Marks as part of an electronic mail address or on any sites on the Internet, including blogs and social networking sites, other than in the manner we designate or otherwise approve in writing, and you must not register any of the Marks as an Internet domain name We reserve the right to modify, discontinue, implement new Marks or substitute Marks In that case, you must modify or discontinue your use of any of the Marks if we require

modification or discontinuance and implement new Marks, at your own expense We need not reimburse you for your direct expenses of changing letterhead, for any loss of revenue due to a modified or discontinued Mark, or for your costs related to promoting a modified or substitute Mark We have registered various domain names that include our Marks

There are no agreements in force that significantly limit our rights to use or license the use of our Marks There are no presently effective determinations of the United States Patent and Trademark Office ("**USPTO**"), the Trademark Trial and Appeal Board, the trademark administrator of any state, or court, nor are there any pending infringement, opposition or cancellation proceedings, or material litigation involving any of our Marks

You are obligated to notify us of any apparent or actual infringement of, or challenge to, your use of any Mark, or any claim by any person of any rights in any Mark We are not contractually obligated by the Franchise Agreement to protect you against claims of infringement or unfair competition, but it is our policy to do so when, in the opinion of our counsel, your rights require protection In this case, we will pay all costs, including attorneys' fees and court costs, associated with any litigation required to defend or protect your authorized use of the licensed Marks You are obligated to fully cooperate with us in any litigation we commence or defend on your behalf You may not settle any claim without our written consent We have sole discretion to take any appropriate action We have the right to control exclusively any litigation, USPTO proceeding or any administrative proceeding arising out of any infringement, challenge or claim relating to any Mark

We are aware of the following third party uses of the name or Mark "HOMEWATCH," or a name and mark that may be considered confusingly similar (1) Unrelated parties in Houston, Texas, Brighton, Michigan, Concord, New Hampshire, Bangor, Maine, St Croix Falls, Wisconsin and Vernon, New Jersey are using the name "HOMEWATCH" to sell home security or remote monitoring systems, (2) one party in Brewster, Massachusetts is using the corporate name Homewatch, Inc , (3) various unrelated parties from England and the United States have reserved "Homewatch net", "Homewatch US", "Homewatch org" "Homewatch com", "Homewatch biz" and "Homewatch info" as a URL, (4) several unrelated parties in Alabama, Alaska, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, District of Columbia, Florida, Georgia, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Puerto Rico, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia, Washington, West Virginia, Wisconsin and Wyoming are using "HOMEWATCH" to market house monitoring and maintenance services for vacation homes, (5) an unrelated party is using "Homewatch" to market home inspection certification in Bonita Springs, Florida, (6) an unrelated party in Switzerland has an app for sale on iTunes called HomeWatch for monitoring home or business security systems from an iPad, iPhone or iPod Touch device, (7) an unrelated party in Florida is marketing a system called HOMEWATCH PRO to be used by home services providers and property owner associations in connection with house monitoring and maintenance services for seasonal homeowners, (8) an unrelated party in Brewster, Massachusetts is using "Home Watch" for lawn and landscaping services, and (9) a home builder in Northern Virginia is using "Homewatch" to sell a construction photo service that allows customers to track the progress of their home construction We believe that these third party users may be infringing on our ownership rights to the "HOMEWATCH" Mark, so as to enable us to prevent these uses, however, any franchisee in and around the geographic area of these third party users could be materially affected by these infringing uses Other than the uses mentioned, we have no knowledge of any infringing uses of our Marks that could materially affect your use of them There is always a possibility, however, that there are one or more businesses, similar to your Business, operating in or near the area where you may do business, using marks similar to ours and with superior rights to such marks as a result of prior use or

otherwise We recommend you research this possibility, using telephone directories, local filings and other means, before signing the Franchise Agreement

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Patents and Copyrights

We do not own rights in or licenses to any patents nor do we have any pending patent applications that are material to the franchise

Although we have not obtained a copyright registration, we claim a copyright in our Operations Manual, advertising and marketing materials and other manuals and items we provide to you

You must operate your HOMEWATCH CAREGIVERS Business in accordance with the standards, methods, policies, and procedures specified in the Operations Manual, which we will make available to you online for the term of the Franchise Agreement after you complete our initial training program to our satisfaction The Operations Manual Table of Contents is attached as Exhibit G

You must treat the Operations Manual, any other materials created for or approved for use in the operation of your HOMEWATCH CAREGIVERS Business, and the information contained in them, as confidential, and must use all reasonable efforts to maintain this information as secret and confidential You must not print, copy, duplicate, record, or otherwise reproduce these materials, in whole or in part, or otherwise make them available to any unauthorized person The Operations Manual remains our sole property and you must maintain its security by restricting access to the computers at your Office Location

We may from time to time revise the contents of the Operations Manual, and you must comply with each new or changed standard You must ensure that you and your staff observe the standards and specifications in the most current version of the Operations Manual at all times

Confidential Information

You must not, during or after the term of the Franchise Agreement communicate, divulge, or use for the benefit of any other person, partnership, association, or corporation any confidential information, knowledge, or know how concerning the methods of operation of a HOMEWATCH CAREGIVERS Business that is communicated to you, or of which you may be apprised by virtue of your operation of the Business under the terms of the Franchise Agreement You may divulge this confidential information only to those members of your staff who must have access to it in order to operate your HOMEWATCH CAREGIVERS Business All of your employees and independent contractors with access to any of our confidential information must sign a confidentiality agreement that we provide to you Your owners must sign a Nondisclosure and Noncompetition Agreement attached to this Disclosure Document as Exhibit C and your management-level employees must sign a nondisclosure and noncompetition agreement that we provide to you Any and all information, knowledge, know-how, techniques, and other data which we designate as confidential will be deemed confidential for purposes of the Franchise Agreement

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

Under the terms of the Franchise Agreement, we do not require you, or if you are a Business Entity, your officers, directors, shareholders, limited liability company managers, members, or partners to participate personally in the direct operation of your HOMEWATCH CAREGIVERS Business, although we recommend that you do so If you, or if you are a Business Entity, your officers, directors, shareholders, limited liability company managers, members or partners, do not personally supervise the day-to-day operation of your Business, you must appoint a Principal Operator (see Item 11) to be responsible for the direct on-premises supervision of your Business You, or, if applicable, your Principal Operator, must complete the initial training program to our satisfaction, within the time frames described in Item 11 You will remain responsible for ensuring compliance with all terms and conditions of the Franchise Agreement even if you are not the Principal Operator of the Business You will provide us with a list of all management personnel and keep the list updated to reflect changes in personnel These persons will be required to sign a nondisclosure and noncompetition agreement in a form provided by us before they can begin working for you

If you are a Business Entity with a designated Principal Operator, we do not require that your Principal Operator own an equity interest in the entity You, your immediate family members and each of your shareholders, limited liability company members, or partners with access to the Operations Manual or any other proprietary information, must execute our standard Nondisclosure and Noncompetition Agreement, a copy of which is attached to this Disclosure Document as Exhibit C Your management employees will sign a confidentiality agreement and possibly a noncompetition agreement that we will provide We make no recommendation, nor do we impose a contractual obligation, that you enter into an employment agreement with your manager or employees We do, however, obligate you to enter into written agreements with any independent contractors who work for your Business, if any

You must run background checks, in accordance with our specifications, on all of your employees and independent contractors before hiring them, and annually after that

All calls to your Business must be answered by all parties with the words "Homewatch CareGivers," unless otherwise instructed by HWCG You must have an employee of your Business or a knowledgeable answering service answering telephone calls from your Clients and prospective Clients during regular business hours, which we currently consider to be 8 00 a m to 5 00 p m , Monday through Friday (national holidays excluded) At all other times, your Business phone line must be transferred to one of your employees' cell phones that will be answered within a reasonable time period after the call is received or to a knowledgeable answering service One employee must be available on-call 24 hours per day to return urgent telephone messages after hours and on weekends through the use of call forwarding to a cell phone or to a knowledgeable answering service Individuals returning telephone messages must inform the person answering the call that they are calling on behalf of "Homewatch CareGivers," unless otherwise instructed by HWCG We reserve the right to require you to use an approved or designated answering service on 30 days' notice, at your expense

Within 60 days after beginning operation of your Business, and at all times after that, you must either (a) personally conduct marketing and/or sales activities and also employ one full-time employee dedicated to internal operations, or (b) employ a minimum of two full-time employees in your Business at all times, with one employee dedicated to internal operations and the other employee dedicated to marketing and sales activities, for a minimum of 40 hours for each employee per week, per Territory

If you are a Business Entity, each of your officers, directors, shareholders, limited liability company managers and members, or partners (as applicable) may be required to sign an agreement (Exhibit II to the Franchise Agreement) personally guaranteeing and agreeing to perform all obligations of the franchisee under the Franchise Agreement In addition, we require any individual who is or becomes the spouse of any person who signs the Guaranty to also sign the Guaranty, jointly and severally with the spouse

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You are restricted from doing business of any kind that involves the unauthorized use of our Marks or Licensed Methods You are prohibited from operating or engaging in any other type of business or profession from your Office Location or through the Business, unless we first approve of it in writing, which approval can be withheld for any reason You are obligated to use only the equipment, products, services, and supplies that comply with our standards and specifications and which are acquired from approved suppliers, as described in Item 8 of this Disclosure Document You will offer for sale and sell through the Business only those products and services we authorize The services to be offered by you through your HOMEWATCH CAREGIVERS Business are listed in our Operations Manual We have the right to test new types of products and services and to change types of authorized products and services periodically, and there are no limits on our right to do so You must comply with all licensing, bonding or other regulations required by any applicable state or local authorities regarding any of the services you provide These requirements may restrict the services offered by you or limit the customers or Clients to whom you may offer your services You are restricted from serving Clients outside of your Territory who reside in another franchisee's territory See Item 12

In some states, a license to provide the services we authorize may include other services not authorized by HWCG You will not be permitted to offer unauthorized services even if licensed to do so

ITEM 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

This table lists certain important provisions of the Franchise Agreement You should read these provisions in the Franchise Agreement attached to this Disclosure Document

Provision	Section in Franchise Agreement	Summary
(a) Length of the franchise term	Section 1 2	15 years
(b) Renewal or extension of the term	Section 11 1	If you meet certain requirements, you can enter into a new franchise agreement for one 15-year renewal term
(c) Requirements for franchisee to renew or extend	Sections 11 1 and 11 2	Notice, compliance with Franchise Agreement, pay renewal fee, complete a background check, execute our then-current Franchise Agreement, execute a general release (except if prohibited by law), and upgrade the Business and services If you seek to renew your franchise, you may be asked to sign a contract with materially different terms and conditions than your original contract
(d) Termination by franchisee	Not Applicable	Franchisees may terminate the Franchise Agreement under any grounds permitted by state law
(e) Termination by franchisor without cause	Not Applicable	Not Applicable
(f) Termination by franchisor with cause	Sections 8 1, 8 2, 8 3 and 8 4	We can terminate only if you commit any one of several listed violations
(g) "Cause" defined – curable defaults	Sections 8 2 and 8 3	30 days' notice of breach of Franchise Agreement, except 10 days' notice for monetary defaults, failure to timely provide Royalty reports, Territory violation, loss of insurance, or failure to comply with applicable laws We have the right to suspend our obligations while you are curing your default or in the event your default is not cured
(h) "Cause" defined – non-curable defaults	Section 8 1	Bankruptcy (may not be enforceable under federal bankruptcy law), insolvency, appointment of receiver, assignment for benefit of creditors, abandonment, unauthorized disclosure, unsatisfied judgments, foreclosure, levy, criminal conviction, repeated non-compliance, unauthorized transfer, becoming subject to U S Executive Order 13224, defaulting under lease or other material agreement (except for a default for failure to meet minimum sales requirements), health or safety problems

Provision	Section in Franchise Agreement	Summary
(i) Franchisee's obligations on termination/non-renewal	Sections 8 5 and 8 6	Pay outstanding amounts due, de-identification, return of confidential information, signs and telephone numbers, pay liquidated damages (if early termination of the Franchise Agreement) as provided in Item 6, others (see also item "r" below)
(j) Assignment of contract by franchisor	Section 9 7	We can assign to any party we deem capable
(k) "Transfer" by franchisee - defined	Sections 9 1 and 9 5	Includes transfer of assets, interest in Franchise Agreement, or all or a portion of the business entity that owns your HOMEWATCH CAREGIVERS Business
(l) Franchisor's approval of transfer by franchisee	Sections 9 1, 9 3, 9 4 and 9 5	We have the right to approve all transfers
(m) Conditions for franchisor's approval of transfer	Sections 9 3, 9 5 and 9 6	Notice, all amounts due are paid in full, transferee completes training and otherwise meets qualifications for new franchisees, transfer fee paid, indemnification, proper disclosure to transferee, transfer information package approved, execution of current form of franchise agreement, general release signed (except if prohibited by law) and others (see also item "r" below)
(n) Franchisor's right of first refusal to acquire franchisee's business	Section 9 2	We can match any offer
(o) Franchisor's option to purchase franchisee's business	Section 8 4	We can buy your HOMEWATCH CAREGIVERS Business on termination or expiration of the Franchise Agreement
(p) Death or disability of franchisee	Section 9 6	Franchise must be assigned to successor within 120 days, business must be operated by someone who has completed our training, if a qualified operator is not available, we have the right to provide a qualified manager and charge you 150% of manager's salary, plus costs of benefits and transportation and housing costs
(q) Non-competition covenants during the term of the franchise	Section 10 1	Prohibits owning, operating or performing services for a competing business
(r) Non-competition covenants after the franchise is terminated or expires	Section 10 2	Prohibited for 2 years from owning or operating a competing business located or operating within a 50 mile radius of your Office Location or any other HOMEWATCH CAREGIVERS Business, time frame is suspended for any time that you are violating this covenant, use of confidential information is prohibited indefinitely for any trade secrets and for 2 years after termination for other confidential information
(s) Modification of the agreement	Section 14 1	Must be in writing signed by both parties, but Operations Manual subject to change unilaterally by us

Provision	Section in Franchise Agreement	Summary
(t) Integration/merger clause	Section 14 6	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law) Any representations or promises outside of the disclosure document and franchise agreement may not be enforceable
(u) Dispute resolution by arbitration or mediation	Section 12 1	Except for certain claims, all disputes must be arbitrated in Denver, Colorado (subject to modification by state law)
(v) Choice of forum	Sections 12 1 and 12 2	Colorado (subject to modification by state law)
(w) Choice of law	Section 13	Federal Arbitration Act and Colorado law (subject to modification by state law)

ITEM 18

PUBLIC FIGURES

We do not use any public figure to promote our franchise You are not prohibited by the Franchise Agreement from using the name of a public figure or celebrity in your promotional efforts or advertising, however, all advertising requires our approval

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

All of the charts below contain results of operations of HOMEWATCH CAREGIVERS franchised businesses located in the United States for the calendar year 2018 and calendar year 2017 (for purposes of Chart 2) as reported to us by HOMEWATCH CAREGIVERS franchisees We have not verified the information included in this Item 19, and the information has not been audited Franchisees are not required to use generally accepted accounting principles when reporting these figures

As of December 31, 2018, there were a total of 96 HOMEWATCH CAREGIVERS franchisees ("Franchisees") operating a total of 174 Territories, which are included as the basis for the charts in this Item 19

GROSS REVENUES OF FRANCHISEES

Charts 1 below presents the average and median Gross Revenues for the calendar year 2018 (the "Reporting Period") of 86 franchisees who operated a total of 162 Territories during the Reporting Period, and who reported Gross Revenues greater than $0 for all 12 months of the Reporting Period Gross Revenues

includes the Gross Revenues from all Territories owned by a Franchisee and Gross Revenue generated from unowned territory as reported by the Franchisee Excluded from this chart are 12 Franchisees (who operated a total of 16 Territories) that closed their franchised businesses during the Reporting Period One of such closed franchised businesses closed after being open for less than 12 months If a Franchisee owned multiple Territories and in 2018 closed some but not all of the Territories, the Franchisee's data is still included in this Item 19 for all of the Franchisee's Territories

Chart 1

Average and Median 2018 Gross Revenues of Homewatch Franchisees in Business at December 31, 2018

Years in Business	Number of Franchisees	2018 Average Gross Revenue	2018 Median Gross Revenue	High in Range	Low in Range	# Franchisees Exceeding Average	% Franchisees Exceeding Average
1 - 2 Years	7	$439,854	$285,844	$1,000,625	$164,472	2	28 6%
2 - 3 Years	2	$546,942	$546,942	$584,984	$508,900	1	50 0%
3 - 5 Years	13	$739,345	$577,285	$1,897,942	$207,093	6	46 2%
5 - 7 Years	8	$2,216,831	$838,585	$11,158,024	$722,856	1	12 5%
7+ Years	56	$1,824,946	$1,219,824	$9,159,000	$259,765	17	30 4%
All Franchisees	**86**	**$1,554,837**	**$995,595**	**$11,158,024**	**$164,472**	**27**	**31 4%**

Note 1 For the purposes of determining the average and median data and the corresponding ranges included in Chart 1, Gross Billings and Gross Sales were treated as the same and both are referred to as "Gross Revenues " Gross Billings are the amounts billed in any period Gross Sales (i e , cash receipts) in a period are amounts collected from prior periods and current period Gross Billings In all Franchise Agreements executed before 2006, Franchisees were required to report their operating results based on monthly Gross Sales In 2006 and after, Franchisees have been required to report based on monthly Gross Billings (i e , amounts billed) The great majority of Gross Billings in a month are collected by the end of the following month However, some receivables may extend beyond 30 days We estimate that less than two percent of all accounts receivable are never collected Gross Revenues may include revenue generated outside of a Franchisee's owned Territory/Territories

Note 2 "Years in Business" refers to the number of years that a Franchisee has been billing clients since the Franchisee's "Revenue Start Date " The "Revenue Start Date" is defined as the first month that Gross Revenue greater than $0 was reported by the Franchisee Years in Business for franchises that include territories transferred from another franchisee are categorized based on the Revenue Start Date of the purchasing Franchisee

Note 3 The "Number of Franchisees" for each "Years in Business" group was computed by totaling the number of Franchisees who reported Gross Revenues greater than $0 each month during the Reporting Period

Note 4 These figures are the highest and the lowest actual annual Gross Revenues reported by a single Franchisee, in addition to the number and percentage of Franchisees in the group exceeding the average Gross Revenue amount, during the Reporting Period

Shown in Table 1-A below is the number of Territories owned by the Franchisees included in Chart 1 that had the highest Gross Revenue in each "Years in Business" group during the Reporting Period, the number of Territories owned by the Franchisee included in Chart 1 that had the lowest Gross Revenue in each "Years in Business" group during the Reporting Period, and the number of Franchisees (and the number of

Territories owned by each) whose Gross Revenue exceeded the average Gross Revenue for each "Years in Business" group, during the Reporting Period

Table 1-A

Years in Business	Territories Owned by Franchisee with Highest Gross Revenue	Territories Owned by Franchisee with Lowest Gross Revenue	# of Franchisees Exceeding Average Gross Revenue for the group and # of Territories owned by each such Franchisee
1 - 2 Years	1	1	1 Franchisee - Owns 1 Territory 1 Franchisee - Owns 2 Territories
2 - 3 Years	2	1	1 Franchisee - Owns 2 Territories
3 - 5 Years	1	1	5 Franchisees - Own 1 Territory 1 Franchisee - Owns 2 Territories
5 - 7 Years	2	1	1 Franchisee - Owns 2 Territories
7+ Years	1	1	2 Franchisees - Own 1 Territory 6 Franchisees - Own 2 Territories 4 Franchisees - Own 3 Territories 3 Franchisees - Own 4 Territories 1 Franchisee - Owns 6 Territories 1 Franchisee - Owns 7 Territories
All Franchisees	2	1	8 Franchisees - Own 1 Territory 10 Franchisees - Own 2 Territories 4 Franchisees - Own 3 Territories 3 Franchisees - Own 4 Territories 1 Franchisee - Owns 6 Territories 1 Franchisee - Owns 7 Territories

FRANCHISEE TOTAL GROSS REVENUE GROWTH

Chart 2 below shows the total Gross Revenue growth between calendar year 2017 and 2018 for 92 Franchisees that were in business and reporting revenue as of December 31, 2017 and as of December 31, 2018, which operated a total of 170 Territories during the calendar year 2018 and during the calendar year 2017 A Franchisee is considered in business as of December 31, 2017 or December 31, 2018 if it reported Gross Revenues greater than $0 during the month of December 2017 or December 2018, respectively Gross Revenues from 1 Franchisee who sold their business to new Franchisees has been combined with those new Franchisees for the purposes of calculating Chart 2

Chart 2
Active Franchisee Revenue Growth

Year	Annual Gross Revenues
2017	$114,289,676
2018	$134,249,858
Actual Growth	$19,960,182
Percentage Growth	17 46%

Number of Franchisees Reporting	92

MATURE FRANCHISEES REVENUE PERFORMANCE

Chart 3 below shows data of the 77 HOMEWATCH CAREGIVERS Franchisees who reported Gross Revenue greater than $0 in all 12 months of the Reporting Period and had been in business for at least 3 years These franchisees operated a total of 152 Territories during the Reporting Period In addition to the Franchisees excluded in Chart 1, Chart 3 also excludes 9 additional Franchisees (operating a total of 10 territories) who have only been in business for less than 3 years

Chart 3

Mature Franchisees Gross Revenue Performance

	Number of Mature Franchisees(1)	Percent of Total	Average / Median Gross Revenue	Number (%) of Mature Franchisees in each Gross Revenue level Achieving or Exceeding Average	Highest Gross Revenue	Lowest Gross Revenue
All Mature Franchisees	77	100%	$1,682,378/ $1,020,966	20 (26%)	**$11,158,024**	**$207,093**
Mature Franchisees with Less Than $1 Million in 2018 Gross Revenue	36	47%	$634,458/ $703,338	20 (56%)	**$996,281**	**$207,093**
Mature Franchisees with $1 Million to $2 Million in 2018 Gross Revenue	26	34%	$1,410,563/ $1,374,715	12 (46%)	**$1,910,666**	**$1,012,425**
Mature Franchisees with more than $2 Million in 2018 Gross Revenue	15	19%	$4,668,532/ $3,970,851	7 (47%)	**$11,158,024**	**$2,287,288**

Note 1 The number of Franchisees shown in each Gross Revenue level was computed based on the total number of Franchisees that reported Gross Revenue greater than $0 for each month during the Reporting Period and were in business for at least 3 years

SERVICE LINES AND HOURS OF CARE

Charts 4-A and 4-B below present the Gross Revenue by service line and Gross Revenue and clients served by hours of care for care services provided by 68 Franchisees using the centralized client management software system Homewatch CareGivers Care+ ("Care+") for all months during the Reporting Period and were in business as of the end of the Reporting Period These 68 Franchisees operated a total of 117 Territories during the Reporting Period During the Reporting Period, approximately 73% of the total network Gross Revenues were generated by Franchisees using Care+ during the entire Reporting Period

Chart 4-A

2018 Gross Revenue by Service Line

Service Line	% of Gross Revenue(1)
Personal Care(2)	68%
Companion Care(3)	15%
Government	17%
Nurse/Other(4)	0%

Note 1 The average Gross Revenue for the 68 Franchisees represented in chart 4-A was $1,428,720 during the Reporting Period The median Gross Revenue for such Franchisees during the Reporting Period was $902,618 The highest and the lowest actual Gross Revenue in the range were $11,021,378 and $193,254 respectively The number and percentage of Franchisees included in Chart 4-A that achieved or exceeded the average Gross Revenue was 17 and 25%, respectively

Note 2 Personal Care refers to support activities that allow caregivers to physically touch clients in the process of assisting with activities of daily living The goal of personal care services is to provide a higher quality of life and personal functioning to clients through appropriate caregiver support

Note 3 Companion Care refers to non-touching activities designed to enrich the client's quality of life

Note 4 Nurse refers to services conducted by a registered nurse or other nurse where a Franchisee charges a specific rate for such services

Chart 4-B

2018 Gross Revenue and Clients Served by Hours of Care

Service Line	Avg Number of Clients/Month (1)	% of Gross Revenue
24 Hour Care	2	19%
12-23 Hour Care	4	28%
3-11 Hour Care	36	50%
2 or Less Hour Care	9	3%

Note 1 The average Gross Revenue for the 68 Franchisees represented in chart 4-B was $1,428,720 during the Reporting Period The median Gross Revenue for such Franchisees during the Reporting Period was $902,618 The highest and the lowest actual Gross Revenue in the range were $11,021,378 and $193,254

respectively The number and percentage of Franchisees included in Chart 4-B that achieved or exceeded the average Gross Revenue was 17 and 25%, respectively

FRANCHISEE PROFITABILITY

Chart 5 below shows cost of goods sold and operating expenses for all 41 Franchisees who (i) used the financial aggregation and benchmarking vendor, Qvinci, (ii) had completed and submitted to us their financial statements for the Reporting Period, and (iii) were in business for at least 2 years (based on their first reported month with Gross Revenue greater than $0) These 41 Franchisees operated a total of 72 Territories during the Reporting Period

Of the 59 Franchisees using Qvinci, 6 Franchisees (representing 11 Territories) were excluded because an accurate gross margin could not be determined, and 12 Franchisees (representing 14 Territories) were excluded because they had not been in business for 2 years Of the 41 Franchisees included in Chart 5, caregiver payroll taxes were estimated for the purposes of calculating a gross margin for 11 Franchisees (representing 18 Territories)

These figures do not reflect all of the costs of sales or operating expenses that must be deducted from the Gross Revenues figures to obtain net income or profit A good source of cost and expense data may be current franchisees and former franchisees We have assumed that franchisees have accounted for their financial data in standard categories of expenses and under Generally Accepted Accounting Principles

Chart 5

Franchisee Profitability (January – December 2018)(1)

	Average Franchisee %	Top 20%(2)	Bottom 20%(2)	Median Franchisee %
Gross Revenue	100%	100%	100%	100%
Cost of Goods Sold				
Caregiver Wages	51%	47%	55%	55%
Caregiver Payroll Taxes	6%	6%	6%	6%
Direct Caregiver Costs – Other	1%	0%	1%	0%
Total Cost of Goods Sold	58%	53%	62%	61%
Gross Profit	**42%**	**47%**	**38%**	**39%**
Operating Expenses				
Insurance	3%	3%	3%	3%
Office & Other Operating Expense	5%	4%	8%	5%
Compensation & Other Personnel Expenses(3)	12%	8%	15%	12%

Note 1 The Reporting Period was used for the purposes of calculating Chart 5 For purposes of Chart 5, the following terms have the following meanings

- Cost of Goods Sold Generally includes expenses for direct labor (but not management salaries or owner draws because these amounts are part of overhead expenses and EBITDA),

payroll taxes, workman's compensation, general liability insurance, mileage, royalties payable to us from the franchised business

- EBITDA Margin A measure of operating profitability as a percentage of Gross Revenue It is equal to earnings before interest, tax, depreciation and amortization divided by total Gross Revenue

- Gross Profit Revenue minus Cost of Goods Sold

Note 2 The Top 20% and Bottom 20% represent the 8 highest and 8 lowest Franchisees based on their EBITDA Margin (%) during the Reporting Period The Average Franchisee % means the average of each costs of goods sold, profit or expense line item, as applicable, as a percentage of Gross Revenue for the 41 reporting Franchisees The Median Franchisee % means the median of each costs of goods sold, profit or expense line item, as applicable, as a percentage of Gross Revenue for the 41 reporting Franchisees

Note 3 Compensation & Other Personnel Expenses category does not include expenses associated with employee benefits

Some Franchisees have earned Gross Revenues, provided service hours, paid wages, or reported profitability levels in the amounts reported above Your individual results may differ There is no assurance that you will earn or pay as much

Written substantiation for the financial performance representation will be made available to the prospective franchisee upon reasonable request

Other than the preceding financial performance representation, HWCG does not make any financial performance representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets We also do not authorize our employees or representatives to make any such representations either orally or in writing If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Jennifer Tucker or Bryant Veazey at Homewatch CareGivers, LLC , 6251 Greenwood Plaza Blvd , Suite 250, Greenwood Village, Colorado 80111, (303) 758-5111, the Federal Trade Commission, and the appropriate state regulatory agencies

ITEM 20

OUTLETS AND FRANCHISEE INFORMATION

Table 1
SYSTEMWIDE OUTLET SUMMARY[1]
FOR YEARS 2016 TO 2018

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2016	207	185[2]	-22
	2017	185	175[3]	-10
	2018	175	174	-1
Company-Owned	2016	0	0	0
	2017	0	0	0
	2018	0	0	0
Total Outlets	**2016**	**207**	**185**	**-22**
	2017	**185**	**175**	**-10**
	2018	**175**	**174**	**-1**

1 The 2016 numbers are as of December 31 2016 For 2017 our fiscal year ended on December 30 2017 For 2018 our fiscal year ended December 31 2018 The number of Outlets" represents the number of Territories in operation It is not uncommon for one franchisee to own more than one Territory

2 See footnotes 2 and 4 to Table 3 for more information about changes in the number of Territories in 2016

3 See footnote 3 to Table 3 for more information about changes in the number of Territories in 2017

Table 2
TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS[1]
(OTHER THAN FRANCHISOR)
FOR YEARS 2016 TO 2018

State	Year	Number of Transfers
California	2016	1
	2017	0
	2018	0
Illinois	2016	1
	2017	1
	2018	0

State	Year	Number of Transfers
Massachusetts	2016	0
	2017	3
	2018	0
North Carolina	2016	0
	2017	0
	2018	3
Pennsylvania	2016	2
	2017	0
	2018	0
Texas	2016	0
	2017	1
	2018	0
Tennessee	2016	2
	2017	0
	2018	0
United States Totals	**2016**	**6**
	2017	**5**
	2018	**3**

1 The 2016 numbers are as of December 31 2016 For 2017 our fiscal year ended on December 30 2017 For 2018 our fiscal year ended December 31 2018 The number of Outlets represents the number of Territories in operation It is not uncommon for one franchisee to own more than one Territory

Table 3
STATUS OF FRANCHISED OUTLETS[1]
FOR YEARS 2016 TO 2018

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
Alabama	2016	3	0	0	0	0	0	3
	2017	3	0	0	0	0	0	3
	2018	3	0	0	0	0	2	1
Arizona	2016	7	0	0	0	0	0	7
	2017	7	0	0	0	0	0	7
	2018	7	2	0	0	0	0	9

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
California	2016	23	1	0	4	0	1	19
	2017	19	1	0	1	0	0	19
	2018	19	3	0	0	0	1	21
Colorado	2016	8	1	1	0	0	0	8
	2017	8	0	0	0	0	1	7
	2018	7	1	0	0	0	0	8
Connecticut[2]	2016	6	0	0	0	0	1	5
	2017	5	0	0	0	0	0	5
	2018	5	0	0	0	0	0	5
Delaware	2016	3	0	0	0	0	0	3
	2017	3	0	0	0	0	0	3
	2018	3	0	0	0	0	0	3
Florida	2016	10	2	0	0	0	0	12
	2017	12	1	0	0	0	6	7
	2018	7	0	0	0	0	1	6
Georgia	2016	1	1	0	0	0	0	2
	2017	2	0	0	0	0	0	2
	2018	2	1	0	0	0	1	2
Idaho	2016	3	0	0	0	0	0	3
	2017	3	0	0	0	0	0	3
	2018	3	0	0	0	0	1	2
Illinois[3]	2016	8	0	0	0	0	0	8
	2017	8	1	0	0	0	0	9
	2018	9	0	0	0	0	0	9
Indiana	2016	3	0	0	0	0	1	2
	2017	2	0	0	0	0	0	2
	2018	2	0	0	0	0	2	0
Iowa	2016	2	0	0	0	0	1	1
	2017	1	0	0	0	0	0	1
	2018	1	0	0	0	0	0	1
Kansas	2016	2	0	0	0	0	2	0
	2017	0	0	0	0	0	0	0
	2018	0	0	0	0	0	0	0
Kentucky	2016	2	0	0	0	0	1	1
	2017	1	0	0	0	0	0	1
	2018	1	0	0	0	0	0	1

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
Louisiana	2016	1	0	0	1	0	0	0
	2017	0	0	0	0	0	0	0
	2018	0	0	0	0	0	0	0
Maryland	2016	9	0	0	0	0	0	9
	2017	9	0	0	3	0	0	6
	2018	6	0	0	0	0	0	6
Massachusetts	2016	7	0	0	0	0	0	7
	2017	7	1	0	0	0	2	6
	2018	6	1	0	0	0	0	7
Michigan	2016	11	0	0	0	0	0	11
	2017	11	0	0	0	0	0	11
	2018	11	2	0	0	0	4	9
Minnesota	2016	3	0	0	0	0	2	1
	2017	1	0	0	0	0	0	1
	2018	1	0	0	0	0	0	1
Missouri	2016	4	0	0	0	0	0	4
	2017	4	0	0	0	0	0	4
	2018	4	0	0	0	0	0	4
Nevada	2016	1	0	0	0	0	0	1
	2017	1	1	0	0	0	0	2
	2018	2	0	0	0	0	0	2
New Hampshire	2016	1	0	0	0	0	0	1
	2017	1	0	0	0	0	0	1
	2018	1	0	0	0	0	0	1
New Jersey[4]	2016	13	0	0	0	0	3	10
	2017	10	0	0	1	0	0	9
	2018	9	2	0	0	0	0	11
New Mexico	2016	1	0	0	0	0	1	0
	2017	0	0	0	0	0	0	0
	2018	0	0	0	0	0	0	0
New York	2016	5	0	0	0	0	0	5
	2017	5	0	0	0	0	0	5
	2018	5	1	0	0	0	0	6

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
North Carolina	2016	7	0	0	0	0	0	7
	2017	7	0	0	0	0	2	5
	2018	5	1	0	0	0	1	5
Ohio	2016	8	0	0	0	0	0	8
	2017	8	0	0	0	0	0	8
	2018	8	0	0	0	0	0	8
Oregon	2016	3	0	0	0	0	0	3
	2017	3	0	0	0	0	0	3
	2018	3	0	0	0	0	0	3
Pennsylvania	2016	13	0	0	0	0	3	10
	2017	10	1	0	0	0	0	11
	2018	11	0	0	0	0	4	7
South Carolina	2016	4	0	0	0	0	2	2
	2017	2	0	0	0	0	0	2
	2018	2	2	0	0	0	0	4
Tennessee	2016	3	0	0	0	0	0	3
	2017	3	0	0	0	0	0	3
	2018	3	0	0	0	0	0	3
Texas[4]	2016	14	0	2	0	0	1	11
	2017	11	1	0	0	0	2	10
	2018	10	3	0	0	0	4	9
Utah	2016	4	0	0	0	0	0	4
	2017	4	0	0	0	0	0	4
	2018	4	2	0	0	0	0	6
Virginia	2016	6	0	0	0	0	0	6
	2017	6	0	0	0	0	0	6
	2018	6	0	0	0	0	1	5
Washington	2016	6	2	0	0	0	1	7
	2017	7	2	0	0	0	0	9
	2018	9	0	0	0	0	0	9
Wisconsin	2016	1	0	0	1	0	0	0
	2017	0	0	0	0	0	0	0
	2018	0	0	0	0	0	0	0
Wyoming	2016	1	0	0	0	0	0	1
	2017	1	0	0	0	0	1	0
	2018	0	0	0	0	0	0	0

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
Totals[2] [3] [4]	2016	207	7	3	6	0	20	185
	2017	185	9	0	5	0	14	175
	2018	175	21	0	0	0	22	174

1 The 2016 numbers are as of December 31 2016 For 2017 our fiscal year ended on December 30 2017 For 2018 our fiscal year ended December 31 2018 The number of Outlets represents the number of Territories in operation It is not uncommon for one franchisee to own more than one Territory

2 This number decreased for one franchisee in 2016 who was released from a multi Territory development agreement for the development of one additional Territory

3 This number increased for one franchisee in 2017 who had one Territory that was split into two Territories due to the fact that their Territory population was reassessed based on population growth

4 In 2016 as part of a strategic market repositioning initiative HWCG entered into sales assistance agreements with some franchisees who owed multiple Territories and terminated certain underperforming Territories to be marketed for future sale

Table 4
STATUS OF COMPANY-OWNED OUTLETS[1]
FOR YEARS 2016 TO 2018

State/Province	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired by Franchisor	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
Colorado	2016	0	0	0	0	0	0
	2017	0	0	0	0	0	0
	2018	0	0	0	0	0	0
Totals	**2016**	**0**	**0**	**0**	**0**	**0**	**0**
	2017	**0**	**0**	**0**	**0**	**0**	**0**
	2018	**0**	**0**	**0**	**0**	**0**	**0**

1 The 2016 numbers are as of December 31 2016 For 2017 our fiscal year ended on December 30 2017 For 2018 our fiscal year ended December 31 2018 The number of Outlets represents the number of Territories in operation It is not uncommon for one franchisee to own more than one Territory

Table 5
PROJECTED OPENINGS AS OF DECEMBER 31, 2018

	FRANCHISE AGREEMENTS SIGNED BUT OUTLET NOT OPENED	PROJECTED NEW FRANCHISED OUTLETS IN THE NEXT FISCAL YEAR	PROJECTED NEW COMPANY OWNED OUTLETS IN THE NEXT FISCAL YEAR
California	0	2	0
Colorado	0	1	0
Florida	1	1	0

	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
Georgia	0	2	0
Illinois	0	1	0
Indiana	0	1	0
Kansas	0	1	0
Massachusetts	0	1	0
Minnesota	0	1	0
Nebraska	0	0	0
New Jersey	0	1	0
Nevada	1	0	0
South Carolina	0	2	0
Texas	1	2	0
Wisconsin	0	1	0
TOTALS	**3**	**17**	**0**

A list of the names of all franchisees offering HOMEWATCH CAREGIVERS Services and the addresses and telephone numbers of their HOMEWATCH CAREGIVERS Businesses are listed as Exhibit D to this Disclosure Document A list of the contact information for the franchisees who have had a Business 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 who have not communicated with us within 10 weeks of the date of this Disclosure Document is listed on Exhibit E to this Disclosure Document If you buy this franchise, your contact information may be disclosed in the future to other buyers when you leave the franchise system

In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with us or the HOMEWATCH CAREGIVERS franchise system You may wish to speak with current and former franchisees, but be aware that not all such franchisees may be able to communicate with you

In 2006, we formed a Franchise Advisory Council ("FAC") As of the date of this Disclosure Document, the FAC consists of 9 franchisee members who advise us on marketing and other issues The FAC is not a separate entity and shares our contact information The FAC members are selected by us from a pool of candidates chosen by the franchisees in various regions See Item 11 for more information There are no trademark-specific franchisee organizations associated with the franchise system that have been created, sponsored or endorsed by us, other than our FAC, as of the date of this Disclosure Document

ITEM 21

FINANCIAL STATEMENTS

Attached to the Disclosure Document as Exhibit F are the audited financial statements for our affiliate, One Hour Air Conditioning Franchising, L L C , for the years ended December 31, 2016, December 31, 2017 and December 31, 2018

Our affiliate, One Hour Air Conditioning Franchising, L L C , has agreed absolutely and unconditionally to guarantee and assume our duties and obligations under the franchise agreements we enter

into while the guarantee is in place, if we become unable to perform our duties and obligations A copy of that guarantee is included with Exhibit F

In addition, Exhibit F includes unaudited balance sheet as of February 15, 2019 and unaudited profit and loss statement for the period ended February 15, 2019 for One Hour Air Conditioning Franchising, L L C

ITEM 22

CONTRACTS

Attached to this Disclosure Document are the following contracts and agreements

Exhibit B	Franchise Agreement (including State-Specific Addenda and all exhibits)
Exhibit C	Nondisclosure and Noncompetition Agreement
Exhibit I-1	Additional Territory Addendum to Franchise Agreement
Exhibit I-2	Renewal Amendment to Franchise Agreement
Exhibit I-3	Additional Office Addendum to Franchise Agreement
Exhibit I-4	Conversion Amendment to Franchise Agreement
Exhibit J	Business Associate Agreement
Exhibit K	General Release
Exhibit L	Disclosure Acknowledgment Statement
Exhibit M	Resale Assignment and Consent Agreement

ITEM 23

RECEIPTS

The last page of the Disclosure Document (following the exhibits and attachments) is a document acknowledging receipt of the Disclosure Document by you (one copy for you and one copy to be signed and returned to us)

EXHIBIT A
(TO DISCLOSURE DOCUMENT)

LIST OF STATE AGENCIES/AGENTS FOR SERVICE OF PROCESS

LIST OF STATE AGENCIES

California

Department of Business Oversight
320 West 4th Street Suite 750
Los Angeles CA 90013-2344
(213) 576-7505
(866) 275-2677

1515 K Street, Suite 200
Sacramento CA 95814-4052
(916) 445-7205
(866) 275-2677

1350 Front Street
San Diego, CA 92101
(619) 525-4044
(866) 275-2677

One Sansome Street Suite 600
San Francisco, CA 94104
(415) 972-8559
(866) 275-2677

Florida

Department of Agriculture and Consumer Services
Division of Consumer Services
Terry Lee Rhodes Building
2005 Apalachee Parkway
Tallahassee FL 32399-6500
(850) 488-2221

Hawaii

Department of Commerce and Consumer Affairs
Business Registration Division
Securities Compliance Branch
335 Merchant Street, Room 203
Honolulu, HI 96813
(808) 586-2722

Illinois

Office of Attorney General
Franchise Division
500 South Second Street
Springfield, IL 62706
(217) 782-4465

Indiana

Indiana Secretary of State
Securities Division
302 West Washington Street
Room E-111
Indianapolis IN 46204
(317) 232-6681

Maryland

Office of Attorney General
Maryland Division of Securities
200 St. Paul Place
Baltimore MD 21202-2020
(410) 576-6360

Michigan

State of Michigan
Consumer Protection Division
Attention Franchise
P O Box 30213
Lansing Michigan 48909
(517) 373-7117

Minnesota

Minnesota Department of Commerce
Securities Unit
85 7th Place East, Suite 280
St Paul MN 55101
(651) 539-1600

Nebraska

Department of Banking and Finance
1200 N Street Suite 311
P O Box 95006
Lincoln, NE 68509
(402) 471-3445

New York

New York State Department of Law
Investor Protection Bureau
28 Liberty Street, 21st Floor
New York, NY 10005-1495
(212) 416-8236

North Dakota

North Dakota Securities Department
600 East Boulevard Avenue
State Capitol 5th Floor, Dept 414
Bismarck ND 58505-0510
(701) 328-4712

Oregon

Department of Insurance and Finance
Corporate Securities Section
Labor and Industries Building
Salem OR 97310
(503) 378-4387

Rhode Island

Department of Business Regulation
Division of Securities
1511 Pontiac Avenue
John O Pastore Complex – Building 69-1
Cranston RI 02920
(401) 462-9527

South Dakota

South Dakota Department of Labor and Regulation
Division of Securities
124 S Euclid Suite 104
Pierre SD 57501
(605) 773-4823

Texas

Secretary of State
Statutory Document Section
P O Box 13563
Austin TX 78711
(512) 475-1769

Virginia

State Corporation Commission
Division of Securities and Retail Franchising
1300 E Main Street 9th Floor
Richmond, VA 23219
(804) 371-9051

Washington

Securities Administrator
Department of Financial Institutions
Securities Division
150 Israel Road S W
Tumwater WA 98501
(360) 902-8760

Wisconsin

Department of Financial Institutions
Division of Securities
345 W Washington Avenue
4th Floor
Madison WI 53703
(608) 261 9555

LIST OF AGENTS FOR SERVICE OF PROCESS

California

California Dept of Business Oversight
320 West 4th Street, Suite 750
Los Angeles, CA 90013-2344
(213) 576-7505
(866) 275-2677

Hawaii

Commissioner of Securities
Department of Commerce and Consumer Affairs
Business Registration Division
Securities Compliance Branch
335 Merchant Street, Room 203
Honolulu HI 96813
(808) 586-2722

Illinois

Illinois Attorney General
500 South Second Street
Springfield IL 62706
(217) 782-1090

Indiana

Indiana Secretary of State
201 State House
200 West Washington Street
Indianapolis IN 46204
(317) 232-6531

Maryland

Maryland Securities Commissioner
200 St Paul Place
Baltimore MD 21202-2020
(410) 576-6360

Michigan

Michigan Department of Commerce
Corporations and Securities Bureau
6546 Mercantile Way
Lansing, MI 48910
(517) 334-6212

Minnesota

Minnesota Commissioner of Commerce
Department of Commerce
85 7th Place East, Suite 280
St Paul MN 55101
(651) 539-1600

New York

Agent for Service of Process
Secretary of State
99 Washington Avenue
Albany NY 12231
(518) 473 2492

North Dakota

North Dakota Securities Commissioner
600 E Boulevard Avenue
State Capitol 5th Floor
Bismarck ND 58505-0510
(701) 328-2910

Oregon

Director of Oregon Department of Insurance and Finance
700 Summer Street, N E
Suite 120
Salem OR 97310
(503) 378-4387

Rhode Island

Director of Rhode Island
Department of Business Regulation
1511 Pontiac Avenue
John O Pastore Complex – Building 69-1
Cranston RI 02920
(401) 462-9527

South Dakota

Director of South Dakota Division of Securities
124 S Euclid Suite 104
Pierre SD 57501
(605) 773-4823

Virginia

Clerk of the State Corporation Commission
1300 East Main Street 1st Floor
Richmond, VA 23219
(804) 371-9733

Washington

Securities Administrator
Washington State Department of Financial Institutions
150 Israel Road S W
Tumwater, WA 98501 (360) 902-8760

Wisconsin

Wisconsin Commissioner of Securities
345 W Washington Ave 4th Floor
Box 1768
Madison, WI 53703
(608) 261-9555

EXHIBIT B
(TO DISCLOSURE DOCUMENT)

FRANCHISE AGREEMENT

HOMEWATCH CAREGIVERS, LLC

FRANCHISE AGREEMENT

FOR

HOMEWATCH CAREGIVERS BUSINESS

Franchisee
Effective Date
Office Location

TABLE OF CONTENTS

		Page
1	GRANT OF FRANCHISE	1
2	INITIAL FRANCHISE FEE AND ROYALTY	3
3	ADVERTISING AND PROMOTION	4
4	HWCG'S OBLIGATIONS TO FRANCHISEE	6
5	FRANCHISEE'S OBLIGATIONS TO HWCG	9
6	BUSINESS RELATIONSHIP	19
7	MARKS AND PROPRIETARY INTERESTS	20
8	DEFAULT AND TERMINATION	21
9	ASSIGNMENT OF THE FRANCHISE	26
10	RESTRICTIVE COVENANTS	30
11	RENEWAL	32
12	DISPUTE RESOLUTION	33
13	CHOICE OF LAW	34
14	MISCELLANEOUS PROVISIONS	35

EXHIBITS

State Specific Riders to Franchise Agreement

I Addendum

II Guaranty

III Statement of Ownership

IV Automated Clearing House Authorization Agreement

V Franchisee Acknowledgment Regarding Participation in Business Implementation Program

HOMEWATCH CAREGIVERS, LLC
FRANCHISE AGREEMENT

THIS AGREEMENT ("**Agreement**") between **HOMEWATCH CAREGIVERS, LLC**, a Colorado limited liability company, located at 6251 Greenwood Plaza Blvd, Suite 250, Greenwood Village, Colorado 80111 ("**HWCG**"), and _____ _____ located at _____ ("**Franchisee**") is made effective as of the Effective Date (as defined in Section 14 7)

RECITALS

A HWCG is the owner and developer of a method for establishing, operating and promoting a business ("**HOMEWATCH CAREGIVERS Business**" or "**Business**") that offers companionship, personal care, complex personal care and allowable nursing services for private pay and insured clients ("**Clients**") The services are provided by home health aides, personal care providers, certified nurse assistants, licensed practical nurses and registered nurses ("**Caregivers**") to seniors and other Clients who are disabled, rehabilitating and convalescing, in conjunction with distinctive and uniform designs, business methods, training programs, proprietary and licensed software systems, marketing systems, Caregiver recruitment and training methods, knowledge and expertise (the "**Licensed Methods**"), and the Businesses are operated in connection with HWCG's service marks "HOMEWATCH," "HOMEWATCH CAREGIVERS" and other trademarks, service marks, logotypes, trade dress, commercial symbols and trade names (the "**Marks**")

B HWCG grants the right to others to establish and operate HOMEWATCH CAREGIVERS Businesses under the Marks and pursuant to the Licensed Methods

C HWCG desires to grant to Franchisee the right to operate a HOMEWATCH CAREGIVERS Business and Franchisee desires to establish and operate a HOMEWATCH CAREGIVERS Business, under the terms and conditions of this Agreement

D Franchisee understands and acknowledges the importance of HWCG's high standards for quality and service and the necessity of operating the HOMEWATCH CAREGIVERS Business in conformity with HWCG's standards and specifications

1 GRANT OF FRANCHISE

1 1 Grant of Franchise Subject to the terms and conditions of this Agreement, HWCG grants to Franchisee, and Franchisee accepts from HWCG, the right and obligation to use the Licensed Methods and Marks in connection with the development and operation of a HOMEWATCH CAREGIVERS Business in the Territory during the term of this Agreement Franchisee's use of the Licensed Methods and the Marks in this Business shall be only in accordance with the terms and conditions of this Agreement Each individual Franchisee, or each owner of Franchisee if Franchisee is an entity, represent that they have completely and truthfully completed all personal financial statements, resumes, authorizations for background checks, and other documents provided by HWCG to Franchisee to complete prior to the date of this Agreement, and each acknowledge that HWCG has relied on such information in awarding a franchise to Franchisee

1 2 Term of Agreement1 3 The term of this Agreement is for an initial term of fifteen (15) years from the Effective Date defined in Section 14 7 below This term may be extended by HWCG in

writing for a limited time not to exceed six months to take into account the term of any applicable lease for the HOMEWATCH CAREGIVERS Business This Agreement may be renewed in accordance with Article 11 of this Agreement This Agreement may be terminated before the expiration of the initial term in accordance with the provisions of Article 8 of this Agreement

1 4 **Territory** So long as Franchisee is in compliance with this Agreement, during the term of this Agreement, HWCG shall not establish or license another person or entity to establish a HOMEWATCH CAREGIVERS Business within the geographic area ("**Territory**") identified and described in the Addendum attached to this Agreement as Exhibit I Franchisee may contact referral sources and advertise outside the Territory subject to the language in HWCG's Operations Manual (as defined in Section 4 1 b below), but Franchisee shall not provide any Care Services (as defined in Section 5 3 c below) or provide other services and products to any persons residing outside of Franchisee's Territory unless specifically approved in writing by HWCG If specifically approved, Franchisee shall comply with any written policies that HWCG may establish from time to time describing customary exceptions to the restriction against provision of out-of-territory Care Services or other services and products, guidelines for referral of Care Services to other HOMEWATCH CAREGIVERS franchisees, provision or referral of non-mandatory, specialized program services and similar issues HWCG's determinations on out-of-territory Clients will be binding on Franchisee and under no circumstances will HWCG be liable to Franchisee for violations of HWCG's policies on out-of-territory Clients by other HOMEWATCH CAREGIVERS Businesses Further, HWCG's acceptance of Royalty and other payments based on services provided to out-of-territory Clients does not constitute approval by HWCG of services provided to out-of-territory Clients

1 5 **Office Location** Franchisee is granted the right to operate the HOMEWATCH CAREGIVERS Business from the location set forth in Exhibit I ("**Office Location**"), which Office Location must be located in the Territory and approved by HWCG If, as of the date of execution of this Agreement, the Office Location on Exhibit I is left blank, Franchisee agrees to lease a commercial space that has been approved by HWCG within the Territory on or before the date the Business begins operating The Office Location may not be relocated unless HWCG permits Franchisee to do so in writing Permission to relocate shall not be unreasonably withheld, provided, however, the Office Location must remain in the Territory Franchisee shall not operate another HOMEWATCH CAREGIVERS Business or offer services that are part of the Licensed Methods from any location other than the Office Location, except with the prior written approval of HWCG If Franchisee has operated its Business for at least 12 months in compliance with the terms hereof and qualifies according to HWCG's then current standards, Franchisee may be permitted to open a second office within the Territory ("**Additional Office**"), by signing an Additional Office Addendum to this Agreement, and our permission shall not be unreasonably withheld

1 6 **National Accounts** HWCG reserves the right to enter into contracts and strategic alliances with National Accounts for the provision of services to Clients referred or assigned to the HOMEWATCH CAREGIVERS network by the National Account A National Account is defined herein as a business or organization that (1) conducts operations, directly or through agents, affiliates, independent contractors, franchisees or licensees, in two or more Territories in the United States in which HWCG or HWCG's franchisees are operating HOMEWATCH CAREGIVERS Businesses, and (2) has a written contract or strategic alliance with HWCG for the purpose of providing referrals or assignments of Clients in need of HOMEWATCH CAREGIVERS Services within such Territories and (3) accepts referrals and assignments for HOMEWATCH CAREGIVERS Clients in need of their services/products HWCG makes no guarantee that HWCG will develop or maintain contracts or strategic alliances with a particular number of National Accounts, if any, or that if HWCG does, that Franchisee will receive any National Account referrals or assignments in Franchisee's Territory

a Franchisee will be required to provide HOMEWATCH CAREGIVERS Services to Clients who reside in Franchisee's Territory and who are referred or assigned

by the National Account ("**National Account Clients**"), pursuant to the terms of HWCG's agreement with such National Account, unless Franchisee is not eligible to provide the services To be eligible, Franchisee must be able to provide services to National Account Clients based on rules (e g , qualifications, conditions for availability, resources, price and billing terms, insurance requirements or other requirements), guidelines or other terms and conditions agreed to between HWCG and the National Account or as otherwise directed by the National Account

b If Franchisee refuses to provide or, in HWCG's sole judgment, is not qualified, interested, able or available to provide HOMEWATCH CAREGIVERS Services to Clients in the Territory based on HWCG's National Account agreement or program, or if Franchisee violates the agreement with or standards set by the National Account, then Franchisee will not provide services to those Clients during the term of the National Account agreement or program In these circumstances, HWCG will have the right to service, directly or through affiliates, other franchisees or third parties, such National Accounts Clients in the Territory, and Franchisee will not be entitled to receive any portion of the resulting compensation

1 7 **HWCG's Reservation of Rights** Except for the limited right to use the Marks and the Licensed Methods in accordance with the terms of this Agreement, in the Territory and during the term of this Agreement, as provided in this Section 1, HWCG retains all other rights and interest in and to the Marks and the Licensed Methods, including, without limitation the right (1) to use, and to license others to use, the Marks and Licensed Methods in connection with the operation of HOMEWATCH CAREGIVERS Businesses, including Additional Offices, at any location other than in Franchisee's Territory, (2) to use and license others to use the Marks and Licensed Methods (i) to identify services and products other than those that Franchisee will sell, and (ii) to identify services and products the same as or similar to those Franchisee will sell, but made available through alternative channels of distribution other than through HOMEWATCH CAREGIVERS Businesses, including without limitation, on the Internet, through catalog sales, telemarketing or other direct marketing, promotional efforts or related items, at any location, including within Franchisee's Territory and through Additional Offices, and (3) to use and license the use of other proprietary marks or methods in connection with the sale of products and services similar to those Franchisee will sell, whether in alternative channels of distribution or in connection with the operation of businesses selling similar services or related products or services (for example, if HWCG acquires another company or franchise system that offers in-home personal care services), at any location, which businesses may be the same as, or similar to, or different from HOMEWATCH CAREGIVERS Businesses or Additional Offices, on any terms and conditions HWCG determines

2 INITIAL FRANCHISE FEE AND ROYALTY

2 1 **Initial Franchise Fee** Franchisee shall pay to HWCG an initial franchise fee upon the signing of this Agreement, in an amount set forth in Exhibit I, which the parties acknowledge includes the initial franchise fee for the Territory described in Exhibit I The initial franchise fee is not refundable to Franchisee under any circumstances

2 2 **Royalty** Franchisee shall pay to HWCG a monthly royalty ("**Royalty**") equal to the greater of (a) 5% of the total amount of monthly Gross Billings (as defined below) generated from or through the HOMEWATCH CAREGIVERS Business in the previous calendar month or (b) the applicable monthly Minimum Royalty Fee

The monthly Minimum Royalty Fee is as follows

Months in Operation	Months 1*-12	Months 13-24	Months 25-36	Months 37 - 48	Months 49 and after
Monthly Minimum Royalty Fee	$0	$635	$1,750	$2,500	$2,500

The monthly Minimum Royalty Fee is determined based on the total number of months the Business has been in operation since the original opening of business date for the Franchisee or any predecessor (regardless of whether the franchisee operating the Business has changed as a result of a transfer) (such original opening date, the "**Original Opening Date**")

As used herein, "**Gross Billings**" means all amounts billed by Franchisee as a result of any and all services and goods provided at, through, or in connection with, the Business, excluding sales taxes, and certain pass-through expenses as determined by HWCG, but including all amounts billed by Franchisee even if Franchisee has contracted with authorized third parties to provide certain of the authorized services to Clients of the Business Gross Billings will also include (i) amounts billed to insurance or government programs, and (ii) value received by Franchisee for trade or barter agreements made in connection with the Business

2 3 **Royalty Payments and Reports** The Royalty for each month shall be due and payable on or before the tenth (10th~~fifteenth (15th)~~) day of the subsequent month Royalty payments shall be accompanied by a monthly report completely filled out, using the form prescribed by HWCG, containing information regarding Franchisee's Gross Billings and other financial information as specified by HWCG for the previous month ("**Royalty Report**") Alternatively, HWCG may at its discretion, submit a completed invoice for Royalties and all fees to the Franchisee based on billings reported in Homewatch CareGivers Care+ or the then-approved equivalent software Royalty Reports are due each month even if no Royalty is owed The Royalty is nonrefundable once paid HWCG will have the right to verify Franchisee's Gross Billings from time to time, as it deems necessary, in any reasonable manner HWCG may charge interest at the lesser of 18% per annum or the highest rate allowed by applicable state law Franchisee shall pay Royalties by Automated Clearing House or other electronic funds transfer designated by HWCG Franchisee shall complete and submit to HWCG an authorization for Automated Clearing House or other electronic funds transfer as designated by HWCG, in the form attached to this Agreement as Exhibit IV, or such other form as required by HWCG or the applicable financial institution If no Royalty Report has been submitted for a month in which Royalties are more than 15 days past due, HWCG may charge the amount owed, if known, or the greater of (i) $1,250 or (ii) the amount of Royalty due in the most recent month for which a Royalty Report was submitted Additionally, if the electronic funds transfer payment request is returned due to insufficient funds, a fee will be due to HWCG by Franchisee equal to the greater of (a) $50 00 or (b) the amount the bank charges HWCG due to the insufficient funds

3 ADVERTISING AND PROMOTION

3 1 **Local Promotion and Marketing** Each month, beginning in the first month after the Opening of Business Date as defined in Section 5 3 a below, Franchisee will spend the greater of (i) $1,500 a month or (ii) 2% of its monthly Gross Billings averaged over the past 12 months for local promotion and marketing expenses in its Territory This amount is not paid to HWCG Franchisee will spend such amounts only on approved promotional and marketing activities, including promotional print materials purchased from approved vendors, in accordance with the customized marketing plan prepared by Franchisee and HWCG

("**Market Action Plan**") Franchisee is responsible for the placement of all local marketing and promotion, provided, however, that all marketing and promotion is subject to HWCG's prior approval as described in Section 3.2 below.

3.2 Franchisee Advertising Franchisee may conduct its own advertising campaigns using such items as digital marketing, direct mail, flyers, newspaper ads and other approved forms of advertising. Except for specifically approved materials as described below, Franchisee shall obtain HWCG's prior approval of all advertising that Franchisee desires to use in connection with its Business by submitting it to HWCG at least thirty (30) days prior to publication or broadcast, including any advertising on the Internet. Certain pre-approved layouts and marketing formats may be used by Franchisee without prior approval as stated in the Operations Manual but HWCG reserves the right to require changes to be made if such changes can be made in a commercially reasonable manner. HWCG has the right to require Franchisee to include certain statements in Franchisee's advertising related to the HOMEWATCH CAREGIVERS Business as described in the Operations Manual. Franchisee acknowledges that the advertising and promotion of its Business in accordance with HWCG's standards and specifications regarding advertising is an essential aspect of the Licensed Methods, and Franchisee shall strictly comply with all advertising, marketing and promotion standards and specifications. Franchisee agrees to list and advertise the HOMEWATCH CAREGIVERS Business in the manner prescribed by HWCG in online directories, as determined by HWCG, and in such directory categories as HWCG specifies.

3.3 National Marketing Fee In addition to Royalties, Franchisee shall pay to HWCG a monthly fee (the "**National Marketing Fee**") equal to a percentage of the prior month's Gross Billings as from time to time designated by HWCG, not to exceed three percent (3%) of the prior month's Gross Billings of the HOMEWATCH Business (currently 2% of prior month's Gross Billings), which National Marketing Fee HWCG will deposit into a marketing fund (the "**National Marketing Fund**"). The National Marketing Fee shall be in addition to, and not in lieu of, the Franchisee's expenditures for local advertising. The National Marketing Fee will be paid concurrently with the payment of the Royalty, combined into a single payment or in two separate payments as designated by HWCG. The method of payment will be the same as the Royalty payment method, set forth in Section 2.3.

a. The National Marketing Fee is subject to the same late charges as the Royalty, in an amount and manner as set forth above.

b. The National Marketing Fund will be administered by HWCG in its sole discretion, but in consultation with the HOMEWATCH CAREGIVERS Franchise Advisory Council (if the Council is in existence), and may be used for the creation, production and placement of media advertising, direct response literature, direct mailings, brochures, collateral material advertising, surveys of advertising effectiveness, website design and maintenance, social media marketing, creative design, printed material, public relations material, conferences, trade shows, electronic mail communications, or other advertising or public relations expenditures relating to advertising Franchisee's services and products or reasonably intended to benefit HOMEWATCH CAREGIVERS Businesses. HWCG may form, change or dissolve the Franchise Advisory Council if it determines in its reasonable business judgment that the purposes and use of the Franchise Advisory Council is no longer in the HWCG's or the System's best interest. The Franchise Advisory Council serves in an advisory capacity only.

c. HWCG may reimburse itself from the National Marketing Fund for independent audits, reasonable accounting, bookkeeping, reporting and legal expenses, taxes, salaries and travel expenses of HWCG employees who administer the National Marketing Fund or who engage in marketing, advertising or public relations activities

relating to the National Marketing Fund, and other reasonable direct and indirect expenses as may be incurred by HWCG or its authorized representatives in connection with the programs funded by the National Marketing Fund HWCG will not be liable for any act or omission with respect to the National Marketing Fund that is consistent with this Agreement and is done in good faith

d Upon Franchisee's request, HWCG will make available to Franchisee once each calendar year, no later than 120 days after HWCG's fiscal year end, an unaudited financial statement for the National Marketing Fund for the previous fiscal year

3 4 **Digital Advertising and Communication** Franchisee shall not develop, create, distribute, contribute to, disseminate or use any digital or Internet communication including blogs, instant message services such as Twitter, social media sites such as Facebook and all other digital communication methods or any multimedia, telecommunication, mass electronic mail, facsimile or audio/visual advertising, promotional or marketing materials ("**Digital Advertising**"), directly or indirectly related to the HOMEWATCH CAREGIVERS Business, HWCG, its affiliates, any other Businesses, other franchisees, the Marks, or the Licensed Methods, without HWCG's prior written consent, which consent may be withheld in HWCG's sole determination Franchisee acknowledges and agrees that it will not post a blog, create or contribute to a website, engage in any type of social networking or conduct any type of Internet advertising, marketing or other communication that refers to the Marks, the Licensed Methods, HWCG, its affiliates, any HOMEWATCH CAREGIVERS Businesses or other franchisees unless specifically authorized by HWCG and in accordance with HWCG's policy as stated in its Operations Manual Franchisee agrees to provide HWCG with the current passwords to any social media account that Franchisee uses to promote the HOMEWATCH CAREGIVERS Business, within five days after opening the account, upon any changes, as part of any assignment, upon termination and otherwise promptly upon HWCG's request Franchisee grants HWCG the right to access any social media accounts to take corrective action if such advertising and postings are in violation of HWCG's advertising policy, are misleading or misuse the Marks, and to operate such accounts after termination of this Agreement If Franchisee is no longer part of the HWCG System, Franchisee and its officers and owners also agree to promptly revise any online employment sites (such as but not limited to LinkedIn) to accurately reflect their current status HWCG reserves the right to develop, publish and control the content of all Digital Advertising for HOMEWATCH CAREGIVERS Businesses Franchisee acknowledges that HWCG shall own all Digital Advertising related to, containing, or associated with the Marks and Licensed Methods including, without limitation, databases of Client contact information HWCG reserves the right, upon 30 days' prior written notice, to require Franchisee to participate in any Digital Advertising of HOMEWATCH CAREGIVERS Businesses sponsored by HWCG If HWCG permits Franchisee to develop any Digital Advertising, Franchisee shall do so in strict compliance with HWCG's policies and rules regarding the creation, maintenance, use, publication and content of such Digital Advertising as set forth in this Agreement and in the Operations Manual Franchisee shall not publish any of HWCG's confidential information on the Internet, and Franchisee shall not publish any HWCG copyrighted material or information containing the Marks or any of the Licensed Methods on the Internet without HWCG's prior written permission, nor shall Franchisee assist any other party in doing so Franchisee shall not maintain a website or otherwise maintain a presence on the Internet or participate in any other Digital Advertising, unless such presence is a page on HWCG's own website

4 HWCG'S OBLIGATIONS TO FRANCHISEE

4 1 **Pre-Opening Assistance** HWCG, or its designated representatives, shall provide Franchisee with the following initial services prior to the commencement of Franchisee's HOMEWATCH CAREGIVERS Business

a Guidance in obtaining any licenses required for operating an in-home personal care business in Franchisee's state, however, Franchisee will bear the sole responsibility and liability for obtaining all required licenses and meeting all ongoing requirements to maintain the licenses

b Access to electronic manuals, technical bulletins, standard operating procedures guides, or other written materials, some or all of which may be web-based (collectively referred to as "**Operations Manual**"), covering operating techniques, standards and specifications and recommended practices for products and services, administration, marketing, operations and methods of doing business for the HOMEWATCH CAREGIVERS Business, including all updates and revisions

The Operations Manual will contain both mandatory standards and recommended standards Any required standards exist to protect HWCG's interests in the Licensed Methods and the Marks and not for the purpose of establishing any control or duty to take control over those matters that are reserved to Franchisee The required standards generally will be set forth in the Operations Manual or other written materials The Operations Manual also will include guidelines or recommendations in addition to required standards In some instances, the required standards will include recommendations or guidelines to meet the required standards Franchisee may follow the recommendations or guidelines or some other suitable alternative, provided Franchisee meets and complies with the required standards In other instances, no suitable alternative may exist In order to protect HWCG's interests in the Licensed Methods and the Marks, HWCG reserves the right to determine if Franchisee is meeting a required standard and whether an alternative is suitable to any recommendations or guidelines

c An initial training program lasting five days for up to three people designated by Franchisee to manage and operate the Business, including Franchisee, Franchisee's Principal Operator (defined below), and management employees The initial training program will be held at HWCG's principal offices in the Denver, Colorado metropolitan area or at another location selected by HWCG Franchisee, or if Franchisee is not an individual, a majority owner of Franchisee, and if applicable, the person designated by Franchisee to assume primary responsibility for the management of the Business (the "**Principal Operator**"), must complete the entire initial training program prior to commencement of business While HWCG does not charge any tuition or fee for this initial training program for three persons, Franchisee shall pay transportation and other living expenses incurred while these people attend the training program Franchisee or Franchisee's Principal Operator must also complete 5 weeks of designated training programs and complete specified tasks in preparation for the Business Implementation Program (as described in Section 5 2) before attending the initial training program

d Assistance, orientation and guidance via teleconferences, faxes, electronic mail or other means

e The Business Implementation Program, as described in Section 5 2

f Assistance in selecting and contracting with suppliers of services, supplies, and other items for the Business and providing Franchisee with specifications for these items and with a list of approved suppliers and vendors

4 2 **Continuing Assistance** During the operation of the HOMEWATCH CAREGIVERS Business, HWCG or its designated representatives will provide to Franchisee the following assistance

a a Lifetime Training Guarantee whereby Franchisee may send new management personnel to HWCG's regularly scheduled initial training program, subject to HWCG's prior commitments to new franchisees, during the initial term and any renewal term of this Agreement Although there is no tuition or training fee charged, Franchisee is responsible for transportation and other living expenses for any additional personnel that attend all or part of the initial training program

b Upon Franchisee's reasonable request, advice and consultation by telephone and electronic mail regarding the continued operation and management of the Business

c Provision of news and updates containing information regarding the industry and the HOMEWATCH CAREGIVERS Business

d Assistance and advice in preparing the Market Action Plan

e Periodically make advertising and promotional materials available, either free or at a price that covers HWCG's costs in obtaining and providing the materials, at HWCG's option

f Refer Franchisee to prospective Clients in Franchisee's Territory who contact HWCG seeking information regarding HOMEWATCH CAREGIVERS services

g Electronic e-mail addresses and limited technical assistance for a monthly fee, which fee may be changed from time to time HWCG reserves the right to change the types of technology services included in the monthly fee

h Website hosting and access to HWCG's intranet

i If such products and services are made available by HWCG from time to time, in HWCG's sole discretion, provide Franchisee with certain additional products and services, such as orientation and training tapes, online training through "HOMEWATCH CAREGIVERS University," at fees designated by HWCG, and PowerPoint presentations for Caregivers and access to sources from which Franchisee may obtain referrals to prospective Clients HWCG may require Franchisee's participation but HWCG shall not be obligated to offer or continue to offer any of the products or services referenced in this paragraph

4 3 **Additional Assistance** If Franchisee requires additional assistance after Franchisee's Business opens, Franchisee can request, in writing, that a representative of HWCG visit the Business and provide the needed assistance HWCG will provide the assistance on one or more occasions, as HWCG deems reasonable Prior to each visit, HWCG may, in its sole option, require the Franchisee to pay a daily fee to HWCG for the additional assistance, in addition to reimbursing HWCG for its expenses related to the assistance

4 4 **Franchisee's Responsibility to Employees** Any training provided by HWCG to any of Franchisee's workers will be limited to training or guidance regarding the delivery of approved services to Clients in a manner that reflects the customer and client service standards of the Licensed Methods

Franchisee is, and will remain, the sole employer of its employees at all times, including during all training programs, and Franchisee is solely responsible for all employment decisions and actions related to its workers and staff Franchisee is solely responsible for ensuring that its workers and staff receive adequate training

5 FRANCHISEE'S OBLIGATIONS TO HWCG

5 1 Initial Training Program Franchisee, or if Franchisee is not an individual, a majority owner of Franchisee ("**Owner**"), and if applicable, the Principal Operator, must attend the entire initial training program, no earlier than one month before the target date for opening of the Business established by HWCG nor later than 90 days after execution of this Agreement, provided, however, this time may be extended if the anticipated date of opening the Business will be delayed because of licensing or other regulatory requirements Franchisee or Owner and the Principal Operator (as applicable) must successfully complete the initial training program, in HWCG's sole assessment Franchisee, Owner or its Principal Operator attending training must complete the pre-opening tasks listed in the Operations Manual before attending the initial training program

5 2 Business Implementation Program Franchisee must participate in the Homewatch CareGivers Business Implementation Program, which consists of guidance with respect to the implementation and development of the Business, including sales and marketing planning ("**Business Implementation Program**" or "**BIP**") Franchisee shall execute and submit to HWCG the Franchisee Acknowledgment Regarding Participation in HWCG Business Implementation Program in the form attached to this Agreement as Exhibit VI HWCG may from time to time modify the terms and conditions of the BIP, upon prior notice to Franchisee, and Franchisee shall comply with any such modified terms and conditions Franchisee is solely responsible and liable for Franchisee's Business's compliance with all applicable legal requirements in connection with the implementation, development and operation of the Business, including all applicable healthcare industry licensing requirements Nothing in the BIP nor any approval or recommendation made by HWCG in connection with the BIP or otherwise shall be deemed to shift any such liability or responsibility to HWCG

5 3 Operational Covenants Franchisee acknowledges that it is responsible for the successful operation of its HOMEWATCH CAREGIVERS Business, but that the continued successful operation thereof, is in part, dependent upon Franchisee's compliance with this Agreement and the standards and specifications contained in the Operations Manual, as it may be modified from time to time by HWCG In addition to all other obligations contained in this Agreement and in the Operations Manual, Franchisee agrees to all of the following

a **Opening of Business** Franchisee must begin operating the Business and for purposes of this Agreement, the Business will be considered "open" on the date the HWCG website goes live for the Territory that is the subject of this Agreement The date the website goes live is referred to as the "**Opening of Business Date**" and such date will not occur until the later of (1) forty-five (45) days after Franchisee completes the initial training program, or (2) upon Franchisee's completion of any required licensure or other regulatory process as may be required in the state(s) where the Business will be operated

b **Approved Services, Products and Suppliers** Franchisee shall use only such equipment, products, supplies, form agreements, documents, and services, including computer hardware and related products and services, which are approved by HWCG in writing and are purchased or leased from suppliers who can supply these items in accordance with HWCG's standards and specifications HWCG reserves the right to require Franchisee to purchase, from HWCG, its affiliates or approved or designated third-

party suppliers, various items used in or sold through the Business, including without limitation, business forms, form agreements, documents, and operational materials, computer hardware and software and other technology, advertising and marketing materials and promotional items and client giveaways HWCG reserves the right to impose a surcharge on any products or services provided by HWCG, its affiliates, or an approved or designated third-party supplier If Franchisee proposes to purchase or lease any equipment, products, supplies or services not previously approved by HWCG as meeting its specifications, or from suppliers not previously approved by HWCG, Franchisee shall first notify HWCG requesting approval, which approval shall not be unreasonably withheld HWCG will notify the Franchisee of its approval or disapproval of a proposed item or supplier within thirty (30) days after receipt of Franchisee's request for approval HWCG reserves the right to require submission of sufficient specifications, information, or samples to determine whether the items or proposed suppliers of the items meet HWCG's standards and specifications HWCG also reserves the right to revoke its approval of an item or supplier that was previously approved upon 30 days' notice

c **Care Services** Franchisee shall provide "**Care Services**," defined as companionship, personal care, complex personal care, nursing services, where allowed by state law and by HWCG's standards, and related services and products as listed in the Operations Manual and approved by HWCG for offer from and through the HOMEWATCH CAREGIVERS Business Franchisee acknowledges that the list of authorized Care Services may be modified from time to time by HWCG, by modification to the Operations Manual The Care Services offered through the Business shall be provided to Clients by Franchisee's Caregivers Franchisee shall not offer for sale or sell at or through the HOMEWATCH CAREGIVERS Business any Care Services not included in the Operations Manual or otherwise approved in writing by HWCG, or any other products or services not previously authorized by HWCG Franchisee acknowledges that it has the right, but only with the prior written approval of HWCG, and subject to the standards and specifications of HWCG, to contract out to third parties to provide certain services offered by the Business State license regulations may permit Franchisee to offer other services that are outside the scope of what HWCG considers to be included in Care Services Although a state license may allow such services, Franchisee acknowledges that it is subject to the restrictions of the HOMEWATCH CAREGIVERS system Accordingly, Franchisee agrees that it will not offer, without obtaining approval by HWCG, any services not specifically authorized by HWCG even if technically licensed to do so by its state agency However, HWCG will not unreasonably withhold its approval of a request for modification to the Care Services provided by Franchisee's Business, based on geographic location or programs that may be appropriately offered in particular states or based on particular markets demographics and consistent with state law

d **State and Federal Regulations** Franchisee acknowledges that HWCG does not require Franchisee to be Medicaid certified or to provide services to veterans paid by the veteran's pension under the Department of Veteran's Affairs ("**VA**") rules and regulations and if Franchisee chooses to provide services to veterans paid by the VA, or to obtain Medicaid or other state or federal health insurance certification, such as Waiver or Passport, it is Franchisee's sole responsibility to comply with all applicable laws, rules and regulations Franchisee acknowledges that Franchisee is solely responsible for complying with local, state and federal laws, rules and regulations, including but not limited to, Passport, Waiver, Medicaid and VA rules and regulations Franchisee agrees to abide by HWCG's policies related to maintaining the confidentiality of each Client's personal

information as set forth in the Operations Manual Franchisee shall determine if it is a covered entity, as defined by the federal Health Insurance Portability and Accountability Act of 1996, as amended, ("**HIPAA**") and if it is, Franchisee must comply with HIPAA when Franchisee collects, stores, uses and discloses Client information If Franchisee is a covered entity under HIPAA, HWCG is a business associate, as defined by HIPAA, of Franchisee, in which case Franchisee will be required to sign a Business Associate Agreement with HWCG in the form provided by HWCG As a Business Associate, HWCG agrees to comply with the applicable provisions of HIPAA HWCG shall keep the Client lists and Client data containing protected health information ("**PHI**") (as defined in 45 C F R §160 103) for the sole purpose of retention and sale of the Business as permitted by the HIPAA regulations at 45 C F R §164 502 In other circumstances where HWCG requests Client information, containing PHI, from Franchisee, HWCG shall not use or disclose Client information except as permitted under this Agreement, or as permitted or required by law or the HIPAA Security and Privacy Rules at 45 C F R parts 160 and 164 Franchisee shall be required to pay HWCG a documentation fee of $125 00 upon signing this Agreement for assistance in connection with Franchisee obtaining required HIPAA licenses to operate the Business Notwithstanding the foregoing, Franchisee is solely responsible for ensuring that it obtains and maintains all required licenses and permits to operate the Business

e **Inspections** Franchisee shall allow HWCG and its representatives the right to examine Franchisee's premises and Business operations and to undertake an inspection to determine the quality of services provided by the Business to ensure compliance with all standards and specifications and with HWCG's philosophy and mission HWCG shall conduct such inspections during regular business hours and Franchisee may be present at all inspections Any evaluation or inspection HWCG conducts is not intended to exercise, and does not constitute, control over Franchisee's day-to-day operation of the Business or to assume any responsibility for Franchisee's obligations under this Agreement

f **Minimum Sales Requirements** Franchisee shall attain and maintain the following minimum sales requirements ("**Minimum Sales Requirements**") per Territory at the end of the 12th month after the Original Opening Date, Franchisee shall attain and during the following twelve (12) month period Franchisee shall maintain a minimum of an average of $12,700 per month in Gross Billings, at the end of the 24th month after the Original Opening Date, Franchisee shall attain and during the following twelve (12) month period Franchisee shall maintain a minimum of an average of $35,000 per month in Gross Billings, and at the end of the 36th month after the Original Opening Date, Franchisee shall attain and during the following twelve (12) month period maintain a minimum of an average of $50,000 per month in Gross Billings Thereafter, Franchisee must maintain a minimum of $600,000 in Gross Billings each calendar year for the remainder of the term of this Agreement Franchisee acknowledges and agrees that if it fails to achieve and maintain these minimums, HWCG shall have the right to (i) reduce the size of the Territory, (ii) establish or license a third party to establish a HOMEWATCH CAREGIVERS Business within the Territory, (iii) require Franchisee to implement a Revenue Improvement Program, as described in the Operations Manual, for a period of 12 months, which includes engaging in specified marketing activities and upon which conclusion Franchisee must achieve the applicable Minimum Sales Requirements, or (iv) terminate this Agreement, such election in HWCG's sole discretion Any failure to meet the Minimum Sales Requirements is specifically exempted from the cross-default

provisions in Section 14 12 c Failure to comply with the terms of the Revenue Improvement Program or failure to achieve Minimum Sales Requirements after 12 months in the Revenue Improvement Program will allow HWCG to terminate this Agreement under Section 8 4 of this Agreement

g **Business Standards and Specifications** Franchisee agrees to operate its Business in compliance with this Agreement and the standards and specifications contained in the Operations Manual, as the same may be modified by HWCG from time to time during the term of this Agreement Franchisee acknowledges and agrees that HWCG reserves the right to change the published Business standards and specifications from time to time upon 30 days' prior written notice to Franchisee Franchisee shall at all times maintain the Office Location in a safe, clean and attractive condition, and shall provide its HOMEWATCH CAREGIVERS Business services to Clients in a professional, competent, efficient and timely manner Franchisee shall refrain from operating or engaging in any other type of business or profession from the Office Location or through the Business, without the written consent of HWCG In addition, Franchisee shall not operate or combine the operation or revenues of any other business with the HOMEWATCH CAREGIVERS Business, either in practice or through an entity, if Franchisee is an entity

h **Telephones** Franchisee shall maintain an adequate number of telephone lines dedicated solely to the HOMEWATCH CAREGIVERS Business, and require an employee of the Business or a knowledgeable answering service to answer telephone calls at all times during regular business hours At all other times, the Business' phone line must be forwarded to an employee's cell phone or to any other on-call phone or to a knowledgeable answering service so that it will be answered within a reasonable time period after the call is received All persons answering telephone calls to Franchisee's Business must begin by saying "Homewatch CareGivers," unless otherwise instructed by HWCG In addition, one employee or a knowledgeable answering service must be available 24 hours a day to return urgent phone messages Persons returning telephone messages must inform the person answering the call that they are calling on behalf of "Homewatch CareGivers," unless otherwise instructed by HWCG Franchisee shall also maintain a cellular phone dedicated to the Business The Business' telephone system must be a VoIP or equivalent system, have caller identification, and be capable of being rolled to Franchisee's cell phone, and it must also be capable of handling conference calls

5 4 Operations Manual Franchisee shall comply with the standards in the Operations Manual as an essential aspect of its obligations under this Agreement and failure by Franchisee to substantially comply with the standards in the Operations Manual may be considered by HWCG to be a breach of this Agreement The Operations Manual is the sole property of HWCG and shall be used by Franchisee only during the term of this Agreement Franchisee acknowledges that compliance with the Operations Manual is vitally important to HWCG and other HOMEWATCH CAREGIVERS franchisees and is necessary to protect the reputation and goodwill of the Marks and to maintain a uniform quality of operation throughout the HOMEWATCH CAREGIVERS system However, while the Operations Manual is designed to protect the reputation and goodwill of the Marks, it is not designed to control the day-to-day operations of the Business The Operations Manual may be updated periodically by HWCG, and Franchisee agrees to access updates and to conform to the updated provisions Franchisee shall not duplicate the Operations Manual or disclose its contents to persons other than its employees who need to know the information in order to perform their job Franchisee acknowledges that the master copy of the Operations Manual maintained by HWCG shall be controlling in the event of a dispute relative to the content of the Operations Manual The Operations Manual may be made available to Franchisee only in electronic form Franchisee shall return all paper and

electronic copies of the Operations Manual to HWCG upon the expiration or termination of this Agreement or upon transfer of the Business

5 5 **Reports and Records** Franchisee shall keep and supply to HWCG such data and reports in a manner and form as HWCG may, from time to time, reasonably require, including all monthly reports that shall accompany Franchisee's monthly Royalty and National Marketing Fee payments HWCG may access data available on any shared system in order to create relevant operational reports Franchisee must keep data related to servicing of customers as HWCG may require, including maintaining copies of invoices Franchisee shall maintain books and records for the HOMEWATCH CAREGIVERS Business separate and apart from the books and records of any other person, entity or business Franchisee shall establish and maintain, at its own expense, bookkeeping, accounting and data processing systems which conform to the specifications prescribed by HWCG and which comply with all applicable federal and state data privacy laws HWCG shall have the right to access all data with respect to the Business, which may require compliance with applicable federal and state data privacy laws Franchisee acknowledges and agrees that HWCG shall be deemed to own all Client data held by Franchisee's Business Franchisee may not use the Client data for any purpose whatsoever other than in the normal conduct of the HOMEWATCH CAREGIVERS Business during the term of this Agreement, and may not sell, loan or give the Client data to anyone without HWCG's prior written permission in each instance HWCG reserves the right to require that Franchisee provide HWCG with remote access to Business data which meets HWCG's standards and specifications With regard to the books and records of its HOMEWATCH CAREGIVERS Business

a Franchisee agrees to provide HWCG, if requested by HWCG, on or before the tenth (10th) ~~15th~~ day of the month, financial management reports for the previous month, in the form and manner prescribed by HWCG, which shall include, but not be limited to, information regarding sales and billings, Client information, Caregiver information, referral sources, data and other specified information regarding the HOMEWATCH CAREGIVERS Business The parties agree that all data and information will be exchanged in accordance with HWCG's privacy policies, as well as all applicable state and federal laws and regulations, including but not limited to, insurance laws and data privacy laws and regulations

b If requested by HWCG, Franchisee shall provide to HWCG, within 30 days after request, financial statements of the Business, including profit and loss statements The financial statements may be for a specific month, quarter or year, as requested by HWCG HWCG may require that the Franchisee use a prescribed software program that aggregates financial information from the Franchisee's financial records If these financial statements show an underpayment of any amounts owed to HWCG, these amounts shall be paid to HWCG concurrently with submission of the statements, together with interest thereon at 18% per annum or the maximum rate allowed by law, whichever is less

c If requested by HWCG, Franchisee shall provide to HWCG, within 30 days after request, Franchisee's state and federal income tax returns for the previous year, provided however, that Franchisee shall have at least four months after the end of each fiscal year to prepare the state and federal income tax returns If these tax returns show an underpayment of any amount owed to HWCG, these amounts shall be paid to HWCG concurrently with the submission of the returns, together with interest thereon at 18% per annum or the maximum rate allowed by law, whichever is less

d Franchisee shall provide to HWCG, within 10 days of Franchisee receiving them, true and correct copies of state licenses related to the Business and all

correspondence related to renewals, expirations or denials thereof In addition, Franchisee shall provide to HWCG within 10 days of receipt, true and correct copies of audits or surveys conducted by any government official related to the Business

e Franchisee shall maintain all books and records for its HOMEWATCH CAREGIVERS Business according to generally accepted accounting principles using Quickbooks Online or HWCG's then current designated bookkeeping software program, consistently applied, and preserve these records for at least five years after the fiscal year to which they relate

f Franchisee shall permit HWCG to inspect and audit the books and records of the Business at any reasonable time, during regular business hours, at HWCG's expense Within 15 days of HWCG's request to inspect or audit Franchisee's books and records, Franchisee shall provide HWCG with electronic financial statements dated within 15 days of the request, and generated by Quickbooks Online or HWCG's then current designated bookkeeping software program The form and scope of the audit is at HWCG's discretion If any audit discloses a deficiency in amounts for payments owed to HWCG pursuant to this Agreement, then these amounts will become immediately payable to HWCG by Franchisee, with interest at 18% per annum, or the maximum rate allowed by law, whichever is less In addition, if (i) Franchisee fails to submit any required report to HWCG three times in a row, or (ii) Franchisee does not cooperate with HWCG in the performance of an inspection or audit, or (iii) it is found by an audit that Gross Billings have been understated by 1% or more, then Franchisee shall pay all reasonable costs and expenses that HWCG incurred in connection with the audit

g HWCG reserves the right to disclose financial, accounting and operational data received from Franchisee to (i) other franchisees and affiliates in the Homewatch CareGivers system without identifying the Franchisee by name, and (ii) parties outside of the Homewatch CareGivers system without identifying the Franchisee by name, except to the extent that the identification is required by law, and (iii) for other purposes to the extent permitted under the law, such as to prospective buyers of the Business Franchisee consents to HWCG obtaining financial and Client information regarding the Business and its operations from third parties with whom the Franchisee does business HWCG will comply with all applicable laws regarding any Client information

h Franchisee agrees to respond to benchmark surveys from HWCG, if HWCG requests Franchisee to do so, on an annual basis Further, Franchisee consents to HWCG disclosing data derived from benchmark surveys to parties outside of the HOMEWATCH CAREGIVERS System without identifying Franchisee unless identification of Franchisee is required by law

5 6 Compliance with Laws Franchisee shall conduct itself and operate the Business in compliance with all applicable federal, state and local laws, rules, regulations and statutes, including any applicable licensing requirements Franchisee shall conduct background checks on each employee before hiring and if hired, annually thereafter In addition, Franchisee shall conduct itself in such a manner so as to promote a good image of the HOMEWATCH CAREGIVERS system to the public and to the business community Franchisee is responsible for obtaining all applicable licenses, approvals, permits, and authorizations and for meeting any federal, state or local regulations or codes, including all state and federal data privacy laws, data security laws, state and federal labor and employment laws, state and federal laws prohibiting kickbacks, state and federal laws protecting health care data, and any insurance requirements necessary for operation of the HOMEWATCH CAREGIVERS Business, including but not limited to, compliance with

Medicaid and Veterans administration laws and regulations if Franchisee chooses to work with these and other government programs

5 7 **Payment of Third Party Obligations** Franchisee shall promptly pay when due all taxes and other obligations to all third parties incurred in the operation of the Business Failure to promptly pay or fulfill obligations to third parties may be a cause for default and termination of this Agreement

5 8 **Management of Business** Franchisee shall ensure that the Business is managed and operated on a full-time basis In connection with the management of the Business

a Franchisee, acknowledging that proper management is important, shall cause a person who has completed HWCG's initial training program, whether it is Franchisee or a Principal Operator, to assume primary responsibility for the management of the Business Franchisee or the Principal Operator will directly supervise the Business at all times during its hours of operation Franchisee shall provide HWCG with a list of all management personnel and keep the list updated to reflect changes in personnel from time to time

b In order to protect the value and reputation of HWCG's brand, the Licensed Methods and the Marks, Franchisee shall run background checks, in accordance with HWCG's standards, on all of its employees and independent contractors before hiring them, and at least annually thereafter Franchisee shall not employ, or continue to employ, any individual who has been convicted of a disqualifying crime (according to state regulations or insurance standards) or any individual who has been (i) convicted of a crime against individuals, (ii) convicted of a crime related to financial exploitation, or (iii) found in any disciplinary board's final decision to have abused a vulnerable person Franchisee shall ensure that Caregivers provide Care Services to Clients consistent with HWCG's proprietary standards of care and in accordance with written contracts between Franchisee and the Clients HWCG reserves the right to review and approve the form of Client contract used by Franchisee, provided that any such approval will not create any liability on the part of HWCG and is not a representation or warranty on the part of HWCG that such contract complies with applicable laws No employee of Franchisee will be deemed to be an employee of HWCG for any purpose whatsoever, and nothing in any aspect of the Licensed Methods or the Marks in any way shifts any employee or employment related responsibility from Franchisee to HWCG It is the intention of the parties to this Agreement that HWCG shall not be deemed a joint employer with Franchisee for any reason, however, if HWCG incurs any liability, cost, expense, loss or damage, including attorney's fees and costs, as a result of any actions or omissions of Franchisee or its employees, including without limitation any that relate to any party alleging or making a finding of any joint employer status, Franchisee will fully indemnify HWCG for any such liability, cost, expense, loss or damage, including attorney's fees and costs

c Within sixty (60) days of Opening of Business Date, as defined in Section 5 3 a above, and at all times thereafter, Franchisee shall designate an existing employee or a Principal Operator as, or Franchisee shall employ an additional person dedicated to, performing marketing or sales activities for a minimum of 40 hours per week

d If Franchisee is an entity, an authorized representative of Franchisee shall complete and submit all information and documents requested in the Statement of Ownership, attached hereto as Exhibit III and incorporated by this reference If any changes occur in the information set forth on Exhibit III, Franchisee shall make changes to

the Statement of Ownership during the term of this Agreement, and submit the changes to HWCG within 10 days of their occurrence In addition, if Franchisee is an entity, the Owner(s) shall sign the Guaranty attached to this Agreement as Exhibit II All owners with 25% or more ownership interest in Franchisee must complete a background check no later than 30 days prior to becoming an owner of 25% or more ownership interest in Franchisee

5 9 Additional Training

a Under HWCG's Life-time Training Guarantee program, during the initial term of this Agreement and for any renewal period, Franchisee may send its management employees to HWCG's regularly scheduled training sessions without charge of a tuition or training fee, subject to space availability, with HWCG giving priority to first-time franchisees The Life-time Training Guaranty program will expire upon early termination or transfer of this Agreement

b Franchisee or its Principal Operator shall attend any mandatory, ongoing training programs, seminars or conferences as may be offered by HWCG HWCG agrees to give Franchisee 30 days' prior written notice of any ongoing training programs, seminars or conferences which are deemed mandatory HWCG reserves the right to charge a nonrefundable registration fee for HWCG's annual conference each year, due no later than 60 days before the annual conference begins HWCG also reserves the right to charge Franchisee a non-attendance fee if Franchisee fails to attend the annual conference The registration fee for annual conferences and tuition will be charged at the then current rates published in the Operations Manual HWCG may also charge tuition for ongoing training programs

c HWCG may, but is not obligated to, give Franchisee the opportunity to offer or participate in optional service programs through its Business If HWCG offers Franchisee the opportunity to, and Franchisee desires to, offer or participate in optional service programs, Franchisee will be required to complete any training and meet any other qualifications related to the programs, and pay any training fee charged by HWCG or third parties

d Franchisee acknowledges that it will be responsible for all transportation and other living expenses incurred by it or its management employees in connection with any initial or ongoing training programs, seminars and conferences

5 10 Insurance and Crime Coverage Franchisee must obtain and provide to HWCG proof of insurance from an insurance company rated at least "A" by A M Best with a Financial Size Category of IX or better and approved by Franchisee's state

a Franchisee must obtain and maintain insurance coverage in the following amounts (i) comprehensive general liability and professional liability insurance for the Business with an initial limit of not less than $1,000,000 combined single limit and $3,000,000 aggregate, including a minimum of $250,000 for abuse and molestation coverage, as well as business interruption insurance in an amount sufficient to pay HWCG for at least six months of royalty fees that would have been earned If Franchisee exceeds $1,500,000 in annualized Gross Billings, the general liability and professional liability insurance must increase to $2,000,000 per occurrence and $3,000,000 aggregate, (ii) a crime policy insuring Franchisee against theft by Franchisee's employees, in the amount of $25,000 per occurrence, (iii) automobile liability and hired/non-owned automobile

insurance covering all employees with authority to operate a motor vehicle in an amount not less than $1,000,000 combined single limit, (iv) unemployment insurance that complies with applicable law, (v) all-risk personal property insurance in an amount equal to at least 90% of the replacement cost of the contents and tenant improvements located at the Office Location, (vi) Employment Practices Liability Insurance (EPLI) with a minimum per occurrence limit of $500,000 and a minimum aggregate limit of $500,000, and (vii) workers' compensation insurance covering all employees, with a broad form all-states endorsement sufficient to meet the requirements of all applicable laws and regulations Franchisee shall maintain crime coverage and liability insurance in the amounts as set forth in the Operations Manual, which amounts may change from time to time as solely determined by HWCG

b All of the required policies of insurance shall list HWCG as an additional insured and shall provide for a 30-day advance written notice of cancellation to HWCG Franchisee will provide proof of insurance to HWCG prior to commencement of operations of its HOMEWATCH CAREGIVERS Business and at any time during the term of this Agreement upon prior reasonable request from HWCG This proof will show that the insurer has been authorized to inform HWCG in the event any policies lapse or are canceled HWCG has the right to change the type of insurance Franchisee is required to maintain, and upon 60 days' prior written notice to Franchisee change the minimum amount of insurance Franchisee is required to maintain, giving due consideration to what is reasonable and customary in a similar business In the event of any lapse of insurance coverage, or if Franchisee fails to provide HWCG with evidence of the correct types and amounts of insurance, in addition to all other remedies, HWCG shall have the right to obtain insurance on behalf of Franchisee until coverage meets HWCG's requirements and evidence of coverage is provided to HWCG Franchisee must reimburse HWCG for all costs related to HWCG obtaining insurance on Franchisee's behalf within 10 days of notice of such costs

c Franchisee shall be responsible for assuring that each Caregiver who provides transportation in his or her own vehicle in connection with Client services maintains liability insurance meeting or exceeding the minimum statutory requirements under the laws of the state in which the Business is located Language reflecting this requirement shall be contained in Franchisee's insurance policies The maintenance of insurance by Franchisee's drivers is a strict requirement which Franchisee agrees to enforce rigorously Franchisee shall also be responsible for assuring that each driver who operates his or her own vehicle for the HOMEWATCH CAREGIVERS Business maintains liability insurance meeting or exceeding the minimum statutory requirements under the laws of the state(s) in which the HOMEWATCH CAREGIVERS Business is located

5 11 Office Equipment, Hardware and Software

a Franchisee shall purchase or lease office equipment, computer hardware, and computer software, and shall establish and maintain Internet connections and an e-mail account, in accordance with the standards and specifications of HWCG for use in the operation of the HOMEWATCH CAREGIVERS Business Franchisee may be required to purchase some or all of its computer software from or through HWCG Franchisee agrees to implement and fully utilize in the operation of its Business the "Homewatch CareGivers Care+" business management software program or the then-approved equivalent required by HWCG (the "**Program**"), and in connection with Franchisee accessing and using the Program, Franchisee agrees as follows (1) the Program is required

to be used in the operation of its HOMEWATCH CAREGIVERS Business and is a part of the Licensed Methods, (2) HWCG may develop and implement other policies, procedures and improvements with regard to the Program during the term of this Agreement and Franchisee agrees to accept and utilize such policies, procedures and improvements as requested, (3) Franchisee agrees to share results, information and ideas regarding the Program, and (4) HWCG and its affiliates, directors, and employees will have no liability for, and Franchisee waives and disclaims, any (x) claim or action, whether in contract, tort, including, without limitation, negligence and strict liability (even if HWCG has been notified of the possibility of such damages), (y) claim or action related to any loss or damage to Franchisee's property, business or data from any cause, or (z) any direct, indirect, incidental, consequential, special, punitive or exemplary damages, in each case, arising out of or in connection with the Program Franchisee shall pay a monthly fee to HWCG for access and use of the Program

b Franchisee shall also pay a monthly fee to HWCG for technical assistance related to participation in HWCG's electronic mail system and other electronic communications Payments to HWCG will begin on the tenth (10th) ~~15th~~ of the first full month after Franchisee's (or, if applicable, the Principal Operator's) execution of this Agreement The amount of monthly fees payable to HWCG will vary if HWCG's related costs change

c Throughout the term of this Agreement, Franchisee shall purchase, install, upgrade or update the designated office equipment, computer system and software, and maintain the systems, at Franchisee's sole cost, to meet HWCG's then current standards and specifications HWCG reserves the right to require on 30 days' notice that Franchisee purchase, install and implement computer hardware and software upgrades, updates and revisions for use in the operation of the HOMEWATCH CAREGIVERS Business, including but not limited to, installing enhanced computer data security hardware and software and engaging a security monitoring service If Franchisee fails to purchase or maintain services or equipment that meet HWCG's standards, HWCG may purchase such items on Franchisee's behalf, and Franchisee must reimburse HWCG immediately for all associated costs Franchisee shall run automated anti-virus programs and update them as needed and shall update and upgrade software programs when new versions are released, at Franchisee's expense

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

5 12 Enhancements Developed by Franchisee All ideas, concepts, techniques, or materials concerning the Business, whether or not protectable intellectual property and whether created by or for Franchisee or one of its owners or employees, must be promptly disclosed to HWCG and will be deemed to be HWCG's sole and exclusive property, part of the Licensed Methods, and works made-for-hire for HWCG To the extent any item does not qualify as a "work made-for-hire" for HWCG, Franchisee hereby assigns and must assign ownership of that item, and all related rights to that item, to HWCG and must take whatever action, and require its owners or employees to take whatever action (including signing an

assignment agreement or other documents) HWCG requests to show HWCG's ownership or to help HWCG obtain intellectual property rights in the item

6 BUSINESS RELATIONSHIP

6 1 Independent Business Persons HWCG and Franchisee acknowledge that each of them are independent business persons and their only relationship is by virtue of this Agreement, and that no fiduciary relationship is created hereunder Neither party may bind the other to any obligations, and neither party is liable or responsible for the other's debts or obligations HWCG and Franchisee acknowledge that neither of them will hold themselves out to be the fiduciary, agent, employer, employee or partner or related party of the other Franchisee acknowledges and agrees that HWCG will not have the right or the ability to control the terms of employment or the right or the ability to hire or fire Franchisee's employees No employee of Franchisee will be deemed to be an employee of HWCG for any purpose whatsoever, and nothing in any aspect of the Licensed Methods or the Marks in any way shifts any employee or employment related responsibility from Franchisee to HWCG Franchisee alone is responsible for hiring, firing, training, setting hours for and supervising all employees Franchisee expressly agrees and will never contend otherwise, that HWCG's authority under this Agreement to certify certain of Franchisee's employees for qualification to perform certain functions for the Business does not directly or indirectly vest in HWCG the right or power to hire, fire or control any such employees Franchisee acknowledges and agrees, and will never contend otherwise, that Franchisee alone will exercise day-to-day control over all operations, activities and elements of the Business and under no circumstances shall HWCG do so or be deemed to do so Franchisee further acknowledges and agrees, and will never contend otherwise, that the various requirements, restrictions, prohibitions, specifications and procedures which Franchisee is required to comply with under this Agreement, whether set forth in the Operations Manual or otherwise, do not directly or indirectly constitute, suggest, infer or imply that HWCG has any right to control any aspect or element of the day-to-day operations of Franchisee's Business

6 2 Indemnification

a Except as specified below, Franchisee agrees to indemnify, defend and hold harmless HWCG, its subsidiaries and affiliates, and their respective shareholders, directors, officers, employees, agents, successors and assignees, (the "**Indemnified Parties**") against, and to reimburse them for, all Claims (defined below), any and all acts, omissions, or obligations of Franchisee or Franchisee's Business and any and all other Claims and liabilities directly or indirectly arising out of the operation of Franchisee's HOMEWATCH CAREGIVERS Business, including but not limited to, Claims alleging Caregiver negligence or other wrongful conduct or arising out of the acts or omissions of Franchisee's employees, Claims involving Franchisee's employees relating to state or federal employment or labor practices, Claims relating to data privacy laws, and Claims arising out of Franchisee's use of the Marks and Licensed Methods in any manner not in accordance with this Agreement For purposes of this indemnification, "**Claims**" means and includes all obligations, duties, and actual and consequential damages and costs reasonably incurred in the defense of any claim against the Indemnified Parties, including, without limitation, reasonable accountants', attorneys' and expert witness fees, costs of investigation, and proof of facts, court costs, other litigation expenses and travel and living expenses HWCG shall have the right to defend any such Claim against it This indemnity shall continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement

b HWCG agrees to indemnify, defend and hold harmless Franchisee, its affiliates and their respective agents, heirs, successors and assigns against, and to reimburse

them for, all claims, obligations and damages arising out of Franchisee's use of the Marks and Licensed Methods, provided that Franchisee has used the Marks and Licensed Methods in compliance with the terms of this Agreement

7 MARKS AND PROPRIETARY INTERESTS

7 1 **Marks** Franchisee acknowledges that HWCG has the sole right to own and license the Marks, and to control Franchisee's use of the Marks, and that such Marks shall remain under the sole and exclusive ownership and control of HWCG No Marks other than HOMEWATCH CAREGIVERS or such other Marks as may be specified by HWCG shall be used in the identification, marketing, promotion or operation of the HOMEWATCH CAREGIVERS Business Franchisee shall use the Marks only as specified in the Operations Manual

7 2 **Trademark Infringement** Franchisee shall notify HWCG in writing of any possible infringement or illegal use by others of a service mark or trademark the same as or confusingly similar to the Marks that comes to its attention Franchisee acknowledges that HWCG shall have the sole right to determine whether any action will be taken on account of any possible infringement or illegal use of the Marks HWCG shall commence or prosecute such action in HWCG's own name and may join Franchisee as a party thereto, if HWCG determines it to be reasonably necessary or desirable for the continued protection and quality control of the Marks and Licensed Methods HWCG shall bear the reasonable cost of any such action, including attorneys' fees Franchisee will not institute any action on account of any possible infringement or illegal use of the Marks without first obtaining HWCG's prior written consent

7 3 **Change of Proprietary Marks** If HWCG, in its sole determination, decides that it is necessary or desirable to modify or discontinue use of any of the Marks, or to develop additional or substitute proprietary marks, Franchisee shall, within a reasonable time after receipt of written notice of such a modification or discontinuation from HWCG, take such action, at Franchisee's sole expense, as may be necessary to comply with such modification, discontinuance, addition or substitution

7 4 **Franchisee's Name** Franchisee shall not use the names "Homewatch," or any portion of it, or "Caregivers," "medical" or "health" as part of its business entity name, or with any prefix, suffix, or other modifying words, terms, designs or symbols (other than logos licensed to Franchisee by HWCG) or in any modified form, except with the prior written consent of HWCG, which consent may be withheld for any reason Franchisee shall not file a trade name designation at a state or local level unless the filing has been approved by HWCG in writing in advance and meets HWCG's specifications When this Agreement is terminated, Franchisee shall execute any assignment or other document HWCG requires to transfer any rights Franchisee may possess in the Marks Franchisee shall not identify itself as being associated with HWCG in any manner other than as a franchisee or licensee Franchisee shall, in all advertising and promotion and promotional materials, display its business name only in obvious conjunction with a phrase to identify itself as an independent owner of the HOMEWATCH CAREGIVERS Business, as may from time to time be prescribed in the Operations Manual At all times Franchisee must also display a sign at its Office Location, of such size and design as specified by HWCG, containing this information

7 5 **Discontinuance of Use of Marks and Licensed Methods** If this Agreement is terminated for any reason, Franchisee shall immediately cease using the Marks and Licensed Methods, trade names, trade dress, trade secrets, copyrights or any other symbols used to identify the HOMEWATCH CAREGIVERS Business and any confusingly similar marks or other symbols, and all rights Franchisee had to use the Marks and the Licensed Methods shall automatically and immediately terminate Franchisee agrees to execute any and all documents of assignment as may be necessary to transfer to HWCG any rights Franchisee may possess in and to the Marks and Licensed Methods

7 6 **Licensed Methods** Franchisee acknowledges that HWCG owns and controls the distinctive plan for the establishment, operation and promotion of the HOMEWATCH CAREGIVERS Business and all related licensed methods of doing business, previously defined as the "Licensed Methods," which include, but are not limited to, methods for serving Clients, client relations, methods for recruiting and training Caregivers, marketing techniques, written promotional materials, advertising and recordkeeping systems, all of which constitute confidential trade secrets of HWCG, and Franchisee acknowledges that HWCG has valuable rights in and to such trade secrets Franchisee acknowledges that the Licensed Methods are the sole property of HWCG Franchisee further acknowledges that it has not acquired any right, title or interest in the Licensed Methods except for the right to use the Licensed Methods in the operation of the HOMEWATCH CAREGIVERS Business as it is governed by this Agreement and that it is obligated to maintain the confidentiality of the Licensed Methods in accordance with this Agreement Franchisee's changes and improvements to the Licensed Methods will inure to the exclusive benefit of HWCG

8 DEFAULT AND TERMINATION

8 1 **Immediate Termination by HWCG** HWCG shall have the right, at its option, to terminate this Agreement and all rights granted Franchisee hereunder, without affording Franchisee any opportunity to cure any default (subject to any state laws to the contrary, where state law shall prevail), effective immediately upon notice from HWCG, upon the occurrence of any of the following events

a **Unauthorized Disclosure** Franchisee, or any person under Franchisee's control, discloses to any unauthorized person, or copies or reproduces, the contents of or any part of HWCG's Operations Manual or any other trade secrets or confidential information of HWCG

b **Abandonment** Franchisee ceases to operate the HOMEWATCH CAREGIVERS Business or otherwise abandons the HOMEWATCH CAREGIVERS Business for a period of five consecutive days, or any shorter period that indicates an intent by Franchisee to discontinue operation of the HOMEWATCH CAREGIVERS Business, unless and only to the extent that full operation of the HOMEWATCH CAREGIVERS Business is suspended or terminated due to fire, flood, earthquake or other similar causes beyond Franchisee's control and not related to the availability of funds to Franchisee

c **Insolvency, Assignments** Franchisee becomes insolvent or is adjudicated a bankrupt, or any action is taken by Franchisee, or by others against Franchisee under any insolvency, bankruptcy or reorganization act, (this provision may not be enforceable under federal bankruptcy law, 11 U S C §§ 101 et seq), or Franchisee makes an assignment for the benefit of creditors, or a receiver is appointed by Franchisee

d **Unsatisfied Judgments, Levy, Foreclosure** Any material judgment (or several judgments which in the aggregate are material) is obtained against Franchisee and remains unsatisfied or of record for 30 days or longer (unless a supersedeas or other appeal bond has been filed), or if execution is levied against Franchisee's Business or any of the property used in the operation of the HOMEWATCH CAREGIVERS Business and is not discharged within five days, or if the real or personal property of Franchisee's Business is sold after levy thereupon by any sheriff, marshal or similar governmental officer

e **Criminal Conviction** Franchisee is convicted of a felony, a crime involving moral turpitude, or any crime or offense that is reasonably likely, in the sole opinion of HWCG, to materially and unfavorably affect the Licensed Methods, Marks and the associated goodwill and reputation thereof

f **Repeated Non-Compliance** Franchisee has received three notices of default from HWCG within a 12-month period, regardless of whether the defaults were cured by Franchisee

g **Unauthorized Transfer** Franchisee sells, transfers or otherwise assigns the Business, an interest in the Franchisee entity, this Agreement, the HOMEWATCH CAREGIVERS Business, or a substantial portion of the assets of the HOMEWATCH CAREGIVERS Business owned by Franchisee without complying with the provisions of transfer in this Agreement

h **Violation of Anti-Terrorism Laws** Franchisee or any officer, director, shareholder, limited liability company manager or member, partner, or other owner of Franchisee (as applicable) are blocked or otherwise in violation of any Anti-Terrorism Laws as defined in Section 14 14 below

i **Other Agreement Default** Franchisee defaults under the term of any other Franchise Agreement between Franchisee and HWCG, or any other agreement between HWCG and Franchisee, and such default is not cured within the time specified in the other agreement, except that this default right shall not apply if the default in the other agreement is a failure to meet minimum sales requirements

j **Health or Safety Problem** Franchisee is in violation of any health or safety law, regulation, or ordinance, any order of any governmental agency, or any health or safety standard of HWCG and HWCG reasonably determines that Franchisee's continued operation of the Business will result in an imminent danger to public health or safety

8 2 24 Hour Cure Period HWCG has the right to terminate this Agreement immediately, if Franchisee engages in conduct that reflects materially and unfavorably on the operation and reputation of the Business or on HWCG's Licensed Methods, Marks, or the associated goodwill and reputation thereof, and Franchisee fails to cure the default within 24 hours of receiving notice thereof from HWCG

8 3 Ten-Day Cure Period HWCG has the right to terminate this Agreement upon the occurrence of any of the following events, if Franchisee fails to cure the default within 10 days after written notice from HWCG

a **Non-Payment of Amounts Owed, Delinquent Royalty Reports** Franchisee fails to pay when due any amounts owed to HWCG or its affiliates, or to third parties, or fails to provide Royalty Reports when due

b **Territory Violation** Franchisee violates this Agreement or any of HWCG's policies or standards regarding serving out-of-territory Clients or otherwise violates the boundaries of the Territory of Franchisee or the territory rights of another HOMEWATCH CAREGIVERS Business If there is such a violation, in addition to other remedies available to HWCG or the other franchisee, Franchisee will pay to (i) the franchisee whose territorial rights were violated or (ii) HWCG, as directed by HWCG, the applicable revenue earned by Franchisee from servicing such out-of-territory Clients In addition, Franchisee shall pay HWCG's then-current rates for investigative fees if Franchisee services out-of-territory Clients without HWCG's prior written permission and another franchisee complains, resulting in an investigation into the services provided to

out-of-territory Clients Payment of investigative fees shall be made to HWCG within 30 days of notification to Franchisee

c **Loss or Lack of Insurance or Crime Coverage** Franchisee loses, or otherwise lacks, the required insurance, or crime coverage, or for any reason fails to provide to HWCG the requisite certificates or other evidence of insurance and crime coverage

d **Failure to Comply with Applicable Laws** Franchisee fails to operate its Business in compliance with all applicable laws and regulations of the local, state and federal governments

8 4 Thirty-Day Notice HWCG has the right to terminate this Agreement immediately if Franchisee (i) fails to achieve and maintain the Minimum Sales Requirements, or, if applicable, (ii) fails to comply with the Revenue Improvement Program (as provided in Section 5 3 f of this Agreement), and in each case fails to cure the breach within 30 days after written notice from HWCG Subject to HWCG's termination rights under Sections 8 1 through 8 3 hereof, HWCG shall also have the right to immediately terminate this Agreement if Franchisee breaches any other provision of this Agreement and fails to cure the breach within 30 days after written notice from HWCG Such other provisions for which HWCG may terminate this Agreement if Franchisee fails to cure the breach within 30 days after written notice include but are not limited to the following

a **Missing or Expired Employee Background Checks** Franchisee fails to follow HWCG's standards, or Federal, state or local government guidelines, by failing to conduct regular background checks on all active employees or failing to provide HWCG with evidence of conducting such background checks

b **Misuse of Marks** Franchisee misuses or fails to follow HWCG's directions and guidelines concerning use of HWCG's Marks

c **Loss or Lack of Right to Occupy** Franchisee loses, or otherwise lacks, its right to occupy the Office Location of its HOMEWATCH CAREGIVERS Business

d **Failure to Obtain Licenses to Operate the Business** Franchisee fails to obtain within 120 days after Franchisee completes the initial training program, all required home care and business licenses required by an applicable state or states to operate the Business

e **Failure to Maintain Licenses** Franchisee fails to maintain, in good standing, all required home care and business licenses required by an applicable state or states to operate the Business

f If HWCG has given Franchisee formal notice of a default or termination, then HWCG has the right to suspend HWCG's performance of any of HWCG's obligations under this Agreement, in addition to HWCG's other remedies, during the time in which Franchisee is curing the default or in the event that the default is not cured HWCG's right to suspend HWCG's obligations to Franchisee includes but is not limited to, the right to suspend any services to Franchisee and to not provide access to HWCG's confidential materials or software

8 5 Purchase of Franchised Business Upon termination or expiration of this Agreement for any reason, and if this Agreement is not being transferred in accordance with Article 9 below, HWCG will have the right, but not the obligation, to purchase the HOMEWATCH CAREGIVERS Business, which may include, at HWCG's option, all or part of Franchisee's interest, if any, in the office equipment and office lease used in connection with the HOMEWATCH CAREGIVERS Business, and the Franchisee's interest in some or all Client and Caregiver contracts, The assets shall be sold to HWCG free and clear, at their fair market value, to be determined by agreement between HWCG and Franchisee, taking the value of the business as a continuing business into consideration, but excluding the goodwill of the HOMEWATCH CAREGIVERS Business that is attributable to HWCG's Marks and Licensed Methods, and less any amounts owed to HWCG by Franchisee If HWCG and Franchisee are unable to agree upon a fair market value within seven days of HWCG's notice, fair market value shall be determined by independent appraisal If HWCG and Franchisee cannot agree on an independent appraiser, each shall select one, and if the two appraisers so selected are unable to agree upon fair market value within seven days of their appointment, then the two appraisers shall appoint a third If the third appraiser agrees with either of the two originally appointed appraisers, the value so established is binding on HWCG and Franchisee If there is no such agreement, the average of the two closest values determined by the three appraisers shall be binding on HWCG and Franchisee The valuation date used by any such appraiser shall be the effective date of termination of this Agreement Each party shall be responsible for the costs of the appraiser it selects The costs of a single appraiser, or the third appraiser, and all other costs of appraisal, shall be divided equally The following additional terms will apply to HWCG's exercise of this option

a HWCG's option hereunder will be exercisable by providing Franchisee with written notice of its intention to exercise the option given to Franchisee no later than the effective date of termination, in the case of termination, or at least 90 days prior to the expiration of the term of this Agreement, in the case of non-renewal

b HWCG and Franchisee agree that the terms and conditions of this right and option to purchase may be recorded, if deemed appropriate by HWCG, in real or personal property records, and HWCG and Franchisee further agree to execute such additional documentation as may be necessary and appropriate to effectuate such recording

The closing for the purchase of the HOMEWATCH CAREGIVERS Business (if applicable) will take place within 60 days after the termination or non-renewal date HWCG will pay the purchase price in full at the closing, or, at its option, in five equal consecutive monthly installments with interest at a rate of ten percent per annum Franchisee must sign all documents of assignment and transfer as are reasonably necessary for purchase of the HOMEWATCH CAREGIVERS Business by HWCG If HWCG does not exercise its right to repurchase Franchisee's Business as set forth above, Franchisee will be free to keep or to sell, after such termination or expiration, to any third party, all of the "Physical Assets" of its HOMEWATCH CAREGIVERS Business, provided, however, that all appearances of the Marks are first removed in a manner approved in writing by HWCG "Physical Assets" shall not include computer software that contains any information related to the Business, Client lists, Client data, the Operations Manual, training materials, Caregiver lists, Caregiver data or other information that HWCG considers to be proprietary and confidential

8 6 Post-Termination Obligations Franchisee agrees, upon termination or expiration of this Agreement, to do all of the following

a Pay to HWCG all Royalties, National Marketing Fees, other fees, and any and all amounts or accounts payable then owed and unpaid pursuant to this Agreement, or

pursuant to any other dealings between the parties, within fifteen (15) days of the effective date of such termination or non-renewal

b Immediately cease to identify itself, the Office Location, or any part or portion of its Business as being, or having been, associated with HWCG, and immediately cease using any proprietary Mark of HWCG (or colorable imitation thereof) for any purpose

c Deliver to HWCG all signs, sign faces, catalogs, marketing materials, forms and other materials bearing any of HWCG's Marks or otherwise identified with HWCG, or execute a certificate of disposal affirming that all such items have been disposed of or destroyed in a commercially reasonable manner

d Immediately cease using and destroy all copies of the Operations Manual and training materials, and all other hard copy and electronic information stored on DVDs or other mediums, proprietary to HWCG

e Promptly remove or inactivate all trade names or equivalent registrations with state and local authorities relating to the Business

f Promptly contact the telephone company, including cellular phone service providers and all telephone directory publishers, to notify them of the termination of Franchisee's right to use any telephone number and any telephone directory listing associated with the Business and cancel all telephone numbers used in the operation of the Business

g Promptly notify and discontinue using services or goods provided by any National Accounts, strategic alliances or business partnerships with which Franchisee had any relationship

h Provide to HWCG Client and Caregiver lists, data and other information, including addresses and phone numbers, contact person information, referral database information, copies of Client contracts, all software programs used in the operation of the Business (including all data stored on the hard drives of the computers used in the Business), and any and all other business records specified by HWCG If Franchisee is using Homewatch CareGivers Care+, the then-approved equivalent software or other software to which HWCG has access, HWCG will export client and Caregiver information from such software

i Franchisee is required to remove from the Internet, including social media sites, and all sites referring to Franchisee's former HOMEWATCH CAREGIVERS Business or any of the Marks, and to cancel or assign to HWCG, in HWCG's sole discretion, all rights to any domain names for any sites on the Internet that refer to Franchisee's former HOMEWATCH CAREGIVERS Business or any of the Marks

j Abide by all restrictive covenants set forth in this Agreement

k Immediately provide to HWCG a current set of Quickbooks Online or reports from such other softwaie as may be used, unless Franchisee is using Homewatch CareGivers Care+

l Franchisee acknowledges that if Franchisee fails to perform one or more of the required actions set forth above, then HWCG shall be entitled to injunctive relief as set forth below

m Immediately cease use of all email addresses provided by HWCG to Franchisee for its employees Senders of email to Franchisee will receive an automated response that the HWCG email account is no longer active

n Provide HWCG with an email address, home address and a phone number to which HWCG can forward personal communications

o At HWCG's request, subject to applicable law, Franchisee shall immediately assign to HWCG or its designee any state or other licenses of the HOMEWATCH CAREGIVERS Business

8 7 **Liquidated Damages** HWCG and Franchisee agree that if this Agreement is terminated before the end of the term by HWCG, due to Franchisee's material breach or Franchisee's wrongful termination of this Agreement, HWCG will suffer damages, the specific amount of which is presently difficult to ascertain Those damages include, but are not limited to, lost future royalties, costs to recruit and train a new franchisee, diminished royalties associated with a new franchisee, and costs to support a new franchisee As a result, if this Agreement is terminated before the end of the term, HWCG and Franchisee agree that HWCG will be entitled to recover from Franchisee as liquidated damages, and not as a penalty, an amount equal to the greater of (a) the average monthly Royalty fee owed by Franchisee to HWCG during the 12 months preceding the effective date of termination, multiplied by 24 months (i e , the number of months in a two-year period) or (b) $100,000, which amount both HWCG and Franchisee agree is reasonable HWCG and Franchisee further agree that the liquidated damages set forth in this paragraph are in addition to any other remedies to which HWCG may be entitled under this Agreement and HWCG specifically reserves its rights to claim any additional remedies If Franchisee had been in operation for less than 12 months at the time of the termination, HWCG will determine the average Royalty fee amount for the termination payment calculation as the system-wide average royalty fee payments for the previous 12 months

8 8 **State Law** IF THE TERMS OF THIS AGREEMENT ARE INCONSISTENT WITH APPLICABLE STATE OR FEDERAL LAW, THAT LAW SHALL GOVERN FRANCHISEE'S RIGHTS REGARDING TERMINATION

9 ASSIGNMENT OF THE FRANCHISE

9 1 **No Assignment Without Consent** The rights granted herein are personal to Franchisee, and except as stated below, Franchisee shall not voluntarily or involuntarily sell, assign, transfer, or convey this Agreement or any interest hereunder, any interest in the ownership of the Franchisee, or all or a substantial portion of the assets of the HOMEWATCH CAREGIVERS Business The term "transfer" shall mean and include voluntary, involuntary, direct and indirect assignments resulting from sales, gifts, divorce, insolvency, entity mergers, consolidations, exchanges, public or private securities offerings of ownership interests in a Franchisee entity, dissolution proceedings or otherwise by operation of law or, in the event of the death of an Owner, by will, declaration of transfer in trust or under the laws of intestate succession Under no circumstances will Franchisee have a right to engage in a transfer before the HOMEWATCH CAREGIVERS Business has commenced operations

9 2 **HWCG's Right of First Refusal** If Franchisee wishes to sell, transfer or assign its rights under this Agreement or any interest in it, or any part or portion of any business entity that owns it, or all or a

substantial portion of the assets of the HOMEWATCH CAREGIVERS Business, Franchisee agrees to grant to HWCG a thirty (30) day right of first refusal to purchase such rights, interest or assets on the same terms and conditions as are contained in the written offer to purchase submitted to Franchisee by the proposed purchaser, provided, however, all of the following additional terms and conditions will apply

a Franchisee will notify HWCG of such offer by sending a written notice to the HWCG (which notice may be the same notice as required by Section 9 3 below), enclosing a copy of the written offer from the proposed purchaser If Franchisee is an entity and one or more owners of the Franchisee entity wish to transfer, sell, assign, or otherwise dispose of his or her interest in the Franchisee entity or if the Franchisee entity wishes to make a public or private offer of its stock or other ownership interests, Franchisee must submit to HWCG at least 30 days in advance of the proposed effective date, and obtain HWCG's prior written approval, of the proposed documents effectuating the transfer, sale, assignment, offering or other disposition

b The thirty (30) day right of first refusal period will run concurrently with the period in which HWCG has to approve or disapprove the proposed transferee

c The right of first refusal is effective for each proposed transfer and any material change in the terms or conditions of the proposed transfer will be deemed a separate offer on which a new thirty (30) day right of first refusal will be given to HWCG

d If the consideration or manner of payment offered by a third party is such that HWCG may not reasonably be required to furnish the same consideration, then HWCG may purchase the interest which is proposed to be sold for the reasonable cash equivalent If the parties cannot agree within a reasonable time on the cash consideration, each of HWCG and Franchisee shall designate an independent appraiser who, in turn, shall designate a third independent appraiser The third appraiser's determination will be binding upon the parties All expenses of the appraiser shall be paid for equally between HWCG and Franchisee

e If HWCG chooses not to exercise its right of first refusal, Franchisee will be free to complete the sale, transfer or assignment, subject to compliance with Sections 9 3 and 9 4 below Absence of a reply to the Franchisee's notice of a proposed sale within the thirty (30) day period is deemed a waiver of such right of first refusal, provided that Franchisee must still comply with Sections 9 3 and 9 4

9 3 Conditions of Assignment Franchisee shall not sell, transfer or assign this Agreement, its HOMEWATCH CAREGIVERS Business or any interest in it, or any part or portion of any entity that owns it or any assets of the HOMEWATCH CAREGIVERS Business, unless Franchisee obtains HWCG's prior written consent, and Franchisee or the transferee (as applicable) complies with all of the following

a Payment of all amounts due and owing by Franchisee to HWCG and to third parties pursuant to this Agreement by Franchisee

b Agreement by the proposed transferee to satisfactorily complete the training programs required by HWCG

c Execution of a Franchise Agreement in a then-current form offered by HWCG, which shall supersede this Agreement in all respects The terms of the new

Franchise Agreement may differ from the terms of this Agreement, provided, however, transferee will not be required to pay any initial franchise fee

d Payment by Franchisee or the proposed transferee of a transfer fee ("**Transfer Fee**") equal to 25% of the then-current initial franchise fee being charged by HWCG, not to exceed $15,000 per transfer, regardless of the number of franchise agreements being transferred, provided that it is a single transfer transaction between the Franchisee and one buyer/transferee Conversely, if the Territory is split into multiple territories as part of the transfer and sold to multiple buyers, each transfer transaction involving a different buyer is subject to a separate Transfer Fee If prior to negotiating the transfer with Franchisee, the transferee had been referred to HWCG and/or to Franchisee by a third-party broker with whom HWCG has a referral arrangement, then, in such event, Franchisee or the proposed transferee shall pay HWCG an additional fee ("**Broker Fee**") equal to the amount that HWCG is required to pay to the broker

e Provision by Franchisee of thirty (30) days' prior written notice to HWCG of the proposed transfer, such notice to contain information reasonably detailed to enable HWCG to evaluate the terms and conditions of the proposed transfer, and provision within such 30-day period of such other transfer information as may be reasonably required by HWCG as a part of its transfer approval process

f Except if prohibited by applicable law, execution by Franchisee of a general release, in form satisfactory to HWCG, of any and all claims against HWCG and its officers, directors, employees and agents

g Affirmation by Franchisee that it will abide by the covenants of confidentiality and noncompetition contained in this Agreement

h Agreement by the Franchisee to transfer all active office phone and fax lines to the transferee within 30 days (or other reasonable amount of time allowed by the phone company) after the execution of the Franchise Agreement and consent to transfer

i Provision by the proposed transferee of information sufficient for HWCG to assess the proposed transferee's business experience, aptitude and financial qualification, it being acknowledged that HWCG shall evaluate the proposed transferee for approval based on the same criteria as currently being used to assess new franchisees of HWCG

j Agreement by the proposed transferee to purchase and use HWCG's then current standard software platform when the transferee begins operating the Business

k Franchisee must request that HWCG provide the prospective franchisee with the current form of franchise disclosure document at least fourteen calendar days before the closing

l Franchisee hereby indemnifies HWCG for any liabilities arising from the representations made by Franchisee to any transferee

Provided that Franchisee and the transferee have complied with all of the obligations hereunder, HWCG will not unreasonably withhold, delay or condition its consent to any proposed transfer by Franchisee which requires HWCG's consent under this Section 9 3

9 4 **HWCG Approval of Transfer** HWCG has thirty (30) days from the date of receiving written notice to approve or disapprove of Franchisee's proposed transfer If Franchisee and its proposed transferee comply with all conditions for transfer set forth herein and HWCG has not responded to Franchisee's request for approval within such period, approval is deemed granted, provided, however, Franchisee acknowledges that the 30-day period will be extended if the application for approval does not contain complete information or all conditions for transfer are not met HWCG shall have the right to approve the material terms and conditions of the transfer, including, without limitation, the right to confirm that the price and terms of payment are not so burdensome as to affect adversely the transferee's operation of the Business If Franchisee (and/or the transferring owners) finances any part of the sale price of the transferred interest, if any, unless waived in writing by HWCG, Franchisee and/or its owners must agree that all obligations of the transferee under or pursuant to any promissory notes, agreements or security interests reserved by Franchisee or its owners in the assets of the Business or the Office Location shall be subordinate to the transferee's obligations to pay Royalties, National Marketing Fees and other amounts due to HWCG and to otherwise comply with this Agreement If Franchisee and the proposed transferee comply with all conditions for transfer set forth herein and HWCG has not given Franchisee notice of its approval or disapproval within the 30-day period, approval is deemed granted

9 5 **Types of Transfers** Franchisee acknowledges that HWCG's right to approve or disapprove of a proposed sale or transfer as provided for herein shall apply (1) if Franchisee is a partnership, limited liability company, or other business association, to any proposed addition or deletion of a partner or member of the association or any proposed transfer of any partnership or membership interest among existing partners or members, (2) if Franchisee is a corporation, to any proposed transfer or assignment of 25% or more of the stock of the corporate Franchisee, whether the transfer occurs in a single transaction or several transactions, and (3) if Franchisee is one or more individuals, to the transfer from the individual or individuals to a business entity controlled by them, provided that in the case of a transfer from an individual(s) to a business entity, HWCG's approval will be conditioned upon (i) the continuing personal guarantee of the individual (or individuals) for the performance of obligations under this Agreement, (ii) HWCG's prior written approval of the issuance and/or transfer of shares or other ownership interests that would effect a change in ownership of 25% or more of the ownership interests in the entity, (iii) a limitation on the business entity's business activity to that of operating the HOMEWATCH CAREGIVERS Business and related activities, and (iv) other reasonable conditions With respect to a proposed transfer as described in subsection (3) of this Section, HWCG's right of first refusal to purchase, as set forth above, shall not apply, and HWCG will waive any Transfer Fee chargeable to Franchisee for a transfer under such circumstances

9 6 **Franchisee's Death or Disability** Upon the death or permanent disability of Franchisee (or the individual controlling the Franchisee entity), the executor, administrator, conservator, guardian or other personal representative of the person will transfer the Franchisee's interest in this Agreement or the interest in the Franchisee entity to an approved third-party transferee The transfer of this Agreement or the interest (including, without limitation, transfer by bequest or inheritance) will be completed within a reasonable time, not to exceed one hundred twenty (120) days from the date of death or permanent disability, and will be subject to all terms and conditions applicable to transfers contained in this Article 9, except that for purposes of this Section 9 6, no Transfer Fee will be charged by HWCG If applicable, HWCG may charge a Broker Fee, however For the purposes hereof, the term "**Permanent Disability**" means a mental or physical disability, impairment or condition that prevents Franchisee or the owner of a controlling interest in the Franchisee entity from supervising the management and operation of the HOMEWATCH CAREGIVERS Business for a period of one hundred twenty (120) days from the onset of such disability, impairment, or condition At no time shall the Franchised Business be operated by someone who has not successfully completed training as required in Section 5 HWCG reserves the right, at HWCG's option, until an approved transfer has been made, to provide a temporary manager for the HOMEWATCH

CAREGIVERS Business Any temporary manager provided by HWCG shall remain an employee of or an independent contractor with HWCG Franchisee shall pay HWCG 150% of the manager's regular gross compensation, plus any costs or benefits, and all reasonable costs of transportation, commuting and housing Franchisee shall remain solely and fully liable for all expenses, and any losses, incurred during the period the HOMEWATCH CAREGIVERS Business is operated by the temporary manager

9 7 Assignment by HWCG This Agreement is fully assignable by HWCG and shall inure to the benefit of any assignee or other legal successor in interest, HWCG shall not, however, directly or indirectly convey, assign or otherwise transfer its responsibility to fulfill its obligations to Franchisee hereunder, unless HWCG believes the transferee can, and is contractually obligated to, fulfill those obligations

10 RESTRICTIVE COVENANTS

10 1 **Franchisee Acknowledgements** Franchisee acknowledges that, in addition to the license of the Marks hereunder, HWCG has also licensed commercially valuable information and trade secrets which comprises and is a part of the Licensed Methods, including without limitation, operations, marketing, advertising and related information and materials Franchisee acknowledges that the value of this information derives not only from the time, effort and money that went into its compilation, but from the usage of the information and materials by all the franchisees of HWCG using the Marks and Licensed Methods Franchisee further acknowledges that Franchisor has developed goodwill associated with its brand and operational methods and that this goodwill in the brand and operational standards are a material inducement to Franchisee's execution of the Franchise Agreement

10 1 Non-Competition During Term Franchisee agrees that other than the HOMEWATCH CAREGIVERS Business licensed herein or authorized by separate agreement with HWCG, neither Franchisee, nor any of Franchisee's officers, directors, shareholders, limited liability company members or managers, Principal Operators and/or partners (as applicable), nor any member of his or their immediate families, shall during the term of this Agreement do any of the following

a Have any direct or indirect controlling interest as a disclosed or beneficial owner in a Competitive Business (as defined below)

b Perform services as a director, officer, manager, employee, owner, consultant, representative, agent or otherwise for a Competitive Business

c Divert or attempt to divert any business related to, or any Client or account of, the HOMEWATCH CAREGIVERS Business, HWCG's business or any other HOMEWATCH franchisee's business, by direct inducement or otherwise

The term "**Competitive Business**" as used in this Agreement means any business operating, or granting franchises or licenses to others to operate, a business which offers companionship, personal care, complex personal care or nursing services, or some but not all of those services, or related products and services offered by HOMEWATCH CAREGIVERS Businesses to persons in their home who are aged, disabled, recovering, rehabilitating, convalescing or otherwise in need of personal care services (excluding businesses operating under other franchise agreements with HWCG) Notwithstanding the foregoing, nothing in this Agreement shall prohibit Franchisee from owning securities in a Competitive Business if such securities are listed on a stock exchange or traded on the over-the-counter market and represent 5% or less of that class of securities issued and outstanding

10 2 Post-Termination Covenant Not to Compete Upon termination or expiration of this Agreement for any reason, Franchisee and its officers, directors, shareholders, limited liability company members and

managers, Principal Operators and/or partners or other owners (as applicable) agree that, for a period of two years commencing on the effective date of termination or expiration, or the date on which Franchisee ceases to conduct business, whichever is later, neither Franchisee nor its officers, directors, shareholders, limited liability company managers and members, partners or other owners (as applicable) shall have any direct or indirect interest (through the spouse or children of Franchisee or its owners or otherwise) as a disclosed or beneficial owner, investor, partner, director, officer, employee, consultant, representative or agent or in any other capacity in any Competitive Business, as defined above, located or operating within a fifty (50) mile radius of Franchisee's Office Location or any other HOMEWATCH CAREGIVERS Business' location The time period stated above is tolled and suspended for any time period in which Franchisee is violating the terms of this Section The restrictions of this Section shall not be applicable to the ownership of shares of a class of securities listed on a stock exchange or traded on the over-the-counter market that represent 5% or less of the number of shares of that class of securities issued and outstanding Franchisee and its officers, directors, shareholders, limited liability company managers and members, partners and/or other owners (as applicable) expressly acknowledge that they possess skills and abilities of a general nature and have other opportunities for exploiting such skills Franchisee further acknowledges that this restriction is reasonable and necessary to protect the Franchisor's trade secrets and the goodwill that Franchisor has developed in its brand and operational methods Consequently, enforcement of the covenants made in this Section will not deprive them of their ability to receive compensation for performance of skilled or unskilled labor

10 3 Confidentiality of Proprietary Information Franchisee acknowledges and agrees that the distinctive business format, plans, methods, data, processes, marketing systems, manuals, techniques, designs, layouts, operating procedures, trademarks, proprietary Marks and information and know-how of HWCG which are developed and utilized in connection with the Licensed Methods are proprietary to HWCG and confidential information of HWCG ("**Confidential Information**") Such Confidential Information is unique, exclusive property and a trade secret of HWCG and has valuable goodwill associated with it Franchisee acknowledges that any unauthorized disclosure or use of the Confidential Information would be wrongful and would cause irreparable injury and harm to HWCG It is understood that Confidential Information is deemed to include, without limitation, Client lists, Client data, Client contracts, training materials, software, vendor lists, any and all information contained in the Operations Manual, and any information of whatever nature which gives HWCG an opportunity to obtain an advantage over its competitors who do not have access to, know or use such lists, written materials, software or information Franchisee further acknowledges that HWCG has expended a great amount of effort and money in obtaining and developing the Confidential Information, that HWCG has taken numerous precautions to guard the secrecy of the Confidential Information, that it would be very costly for competitors to acquire or duplicate the Confidential Information and that any unauthorized disclosure of such Confidential Information shall cause irreparable harm to HWCG Consequently, Franchisee shall not at any time, publish, disclose, divulge or in any manner communicate to any person, firm, corporation, association, partnership or any other entity whatsoever or use, directly or indirectly, for its own benefit or for the benefit of any person, firm, corporation or other entity other than for the use of HWCG or the Franchisee's Business, any of the Confidential Information of HWCG HWCG and Franchisee agree that the Confidential Information does not include information that is generally available to the public These restrictions are imposed for the term of this Agreement, and after this Agreement is terminated (or expires), the entire length of time that any Confidential Information is a trade secret and otherwise, the longest of either two years or as long as may be required by applicable law

10 4 Confidentiality Agreement Franchisee shall cause each of its management personnel, Principal Operators, officers, directors, partners, limited liability company managers and members, shareholders, and employees who have access to the Operations Manual or any other proprietary information, and, if Franchisee is an individual, family members who work in the Business (together, "**Personnel**"), to sign a

confidentiality agreement, in a form approved by HWCG, no later than 10 days after this Agreement is executed by Franchisee and HWCG and all guarantors During the term of this Agreement, Franchisee shall require all new Personnel to sign a confidentiality agreement within 10 days of being hired Franchisee shall provide copies of all signed confidentiality agreements to HWCG within 10 days after they are executed

10 5 Non-Disparagement Franchisee agrees that it shall not take any action or make any statements to any third parties that would constitute a criticism, denigration or disparagement of HWCG or its Licensed Methods or would tend to be injurious to the reputation or goodwill of HWCG or its Marks, or which in any manner may interfere with the business affairs or business relations of HWCG

11 RENEWAL

11 1 Renewal Terms At the end of the initial fifteen (15) year term of this Agreement, Franchisee may renew its franchise rights for one additional fifteen (15) year term by acquiring successor franchise rights, if HWCG does not exercise its right not to offer a successor franchise in accordance with Section 11 3 below, and if the Franchisee

a Executes the then-current Franchise Agreement being offered to prospective franchisees by HWCG,

b Completes a background check no later than thirty days prior to the franchise agreement renewal date

c Has substantially complied with all provisions of this Agreement during the current term, including the payment of all Royalties and other fees due hereunder,

d Upgrades the HOMEWATCH CAREGIVERS Business and services (the necessity of which shall be in the reasonable but sole determination of HWCG) to conform to HWCG's then current standards and specifications,

e Pays a renewal fee of $7,000, and

f Except if prohibited by law, executes a general release, in form satisfactory to HWCG, of any and all claims against HWCG and its officers, directors, employees and agents

11 2 Exercise of Renewal Option Franchisee may exercise its renewal option by giving notice to HWCG not later than one hundred eighty (180) days prior to the scheduled expiration of this Agreement HWCG reserves the right to reconfigure the Territory to meet HWCG's then current standards for Territory size and demographics, including capturing previously un-owned zip codes serviced by Franchisee during the term The reconfigured territory may be a smaller area or may be a larger area that captures previously un-owned zip codes An additional initial franchise fee will not be charged due to territory re-configuration required by HWCG Franchisee's failure to execute the Franchise Agreement and release referred to in Section 11 1 before the expiration of the term of this Agreement shall be deemed a waiver of Franchisee's rights to renewal of the HOMEWATCH CAREGIVERS Business

11 3 Conditions of Non-Renewal HWCG shall not be obligated to renew this Agreement under any of the following circumstances

a Franchisee has not made the monthly Royalty or National Marketing Fee payments or other payments described in this Agreement on a timely basis

b Franchisee has had three (3) or more written notices of breach of this Agreement during the term hereof, whether or not such breaches have been cured

c Any condition exists at the time for renewal that would enable HWCG to terminate this Agreement under the terms and conditions for termination contained herein

d Franchisee fails to comply with any of the renewal conditions set forth above

11 4 Continuation If for any reason, Franchisee continues to operate the Business with HWCG's consent or acquiescence beyond the term of this Agreement or any subsequent renewal period, it shall be deemed to be on a month-to-month basis under the terms of this Agreement and subject to termination by HWCG upon 30 days' notice or as required by law If the holdover period exceeds 90 days, this Agreement is subject to immediate termination by HWCG unless applicable law requires a longer termination notice period

12 DISPUTE RESOLUTION

12 1 Arbitration

a Except for actions brought that are related to or based on the Marks or Article 10 of this Agreement, all disputes, claims or controversies (collectively **"Claims"**) between HWCG, its subsidiaries and affiliated companies or their shareholders, officers, directors, limited liability company members or managers, partners, agents and employees, as applicable (collectively **"HWCG Claimants"**), and Franchisee or its employees, officers, directors, limited liability company members or managers, partners, guarantors or Principal Operators, as applicable (collectively **"Franchisee Claimants"**) arising out of or related to this Agreement, the Business or the Licensed Methods, will be submitted for arbitration to the Denver, Colorado office of the Judicial Arbiter Group ("**JAG**"), or if JAG ceases to exist, the American Arbitration Association ("**AAA**"), on demand of either party The term "Claim" shall have the broadest reasonable meaning, including initial claims, counterclaims, cross-claims and third-party claims The term "Claim" does not include, however, any dispute about the validity, enforceability, arbitrability or scope of this arbitration provision However, any dispute that concerns the validity or enforceability of this Agreement as a whole, is for the arbitrator, not a court, to decide Notwithstanding the language above, if the action is based on a separate agreement or instrument between HWCG and Franchisee (such as a promissory note or lease), the dispute resolution provision in that agreement or instrument will control rather than this Section Arbitration proceedings will be conducted in Denver, Colorado, and will be heard by one arbitrator in accordance with the then-current Rules of the JAG or the AAA (as applicable) that apply to commercial arbitration The arbitrator must be a Colorado resident knowledgeable of Colorado law, and the arbitration shall be conducted in English The parties agree that, in connection with any arbitration proceeding, each will file any compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within 30 days after the date of the filing of the claim to which it relates This Section 12 1 will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement

HWCG and Franchisee agree that arbitration will be conducted on an individual basis only Neither party shall commence any arbitration with a third party against the other, or join with any third party in any arbitration involving HWCG and Franchisee Further, neither HWCG nor Franchisee shall attempt to consolidate or otherwise combine in any manner an arbitration proceeding involving HWCG and Franchisee with another arbitration of any kind, nor shall HWCG or Franchisee attempt to certify a class or participate as a party in a class action against the other Notwithstanding the foregoing, if Franchisee controls, is controlled by, or is in active concert with another Franchisee of HWCG, or if there is a guarantor of some or all of the Franchisee's obligations to HWCG, then the joinder of those parties to any arbitration between HWCG and Franchisee shall be permitted, and in all events, the joinder of an owner, director, officer, limited liability company member or manager, partner or other representative or agent of HWCG or Franchisee shall be permitted

b Notwithstanding anything to the contrary contained in this Agreement, HWCG and Franchisee will each have the right in a proper case to obtain temporary or preliminary injunctive relief from a court of competent jurisdiction, in accordance with Section 12 2 Each party agrees that the other party may have such temporary or preliminary injunctive relief, without bond, but upon due notice, and with the sole remedy in the event of the entry of such injunctive relief being the dissolution of such injunctive relief, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of such injunction being expressly waived by each party)

c The arbitrator will have the right to award or include in the award any relief which he/she deems proper in the circumstances, including, without limitation, money damages (with interest on unpaid amounts from the date due), specific performance, and attorneys' fees and costs, in accordance with this provision, provided that the arbitrator will not award exemplary or punitive damages The award and decision of the arbitrator will be conclusive and binding upon all parties hereto and judgment upon the award may be entered in any court of competent jurisdiction Each party waives any right to contest the validity or enforceability of such award

d Any party may apply to the arbitrator for reasonable discovery from the other In this Agreement, "reasonable discovery" means a party may submit no more than ten interrogatories, including subparts, 25 requests for admission, 25 document requests, and three depositions per side

12 2 **Consent to Jurisdiction, Waiver of Jury Trial** If a claim is asserted in any legal proceeding involving Franchisee, the Franchisee Claimants, HWCG and/or the HWCG Claimants, which is not subject to mandatory arbitration, as specified in Section 12 1 above, the exclusive venue for disputes between them will be in the state and federal courts of Colorado, and each party acknowledges this venue and waives any objection either may have to the personal jurisdiction of or venue in the state and federal courts of Colorado HWCG, the HWCG Claimants, Franchisee and the Franchisee Claimants each waive their rights to a trial by jury

12 3 **Dispute Resolution Expenses** The prevailing party in any action arising out of or related to this Agreement (including an action to compel arbitration) is entitled to recover from the other party all costs and expenses, including reasonable attorneys' fees and costs of collecting monies owed, in addition to all amounts and damages awarded If both parties are awarded a judgment in any dollar amount, the court or arbitrator, as applicable, shall determine the prevailing party taking into consideration the merits of the claims asserted by each party, the amount of the judgment received by each party and the relative equities between the parties

12 4 **Interest on Default** Upon a default concerning money owed by Franchisee to HWCG, HWCG is entitled to recover interest on the past due amount at the rate of the lesser of 18% per annum or the highest rate permitted by applicable law, accruing from the date of default until fully paid

13 CHOICE OF LAW

13 1 **Choice of Law** Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U S C Sections 1051 et seq), the Federal Arbitration Act, or other federal law, this Agreement will be interpreted under the laws of the State of Colorado, and any dispute between the parties will be governed by and determined in accordance with the substantive internal laws of the State of Colorado, which laws shall prevail in the event of any conflict of law

14 MISCELLANEOUS PROVISIONS

14 1 **Modification** HWCG and Franchisee may modify this Agreement only upon execution of a written agreement between the two parties Franchisee acknowledges that HWCG may, however, unilaterally modify its standards and specifications set forth in the Operations Manual under any conditions and to the extent to which HWCG, in its sole determination, deems necessary to protect, promote, or improve the Marks and the quality of the Licensed Methods, but under no circumstances will such modifications be made arbitrarily

14 2 **No Waiver** No waiver of any condition or covenant contained in this Agreement or failure to exercise a right or remedy by HWCG or Franchisee shall be considered to imply or constitute a further waiver of the same or any other condition, covenant, right, or remedy

14 3 **Delegation of Duties** HWCG reserves the right to delegate to an authorized third party all or a portion of its obligations and duties to Franchisee hereunder Franchisee agrees in advance to any such delegation by HWCG of any or all of its obligations and duties Franchisee acknowledges and agrees that any delegation by HWCG of its duties or obligations does not assign or confer any rights under this Agreement to third parties and that there are no third-party beneficiaries of this Agreement

14 4 **Modifications by a Court** Franchisee expressly agrees 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 of this Agreement, that results from a court or arbitrator of competent jurisdiction striking from any of the provisions hereof any portion or portions held to be unreasonable and unenforceable in a final decision to which HWCG is a party, or from a court or arbitrator of competent jurisdiction reducing the scope of any promise or covenant If any court or arbitrator of competent jurisdiction declares any provision(s) or covenant(s) (including, but not limited to, any covenant not to compete) of this Agreement unenforceable because of unreasonableness or being overly broad or any other reason, then Franchisee agrees to be bound to HWCG under the terms and conditions of such provision or covenant to the maximum extent allowed by law The remaining provisions of this Agreement shall not be affected by such modification

14 5 **Notices** All notices required by law or required or permitted to be given under this Agreement shall be given in writing, and personally delivered, sent by a courier service that maintains and can provide to senders records of delivery Notice may also be given by an email containing a PDF of a document to Franchisee's last known email address All such notices shall be given at the addresses set forth in the introductory paragraph of this Agreement, as may be later specified in a Rider to Addendum - Location Approval executed by Franchisee and HWCG, or at such other address as HWCG or Franchisee may designate in writing, and provide as a notice to the other party, from time to time prior to the giving of notice Notices other than by email shall be deemed effectively given when received, unless delivery is

refused Notice by email will be deemed delivered the day after it is sent by email provided that it is sent during regular business hours and an undeliverable email address notice is not received within 12 hours If an undeliverable email address notice is received, then notice will be provided by another means stated in this Section

14 6 Entire Agreement This Agreement, including all exhibits and addenda, contains the entire agreement between the parties and supersedes any and all prior agreements concerning the subject matter hereof Franchisee agrees and understands that HWCG shall not be liable or obligated for any oral representations or commitments made prior to the execution hereof, and that no modifications of this Agreement shall be effective except those in writing and signed by both parties HWCG does not authorize, and will not be bound by, any representation of any nature other than those expressed in this Agreement and in the most recent Franchise Disclosure Document provided to Franchisee by HWCG or its representatives Franchisee further acknowledges and agrees that no representations have been made to it by HWCG regarding projected sales volumes, marketing potential, revenues, or profits of Franchisee's HOMEWATCH CAREGIVERS Business, or operational assistance by HWCG, other than as stated in this Agreement or in the most recent Franchise Disclosure Document provided to Franchisee by HWCG or its representatives Nothing in this or in any related agreement, however, is intended to disclaim the representations HWCG made in the most recent Franchise Disclosure Document provided to Franchisee

14 7 Effective Date This Agreement shall not be effective until accepted by HWCG as evidenced by the signing of it by an authorized officer of HWCG Subject to compliance with all applicable franchise disclosure laws, the effective date of this Agreement may be adjusted to an earlier date if the parties are signing it as a successor to an earlier franchise agreement in order to avoid giving Franchisee a longer term under the successor franchise agreement if the term of the prior agreement was extended until the successor agreement became effective This Agreement may be signed with full legal force and effect using electronic signatures and records

14 8 Opportunity to Review Franchisee acknowledges that it had a copy of this Agreement in its possession for a period of time not less than 14 calendar days or 10 business days, whichever is applicable, during which time Franchisee has had the opportunity to submit it for professional review and advice of Franchisee's choosing prior to freely executing this Agreement

14 9 Set-Off, Collection Fees Franchisee shall not be allowed to set off amounts owed to HWCG for Royalties, National Marketing Fees, other fees or other amounts due hereunder, against any monies owed to Franchisee, nor shall Franchisee in any event withhold such amounts due to any alleged non-performance by HWCG hereunder, which right of set off is expressly waived by Franchisee HWCG shall be allowed to set off amounts owed to Franchisee against monies owed to HWCG by Franchisee Further, Franchisee shall reimburse HWCG for all fees paid by HWCG to a collection agency if HWCG hires a collection agency to collect debt owed to HWCG by Franchisee

14 10 Payment of Taxes Franchisee shall reimburse HWCG, or its affiliates and designees, promptly and when due, the amount of all sales taxes, use taxes, personal property taxes and similar taxes imposed upon, required to be collected or paid by HWCG, or its affiliates or designees, on account of services or goods furnished by HWCG, its affiliates or designees, to Franchisee through sale, lease or otherwise, or on account of collection by HWCG of the initial franchise fee, Royalties, National Marketing Fee or any other payments made by Franchisee to HWCG required under the terms of this Agreement Franchisee's obligations under this Section shall include reimbursing HWCG for sales taxes owed to a state based on sales of goods or services to Franchisee

14 11 Cumulative Rights The rights and remedies of HWCG and Franchisee hereunder are cumulative and no exercise or enforcement by HWCG or Franchisee of any right or remedy hereunder shall preclude

the exercise or enforcement by HWCG or Franchisee of any other right or remedy hereunder which HWCG or Franchisee is entitled by law to enforce

14 12 Cross Default, Cross Termination

a A default by Franchisee under this Agreement will be deemed a default of all franchise agreements between Franchisee and HWCG A default by Franchisee under any other franchise agreement between HWCG and Franchisee will be deemed a default under this Agreement A default by the Guarantor(s) of this Agreement or other franchise agreement guaranty will be deemed a default of this Agreement

b If this Agreement is terminated as a result of a default by Franchisee, HWCG may, at its option, elect to terminate any or all other franchise agreements between Franchisee and HWCG If any other franchise agreement between Franchisee and HWCG is terminated as a result of a default by Franchisee, HWCG may, at its option, elect to terminate this Agreement It is agreed that an incurable or uncured default under this Agreement or any other franchise agreement between Franchisee and HWCG will be grounds for termination of this Agreement and/or any and all franchise agreements between Franchisee and HWCG without additional notice or opportunity to cure

c Notwithstanding the above, a default or termination under any franchise agreement with HWCG that exists solely for failing to meet the minimum sales requirements shall be excluded from this Section and shall not be grounds for termination of this Franchise Agreement

14 13 No Third-Party Beneficiaries Franchisee acknowledges and agrees that neither Franchisee nor any of its officers, directors, members, managers, employees, affiliates, successors or assigns shall be deemed a third-party beneficiary of any agreement between HWCG and another franchisee or any other party, unless specifically agreed to by HWCG in writing

14 14 Covenant as to Anti-Terrorism Laws Franchisee and its principal shareholders, members or owners ("**principal owners**" or "**principals**") agree to comply with or to assist HWCG to the fullest extent possible in HWCG's efforts to comply with Anti-Terrorism Laws (as defined below) In connection with such compliance, Franchisee and its principals certify, represent, and warrant that none of their respective property or interests are subject to being "blocked" under any of the Anti-Terrorism Laws and that neither Franchisee nor any of its principals are otherwise in violation of any of the Anti-Terrorism Laws For the purposes of this Agreement, the term "**Anti-Terrorism Laws**" shall mean Executive Order 13224 issued by the President of the United States ("**Executive Order 13224**"), the Terrorism Sanctions Regulations (Title 31, Part 595 of the U S Code of Federal Regulations), the Foreign Terrorist Organizations Sanctions Regulations (Title 31, Part 597 of the U S Code of Federal Regulations), the Cuban Assets Control Regulations (Title 31, Part 515 of the U S Code of Federal Regulations), the USA PATRIOT Act, and all other present and future federal, state and local laws, ordinances, regulations, policies, lists and any other requirements of any governmental authority (including, without limitation, the United States Department of Treasury Office of Foreign Assets Control, and any other government agency with jurisdiction over the parties to this Agreement or their actions) addressing or in any way relating to terrorist acts or acts of war Franchisee and its principals certify that none of them, their respective employees, or anyone associated with any of them is listed in the Annex to Executive Order 13224 (the "**Annex**"), which is available at http //www treasury gov/resource-center/sanctions/SDN-List/Pages/default aspx Franchisee agrees not to knowingly hire any individual who is listed in the Annex (or, if he or she is already employed, retain the employment of that individual) Franchisee also agrees not to knowingly (a) establish a new relationship with a person as an employee, principal, banker, or otherwise who is listed in the Annex (whether or not

HWCG has consented to a transfer involving such new principal), and (b) maintain a business relationship (whether with an employee, an principal, banker, or otherwise) with a person who is added to the Annex Franchisee certifies that it has no knowledge or information that, if generally known, would result in Franchisee or its principals, its employees, or anyone else associated with Franchisee to be listed in the Annex Franchisee understands that it is solely responsible for ascertaining what actions it must take to comply with the Anti-Terrorism Laws Any misrepresentation by Franchisee under this Article or any violation of the Anti-Terrorism Laws by Franchisee, its principals, its employees, or their respective affiliates shall constitute grounds for immediate termination of this Agreement, and any other agreement Franchisee has entered into with HWCG or one of HWCG's affiliates

14 15 Acknowledgement, Representations

A FRANCHISEE OR ITS PRINCIPAL OPERATOR(S) ("YOU" OR "YOUR") REPRESENT THAT YOU HAVE CONDUCTED AN INDEPENDENT INVESTIGATION OF THE FRANCHISE AND YOU HAVE BEEN AFFORDED THE OPPORTUNITY TO ASK QUESTIONS AND REVIEW MATERIALS THAT YOU DEEM RELEVANT IN MARKING THE DECISION TO ENTER INTO THIS AGREEMENT AND ACQUIRE THE FRANCHISE

B YOU ACKNOWLEDGE THAT YOU HAVE BEEN ADVISED TO RECEIVE ADVICE OF LEGAL COUNSEL AS TO ALL MATTERS RELATING TO THE DUE DILIGENCE REVIEW OF THE FRANCHISE, INCLUDING THE REVIEW OF THE FRANCHISE DISCLOSURE DOCUMENT AND THIS AGREEMENT

C YOU ACKNOWLEDGE THAT THE SUCCESS OF THE BUSINESS VENTURE CONTEMPLATED HEREIN INVOLVES SUBSTANTIAL RISKS AND DEPENDS UPON YOUR ABILITY AS AN INDEPENDENT BUSINESSPERSON AND YOUR ACTIVE PARTICIPATION IN THE DAILY AFFAIRS OF THE BUSINESS

D YOU REPRESENT THAT YOU HAVE RECEIVED AND READ A COPY OF HWCG'S FRANCHISE DISCLOSURE DOCUMENT PRIOR TO SIGNING THIS AGREEMENT AND YOU REPRESENT THAT YOU HAVE READ AND UNDERSTOOD THIS AGREEMENT

E YOU ACKNOWLEDGE THAT NO ASSURANCE OR WARRANTY, EXPRESSED OR IMPLIED, HAS BEEN GIVEN TO YOU AS TO THE POTENTIAL SUCCESS OF THIS BUSINESS VENTURE OR THE EARNINGS LIKELY TO BE ACHIEVED, OTHER THAN AS SET FORTH IN THE MOST RECENT FRANCHISE DISCLOSURE DOCUMENT PROVIDED TO YOU BY HWCG OR ITS REPRESENTATIVES

F YOU ACKNOWLEDGE THAT NO STATEMENT, REPRESENTATION OR OTHER ACT, EVENT OR COMMUNICATION, EXCEPT AS SET FORTH IN THIS AGREEMENT IS BINDING ON HWCG IN CONNECTION WITH THE SUBJECT MATTER OF THIS AGREEMENT, AND THAT THIS AGREEMENT SUPERSEDES ANY AND ALL OTHER AGREEMENTS AND REPRESENTATIONS CONCERNING THIS FRANCHISE NOTHING IN THIS AGREEMENT, HOWEVER, IS INTENDED TO DISCLAIM THE REPRESENTATIONS MADE IN THE MOST RECENT FRANCHISE DISCLOSURE DOCUMENT PROVIDED TO YOU BY HWCG OR ITS REPRESENTATIVES

THIS AGREEMENT is made effective as set forth above

HOMEWATCH CAREGIVERS, LLC

By _____
Print Name _____
Title _____

Date _____

FRANCHISEE

_____
(Print Name)

_____
Individually

Date _____

OR
(if a corporation, or other business entity)

_____
Company Name

By _____
Print Name _____
Title _____

_____
Date

CALIFORNIA RIDER TO THE
HOMEWATCH CAREGIVERS, LLC FRANCHISE AGREEMENT
BETWEEN HOMEWATCH CAREGIVERS, LLC
AND _____

This California Rider to the Franchise Agreement by and between Homewatch CareGivers, LLC and Franchisee is dated _____, 20__

1 Section 8 1(j) is deleted in its entirety and the following provision is substituted in its place

j **Health or Safety Problem** After receiving notice of the same from HWCG, Franchisee fails, for a period of 10 days, to comply with any health, safety, building, or labor law, regulation or ordinance, any order of any governmental agency, or any health or safety standard of HWCG, including but not limited to, failing to comply with policies related to performing annual background checks on Caregivers and office staff, provided, however, that HWCG may terminate this Agreement immediately, without notice or an opportunity to cure, if HWCG reasonably determines that Franchisee's continued operation of the HOMEWATCH CAREGIVERS Business will result in an imminent danger to public health or safety

2 The following subsections are added to Section 8 1

k **Non-Payment of Amounts Owed, Delinquent Royalty Reports** After receiving notice from HWCG, Franchisee fails within 5 days to pay any amounts owed to HWCG or its affiliates or fails to provide Royalty Reports

l **Written Agreement** Franchisee and HWCG agree in a signed writing to terminate this Agreement

m **Material Misrepresentations** HWCG determines, in its sole discretion, that Franchisee made any material misrepresentations relating to the acquisition of the HOMEWATCH CAREGIVERS Business

3 The first sentence of Section 8 3 is deleted in its entirety and the following provision is substituted in its place

8 3 Sixty-Day Cure Period HWCG has the right to terminate this Agreement upon Franchisee's failure to substantially comply with the terms of this Agreement, if Franchisee fails to cure the default within 60 days after written notice from HWCG A failure to substantially comply with the terms of this Agreement includes, without limitation, the following

4 Subsection (c) of Section 8 3 is deleted in its entirety

5 The following subsections are added to Section 8 3

e **Minimum Sales Requirements** Franchisee fails to achieve and maintain Minimum Sales Requirements as described in Section 5 2

f **Failure to Pay Third Party Obligations** Franchisee fails to pay all taxes and other obligations owed to third parties related to the operation of the HOMEWATCH CAREGIVERS Business

6 Subpart (iv) of Section 5 2(f) is amended to state, "terminate this Agreement in accordance with Section 8 3(e) The last sentence of section 5 2(f) is amended to state, "Failure to comply with the terms of the Revenue Improvement Program or failure to achieve Minimum Sales Requirements after 12 months in the Revenue Improvement Program will allow HWCG to terminate this Agreement under Section 8 3(e) of this Agreement "

7 Section 8 4 is deleted in its entirety

8 The last sentence in Section 9 3 is deleted in its entirety Subsections (e) and (i) of Section 9 3 are deleted in their entirety and the following provision is substituted in their place

e Provision by Franchisee of no less than 30 days' prior written notice to HWCG of the proposed transfer, such notice to contain (1) the proposed transferee's name and address, (2) copies of all agreements related to such sale, transfer or assignment, (3) the proposed transferee's application to become the successor franchisee, including all information requested by HWCG and sufficient to assess the proposed transferee's business experience, aptitude and financial qualification, and (4) all other information reasonably requested by HWCG as part of its transfer approval process, it being acknowledged that HWCG shall evaluate the proposed transferee for approval based on the same criteria currently being used to assess new and renewing franchisees of HWCG

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this California Rider concurrently with the execution of the Franchise Agreement on the day and year first above written

HOMEWATCH CAREGIVERS, LLC

By _____
Print Name _____
Title _____

_____
FRANCHISEE (Print Name)

By _____

Title _____

SBA LOAN

ADDENDUM TO FRANCHISE AGREEMENT

THIS ADDENDUM ("Addendum") is made and entered into on _____, 20___, by and between Homewatch CareGivers, LLC, a Colorado limited liability company ("Franchisor"), located at 6251 Greenwood Plaza Blvd , Suite 250, Greenwood Village, Colorado 80111 and _____ ("Franchisee"), located at _____

Franchisor and Franchisee entered into a Franchise Agreement on _____, 20_____, (such Agreement, together with any amendments, the "Franchise Agreement") Franchisee is applying for a loan ("Loan") from a lender in which funding is provided with the assistance of the U S Small Business Administration ("SBA") SBA requires the execution of this Addendum as a condition for obtaining the SBA-assisted financing

In consideration of the mutual promises below and for good and valuable consideration, the receipt and sufficiency of which the parties acknowledge, the parties agree that notwithstanding any other terms in the Franchise Agreement

CHANGE OF OWNERSHIP

- If Franchisee is proposing to transfer a partial interest in Franchisee and Franchisor has an option to purchase or a right of first refusal with respect to that partial interest, Franchisor may exercise such option or right only if the proposed transferee is not a current owner or family member of a current owner of Franchisee If the Franchisor's consent is required for any transfer (full or partial), Franchisor will not unreasonably withhold such consent In the event of an approved transfer of the franchise interest or any portion thereof, the transferor will not be liable for the actions of the transferee franchisee

FORCED SALE OF ASSETS

- If Franchisor has the option to purchase the business personal assets upon default or termination of the Franchise Agreement and the parties are unable to agree on the value of the assets, the value will be determined by an appraiser chosen by both parties If the Franchisee owns the real estate where the franchise location is operating, Franchisee will not be required to sell the real estate upon default or termination, but Franchisee may be required to lease the real estate for the remainder of the franchise term (excluding additional renewals) for fair market value

COVENANTS

- If the Franchisee owns the real estate where the franchise location is operating, Franchisor may not record against the real estate any restrictions on the use of the property, including any restrictive covenants, branding covenants or environmental use restrictions

EMPLOYMENT

- Franchisor will not directly control (hire, fire or schedule) Franchisee's employees

This Addendum automatically terminates on the earlier to occur of the following (i) the Loan is paid in full, or (ii) SBA no longer has any interest in the Loan

Except as amended by this Addendum, the Franchise Agreement remains in full force and effect according to its terms

FRANCHISOR	**FRANCHISEE**
By _____	By _____
Print Name _____	Print Name _____

Note to Parties This Addendum only addresses "affiliation" between the Franchisor and Franchisee Additionally, the applicant Franchisee and the franchise system must meet all SBA eligibility requirements

EXHIBIT I
TO FRANCHISE AGREEMENT

ADDENDUM TO HOMEWATCH FRANCHISE AGREEMENT

THIS ADDENDUM to the Franchise Agreement ("**Agreement**") dated _____ is made as of the same date between Homewatch CareGivers, LLC ("**HWCG**"), and _____ _____ ("**Franchisee**"), to amend and supplement certain terms and conditions of the Agreement If a conflict arises in the terms of the Agreement and this Addendum, the terms of this Addendum shall be controlling All capitalized references not defined in this Addendum have the same meaning as set forth in the Agreement

1 **Office Location** The Office Location, from which Franchisee will operate its Business, referred to in Section 1 4 of the Agreement, shall be _____ _____

2 **Territory** The Territory referred to in Sections 1 3 and 1 4 of the Agreement shall be the following zip codes _____ _____ _____ and will be deemed to include any new zip codes created by the federal government within this geographic footprint during the term of the Agreement

3 **Initial Franchise Fee** The initial franchise fee payable by Franchisee, referred to in Section 2 1 of the Agreement shall be $_____, based on a population of _____ persons age 65 and over in the Territory

Fully executed this ____ day of _____, 20___

HOMEWATCH CAREGIVERS, LLC	**FRANCHISEE**
By _____	_____
Print Name _____	(Print Name)
Title _____	
	_____
	Individually
	OR
	(if a corporation, or other business entity)
	_____
	Company Name
	By _____
	Print Name _____
	Title _____

EXHIBIT I-1
TO FRANCHISE AGREEMENT

RIDER TO ADDENDUM - LOCATION APPROVAL

1 **Office Location** The Office Location, set forth in Section 1 4 of the Agreement shall be _____
_____,
which Franchisee represents and warrants is located in the Territory

2 **Business Address** The business address for any notices mailed pursuant to Section 14 5 of the Agreement shall be changed to read as follows _____
_____

Fully executed this _____ day of _____, 20____

HOMEWATCH CAREGIVERS, LLC

By _____
Print Name _____
Title _____

FRANCHISEE

_____
(Print Name)

_____
Individually

OR
(if a corporation, or other business entity)

_____
Company Name

By _____
Print Name _____
Title _____

EXHIBIT II
TO FRANCHISE AGREEMENT

GUARANTY

In consideration of, and as an inducement to, the execution of the above Franchise Agreement (the "**Agreement**") by Homewatch CareGivers, LLC ("**HWCG**"), each of the undersigned ("**Guarantors**") hereby personally and unconditionally

a Guarantees to HWCG and its affiliates and their successors and assigns for the term of the Agreement and thereafter as provided in the Agreement, that the "Franchisee" as that term is defined in the Agreement ("**Franchisee**") shall 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

All terms not otherwise defined shall have the meanings set forth in the Agreement

Each of the undersigned waives all of the following

a Acceptance and notice of acceptance by HWCG and its affiliates of the foregoing undertakings,

b Notice of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed,

c Protest and notice of default to any party with respect to the indebtedness or non-performance of any obligations hereby guaranteed,

d Any right he or she may have to require that an action be brought against Franchisee or any other person as a condition of liability, and

b Any and all other notices and legal or equitable defenses to which he or she may be entitled

Each of the undersigned consents and agrees that

a His or her direct and immediate liability under this guaranty shall be joint and several,

b He or she shall render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so,

c This liability shall not be contingent or conditioned upon pursuit by HWCG or its affiliates of any remedies against Franchisee or any other person,

d This liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which HWCG or its affiliates may from time to time grant to Franchisee or to any other person, including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims, none of which shall in any way modify or amend this guaranty, which shall be continuing and irrevocable during the term of the Agreement, including renewals thereof,

e He or she will be bound by the covenant not to compete and other restrictive covenants, the confidentiality provisions, the audit provisions, and the indemnification provisions contained in the Agreement, and

f His or her obligation and liability hereunder shall not be affected by any amendment or modification of the Agreement and he or she has no right to approve or consent to any such amendment or modification

g All disputes related to the terms of this Guaranty shall be subject to arbitration, as follows

(1) Except for actions brought that are related to or based on the Marks or enforcement of the covenant not to compete, all disputes, claims or controversies (collectively, "**Claims**") between HWCG, its subsidiaries and affiliated companies or their shareholders, officers, directors, limited liability company members or managers, partners, agents and employees, as applicable (collectively "**HWCG Claimants**"), and Guarantor or its employees, officers, directors, limited liability company members or managers, partners, guarantors or Principal Operators, as applicable (collectively "**Guarantor Claimants**") arising out of or related to this Guaranty, the Agreement or the Licensed Methods, will be submitted for arbitration to the Judicial Arbiter Group ("**JAG**"), or if JAG ceases to exist, the American Arbitration Association ("**AAA**"), on demand of either party The term "Claim" shall have the broadest reasonable meaning, including initial claims, counterclaims, cross-claims and third-party claims The term "Claim" does not include, however, any dispute about the validity, enforceability, arbitrability or scope of this arbitration provision However, any dispute that concerns the validity or enforceability of this Guaranty as a whole, is for the arbitrator, not a court, to decide Notwithstanding the language above, if the action is based on a separate agreement or instrument between HWCG and Guarantor (such as a promissory note or lease), the dispute resolution provision in that agreement or instrument will control rather than this provision Arbitration proceedings will be conducted in Denver, Colorado, and will be heard by one arbitrator in accordance with the then-current Rules of the JAG or the AAA (as applicable) that apply to commercial arbitration The arbitrator must be a Colorado resident knowledgeable of Colorado law, and the arbitration shall be conducted in English The parties agree that, in connection with any arbitration proceeding, each will file any compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within 30 days after the date of the filing of the claim to which it relates This arbitration provision will continue in full force and effect subsequent to and notwithstanding the expiration or termination of the Agreement and this Guaranty

(2) Guarantor and HWCG agree that arbitration will be conducted on an individual basis only Neither party shall commence any arbitration with a third party against the other, or join with any third party in any arbitration involving HWCG and Guarantor Further, neither HWCG nor Guarantor shall attempt to consolidate or otherwise combine in any manner an arbitration proceeding involving HWCG and Guarantor with another arbitration of any kind, nor shall HWCG or Guarantor attempt to certify a class or participate as a party in a class action against the other Notwithstanding the foregoing, if Guarantor controls, is controlled by, or is in active concert with Franchisee or another

Guarantor of HWCG, or if there is another guarantor of some or all of the Franchisee's obligations to HWCG, then the joinder of those parties to any arbitration between HWCG and Guarantor shall be permitted, and in all events, the joinder of an owner, director, officer, limited liability company member or manager, partner or other representative or agent of HWCG or Guarantor shall be permitted

(3) Notwithstanding anything to the contrary contained in this Guaranty, HWCG and Guarantor will each have the right in a proper case to obtain temporary or preliminary injunctive relief from a court of competent jurisdiction, in accordance with the terms of this Guaranty Each party agrees that the other party may have such temporary or preliminary injunctive relief, without bond, but upon due notice, and with the sole remedy in the event of the entry of such injunctive relief being the dissolution of such injunctive relief, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of such injunction being expressly waived by each party)

(4) The arbitrator will have the right to award or include in the award any relief which he/she deems proper in the circumstances, including, without limitation, money damages (with interest on unpaid amounts from the date due), specific performance, and attorneys' fees and costs, in accordance with this provision, provided that the arbitrator will not award exemplary or punitive damages The award and decision of the arbitrator will be conclusive and binding upon all parties hereto and judgment upon the award may be entered in any court of competent jurisdiction Each party waives any right to contest the validity or enforceability of such award

(5) Any party may apply to the arbitrator for reasonable discovery from the other In this Guaranty, "reasonable discovery" means a party may submit no more than ten interrogatories, including subparts; 25 requests for admission, 25 document requests, and three depositions per side

(6) If a claim is asserted in any legal proceeding involving Guarantor, the Guarantor Claimants, HWCG and/or the HWCG Claimants, which is not subject to mandatory arbitration, as specified above, that the exclusive venue for disputes between them will be in the state and federal courts of Colorado, and each party acknowledges this venue and each waive any objection either may have to the personal jurisdiction of or venue in the state and federal courts of Colorado HWCG, the HWCG Claimants, Guarantor and the Guarantor Claimants each waive their rights to a trial by jury

(7) The prevailing party in any action arising out of or related to the Agreement or this Guaranty (including an action to compel arbitration) is entitled to recover from the other party all costs and expenses, including reasonable attorneys' fees and costs of collecting monies owed, in addition to all amounts and damages awarded If both parties are awarded a judgment in any dollar amount, the court or arbitrator, as applicable, shall determine the prevailing party taking into consideration the merits of the claims asserted by each party, the amount of the judgment received by each party and the relative equities between the parties

(8) Upon a default concerning money owed by Franchisee or Guarantor to HWCG, HWCG is entitled to recover interest on the past due amount at the rate of the lesser of 18% per annum or the highest rate permitted by applicable law, accruing from the date of default until fully paid

(9)

Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U S C Sections 1051 et seq), the Federal Arbitration Act, or other federal law, this Guaranty and the Agreement will be interpreted under the laws of the State of Colorado, and any dispute between the parties will be governed by and determined in accordance with the substantive internal laws of the State of Colorado, which laws shall prevail in the event of any conflict of law

PERCENTAGE OF OWNERSHIP INTERESTS IN FRANCHISEE	**GUARANTOR(S)**
_____	_____
_____	_____
_____	_____
_____	

EFFECTIVE DATE OF FRANCHISE AGREEMENT

EXHIBIT III
TO FRANCHISE AGREEMENT

STATEMENT OF OWNERSHIP

Franchisee _____

Trade Name (if different from above) _____

Form of Ownership
(Check One)

_____ Individual _____ Partnership _____ Corporation _____ Limited Liability Company

If a Partnership, provide name and address of each partner showing percentage owned, whether active in management, and indicate the state is in which the partnership was formed and a copy of the Partnership Agreement certified by the Secretary of State of the State in which the Partnership was formed

If a Limited Liability Company, provide name and address of each member and each manager showing percentage owned and indicate the state in which the Limited Liability Company was formed and a copy of the Articles of Organization certified by the Secretary of State of the State in with the LLC was formed

If a Corporation, give the state and date of incorporation, the names and addresses of each officer and director, and list the name and addresses of every shareholder showing what percentage of stock is owned by each and a copy of the Articles of Incorporation certified by the Secretary of State of the State in with the corporation was formed

_____

_____

_____

_____

Franchisee acknowledges that this Statement of Ownership applies to the Business authorized under the Franchise Agreement

Use additional sheets if necessary Any and all changes to the above information must be reported to HWCG in writing

_____ _____
Date Name

_____
Print Name

EXHIBIT IV
TO FRANCHISE AGREEMENT

AUTOMATED CLEARING HOUSE AUTHORIZATION AGREEMENT

The undersigned depositor ("**Franchisee**") agrees to transfer via Automated Clearing House from Franchisee's account designated below to the designated account(s) of Homewatch CareGivers, LLC ("**HWCG**") for payment of Royalties, National Marketing Fees, and other obligations owed to HWCG related to Franchisee's HOMEWATCH CAREGIVERS® franchise(s)

Franchisee authorizes and requests the financial institution (the "**Bank**") to accept the payment entries presented to the Bank by HWCG, and to deduct them from the Franchisee's account without responsibility for the correctness of these payments

Franchisee's Name _____

Franchisee's Address _____

Franchisee's Bank Account Information _____

Bank Name _____

Bank Address _____

Attach a voided check to this form and HWCG will complete the following information for Franchisee

Transit Routing Number _____ Checking Account Number _____

Franchisee agrees (1) that this authorization will remain in effect for its HOMEWATCH CAREGIVERS franchise throughout the duration of the Franchise Agreement for that franchise, unless HWCG agrees to an earlier termination of the authorization, (2) not to revoke any authorization for funds transfer prior to the termination of the applicable Franchise Agreement, without prior written consent of HWCG, (3) that the Bank cannot cancel this authorization without receiving written consent from HWCG, and (4) that termination of this authorization does not relieve Franchisee of its obligation to make payments to HWCG

If Franchisee is an entity

_____

By _____
Title _____
Date _____

If Franchisee is one or more individuals

_____
Signature

_____
Signature

EXHIBIT V
TO FRANCHISE AGREEMENT

FRANCHISEE ACKNOWLEDGEMENT REGARDING PARTICIPATION IN HWCG BUSINESS IMPLEMENTATION PROGRAM

BY SIGNING BELOW, OR BY INSTALLING, COPYING, ACCESSING OR OTHERWISE USING THE BUSINESS IMPLEMENTATION PROGRAM, _____ ("FRANCHISEE") ACKNOWLEDGES THAT FRANCHISEE HAS READ AND UNDERSTANDS ALL OF THE TERMS AND CONDITIONS OF THE BUSINESS IMPLEMENTATION PROGRAM AND AGREES TO BE BOUND BY ITS TERMS, WITHOUT LIMITATION OR QUALIFICATION IF FRANCHISEE DOES NOT AGREE TO THESE TERMS, FRANCHISEE IS NOT PERMITTED TO DOWNLOAD OR USE THE BUSINESS IMPLEMENTATION PROGRAM

Franchisee agrees to participate in the Homewatch CareGivers Business Implementation Program (as from time to time amended by HWCG, the "BIP") Franchisee understands and acknowledges that Homewatch CareGivers, LLC ("HWCG") may from time to time modify the terms and conditions of the BIP, upon prior notice to Franchisee, and Franchisee agrees to comply with any such modified terms and conditions

Franchisee acknowledges that Franchisee's failure to comply with the terms of the BIP will be a material breach of the Franchise Agreement entered into between Franchisee and HWCG for the operation by Franchisee of a Homewatch CareGivers franchised business (the "Franchise Agreement"), entitling HWCG to exercise its termination rights under the Franchise Agreement (For avoidance of doubt, the term Franchisee as used herein means the individual signing the Franchise Agreement as franchisee as well as, if applicable, an entity signing the Franchise Agreement as franchisee If an individual accepts these terms on behalf of an entity Franchisee, such individual represents and warrants that it has the authority to accept these terms on behalf of Franchisee)

Franchisee understands and agrees that, as between Franchisee and HWCG, Franchisee is solely responsible and liable for Franchisee's and its Homewatch CareGivers franchised business's compliance with all applicable legal requirements, including all applicable healthcare industry licensing requirements Nothing in the BIP nor any approval or recommendation made by HWCG in connection with the BIP or otherwise shall be deemed to shift any such liability or responsibility to HWCG Franchisee is urged to consult with its own professional advisors (lawyers, accountants and other business advisors) in connection with the development and operation of Franchisee's Homewatch CareGivers franchised business

Nothing in this Acknowledgement is meant to modify or waive any provisions of the Franchise Agreement

Agreed to and accepted by the undersigned as of the date below

FRANCHISEE

By _____ Date _____

By _____ Date _____

EXHIBIT C
(TO DISCLOSURE DOCUMENT)

NONDISCLOSURE AND NONCOMPETITION AGREEMENT

NONDISCLOSURE AND NONCOMPETITION AGREEMENT

This Nondisclosure and Noncompetition Agreement ("**Agreement**") is made and entered into effective the ___ day of _____, 20___ by and between HOMEWATCH CAREGIVERS, LLC, a Colorado limited liability company ("**Company**"), located at 6251 Greenwood Plaza Blvd , Suite 250, Greenwood Village, Colorado 80111 and _____ ("**Associate**"), who resides at _____ All capitalized terms not otherwise defined herein will have the same meanings as set forth in the Franchise Agreement between Company and the Franchisee named at the end of this Agreement

RECITALS

1 The Company is engaged in the business of operating, and selling franchises for the operation of, businesses ("**HOMEWATCH CAREGIVERS Businesses**" or "**Businesses**") that offer companionship and personal care services and complex personal care services provided by home health aides, personal care providers, certified nurse assistants, licensed practical nurses and registered nurses to the aged, disabled, recovering, rehabilitating, and the convalescing in their own homes operating under the name and service marks "HOMEWATCH", "HOMEWATCH CAREGIVERS" and related service marks, trade names and trademarks ("**Marks**")

2 The Company has developed distinctive methods for establishing, operating and promoting HOMEWATCH CAREGIVERS Businesses and related licensed methods of doing business (the "**Licensed Methods**") which utilize certain confidential information, plans, methods, data, processes, marketing systems, techniques, operating procedures, advertising methods, trademarks, the Operations Manual, proprietary marks and information and know-how of the Company, including trade secrets (collectively, "**Confidential Information**"), which Confidential Information may be further developed from time to time by the Company

3 The Company and its franchisees have established substantial goodwill and an excellent reputation with respect to the quality of services available, which goodwill and reputation have been and will continue to be of major benefit to the Company

4 Associate is or will become involved with a HOMEWATCH CAREGIVERS Business in the capacity of a shareholder, officer, director, agent, employee, limited liability company member, partner, Principal Operator, Owner, or as an immediate family member of one of the foregoing persons, all of whom are associated with a HOMEWATCH CAREGIVERS Business (the "**Franchised Business**") pursuant to the terms of a Franchise Agreement between the Company and the party identified as the "Franchisee" at the end of this Agreement, and in such capacity, Associate will become privileged as to certain Confidential Information

5 Associate and the Company have reached an understanding with regard to nondisclosure by Associate of Confidential Information and with respect to noncompetition by Associate with the Company

NOW THEREFORE, in consideration of the foregoing, the mutual promises contained herein and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, Associate and the Company, intending legally to be bound, agree as follows

AGREEMENT

a **Confidential Information** Associate acknowledges that much of the operations, marketing, advertising and related information and materials, and procedures that are developed and utilized

in connection with the operation of HOMEWATCH CAREGIVERS Businesses, are the Company's Confidential Information The Confidential Information is unique, exclusive property and a trade secret of the Company Associate acknowledges that any unauthorized disclosure or use of the Confidential Information would be wrongful and would cause irreparable injury and harm to the Company Associate further acknowledges that the Company has expended a great amount of effort and money in obtaining and developing the Confidential Information, that the Company has taken numerous precautions to guard the secrecy of the Confidential Information, and that it would be very costly for competitors to acquire or duplicate the Confidential Information

b **Operations Manual as Trade Secret** Associate understands that Confidential Information includes commercially valuable information and trade secrets of the Company Confidential Information is deemed to include, without limitation, any and all information contained in the HOMEWATCH Operations Manual, which may be provided as one or more separate manuals, technical bulletins, standard operating procedures guides or other written materials, some or all of which may be web-based, as changed or supplemented from time to time, customer lists, the Licensed Methods and any information of whatever nature which gives the Company an opportunity to obtain an advantage over its competitors that do not have access to, know, or use, the confidential written materials or information

c **Nondisclosure of Confidential Information** Associate shall not at any time (1) publish, disclose, divulge or in any manner communicate, any of the Confidential Information to any person, firm, corporation, association, partnership or any other entity whatsoever, or (2) use, directly or indirectly, the Confidential Information for his or her own benefit, or for the benefit of any person, firm, corporation or other entity, other than to or for the use of the Company or the HOMEWATCH CAREGIVERS Business with which Associate is associated These restrictions are imposed for the term of this Agreement, and after this Agreement is terminated (or expires), the entire length of time that any Confidential Information is a trade secret and otherwise, the longest of either four years or as long as may be required by applicable law

d **Noncompetition Covenant**

1 Associate covenants and agrees that (i) during the term of his or her association with a HOMEWATCH CAREGIVERS Business, and (ii) for a period of two (2) years after the end of his or her association with a HOMEWATCH CAREGIVERS Business neither Associate nor any member of his or her immediate family, within a fifty (50) mile radius of the Licensed Location (as defined in the HOMEWATCH Franchise Agreement) or any other HOMEWATCH CAREGIVERS Business' location shall

1 have any direct or indirect interest as a disclosed or beneficial owner in a Competitive Business (defined below),

2 perform services as a director, officer, manager, employee, consultant, representative, agent or otherwise for a Competitive Business, or

3 divert or attempt to divert any business related to, or any customer or account of, any HOMEWATCH CAREGIVERS Business or the Company's or its or affiliates' (if any) businesses, by direct inducement or otherwise, to any Competitive Business

The time period stated above is tolled and suspended for any time period in which Franchisee is violating the terms of this Section

ii The term "**Competitive Business**" as used in this Agreement means any business operating, or granting franchises or licenses to others to operate a business that offers companionship, comprehensive personal care, and transportation services or some but not all of those services, related products and services offered by HOMEWATCH CAREGIVERS Businesses to persons in their home who are aging, disabled, recovering, rehabilitating, convalescing, or otherwise in need of personal care services (excluding Businesses operating under other Franchise Agreements with the Company) Notwithstanding the foregoing, nothing in this Agreement shall prohibit Associate from owning securities in a Competitive Business if the securities are listed on a stock exchange or traded on the over-the-counter market and represent 5% or less of that class of securities issued and outstanding

iii Associate expressly acknowledges that he or she possesses skills and abilities of a general nature and has other opportunities for exploiting those skills Associate further acknowledges that this restriction is reasonable and necessary to protect the Franchisor's trade secrets and the goodwill that Franchisor has developed in its brand and operational methods Consequently, enforcement of the covenants made in this Section will not deprive Associate of his or her ability to receive compensation for performance of skilled or unskilled labor

iv If a court of competent jurisdiction determines that restrictions in the preceding paragraph are excessive in time, geographic scope, or otherwise, the court may reduce the restriction to the level that provides the maximum restriction allowed by law

e **Injunction** Associate acknowledges and agrees that in the event of any breach or threatened breach of this Agreement by Associate, the Company shall be authorized and entitled to obtain, from any court of competent jurisdiction, preliminary and permanent injunctive relief, as well as an equitable accounting of all profits or benefits arising out of any such violation, which rights and remedies shall be cumulative and in addition to any other rights or remedies to which the Company may be entitled

f **Effect of Waiver** The waiver by Associate or the Company of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach thereof

g **Binding Effect** This Agreement shall be binding upon and inure to the benefit of Associate and the Company and their respective heirs, executors, representatives, successors and assigns

h **Entire Agreement** This instrument contains the entire agreement of Associate and the Company relating to the matters set forth herein It may not be changed orally, but only by an agreement in writing, signed by the party against whom enforcement of any waiver, change, modification, extension or discharge is sought

i **Governing Law** This instrument shall be governed by and construed under the laws of the state of Colorado

j **Jurisdiction and Venue** In the event of a breach or threatened breach by Associate of this Agreement, Associate hereby irrevocably submits to the jurisdiction of the state and federal courts of Colorado, and irrevocably agrees that venue for any action or proceeding shall be in the state and federal courts located in Denver, Colorado Both parties waive any objection to the jurisdiction of these courts or to venue in Denver, Colorado Notwithstanding the foregoing, in the event that the laws of the state where the Associate resides prohibit the aforesaid designation of jurisdiction and venue, then the other state's laws shall control

k **Severability** If any provision of this Agreement is held, declared or pronounced void, voidable, invalid, unenforceable or inoperative for any reason by any court of competent jurisdiction,

government authority or otherwise, that holding, declaration or pronouncement shall not affect adversely any other provisions of this Agreement which shall otherwise remain in full force and effect

l **Costs of Enforcement** In any action at law or in equity to enforce any of the provisions or rights under this Agreement, the unsuccessful party in such litigation, as determined by the court in a final judgment or decree, shall pay the successful party or parties all costs, expenses and reasonable attorneys' fees incurred therein by such party or parties (including without limitation such costs, expenses and fees on any appeals), and if the successful party recovers judgment in any such action or proceeding, the costs, expenses and attorneys' fees shall be included as part of such judgment

HOMEWATCH CAREGIVERS, LLC

By _____

Print Name _____

Title _____

"ASSOCIATE"

_____

Print Name _____

Business Name and Location

_____

_____

Name of Franchisee

_____

Associate's Capacity with Business

_____

_____

_____

EXHIBIT D
(TO DISCLOSURE DOCUMENT)

HOMEWATCH CAREGIVERS FRANCHISEES
As of December 31, 2018

Alabama
John Cochran
John R Cochran & Associates, Inc
300 Vestavia Parkway, Suite 2300
Birmingham, AL 35216
205-795-2061

Arizona
Larry & Tammy Kempton
Help Plus, Inc
75 W Calle de las Tiendas, Suite 113-B
Green Valley, AZ 85614
520-282-4088

Dan & Ralph Fern (6 territories)
Cura Home Care Services, LLC
11201 N Tatum Blvd Suite 315
Phoenix, AZ 85028
602-953-2872

Mike & Eva Stinson
Dixie Rose Enterprises LLC
6101 S Rural Rd , #117
Tempe, AZ 85283
480-887-0322

Margie Lannon
Premier Home Care of Southern Arizona, Inc
1870 W Orange Grove Road
Tucson, AZ 85704
520-297-9349

California
Fay Wakil
S&O Careservice
8175 E Kaiser Blvd, Suite 217
Anaheim Hills, CA 92808
714-282-8998

Tanya Finnerty (2 territories)
North Coast Home Care Inc
5731 Palmer Way, Suite F
Carlsbad, CA 92010
760-260-8700

Raul & Lucia Ronquillo
LMR Enterprise, LLC
21168 Redwood Blvd , #100
Castro Valley, CA 94546
510-803-6030

Kyle & Allison Robar
KAK Robar Corporation
20902 Brookhurst Street, #204
Huntington Beach, CA 92646
714-656-3044

Richard Williams (2 territories)
South Bay Senior Services, Inc
8939 S Sepulveda Boulevard, Suite 314
Los Angeles, CA 90045
310-338-8558

Benjamin Bloom
Bloom Lifecare
3820 Broadway
Oakland, CA 94611
877-901-2220

Maria Cesaro
Dolly s Angels Inc
1100 Town & Country Rd Suite 1252
Orange, CA 92868
657-348-0202

Ed Turner (3 territories)
Santa Clara Group, Inc
4300 Stevens Creek Blvd, Suite 187
San Jose, CA 95129
408-395-4676

Matt Bailey & Brad Larsen
Living Better Solutions Corp
30448 Rancho Viejo Road, #160
San Juan Capistrano, CA 92675
949-600-1888

Hillary Wootton & Michael Bagwell (2 territories)
Goldendale, Inc
3855 Montgomery Dr
Santa Rosa, CA 95405
707-508-4101

Kristine & Randy Martin (3 territories)
RK Services, Inc
3717 E Thousand Oaks Blvd , Suite 110
Thousand Oaks, CA 91362
805-409-2362

Archie & Sabrina Rodia
Archie & Sabrina, Inc
27570 Commerce Center Dr , #116
Temecula, CA 92590
951-474-0155

Allan & Mary Chu
Raymundo-Chu Lighthouse Inc
1515 Oakland Blvd , #170
Walnut Creek, CA 94596
925-557-1122

Irene & Steve Finney
Ochre Corp
17451 Bastanchury Road, Suite 204-34
Yorba Linda, CA 92886
714-462-9088

Colorado
Art Sanchez & Melinda Yeary (2 territories)
Heartfelt Care, Inc
5801 Balsam Place
Arvada, CO 80004
720-524-4192

Ryan & Julie Heidemann
Homecare, Inc
2945 Center Green Court S #D
Boulder, CO 80301
303-444-1133

Frances Machovina
Good Works Enterprise Inc
4360 Montebello Drive Suite 1100A
Colorado Springs, CO 80918
719-200-7387

Darby & Roger Rhodes (3 territories)
Lochben Resources, Inc
3333 South Bannock, #740
Englewood, CO 80110
720-344-4700

Donald Gaymon
Caregivers, Inc
1220 West Ash Street, Suite C
Windsor, CO 80550
970-674-9723

Connecticut
Steven Montano (2 territories)
Silver Guardian, Inc
30 Oakwood Avenue
Norwalk, CT 06850
203-900-8020

Lori Mgrdichian (3 territories)
LM&M Enterprises
340 Broad Street, Suite 202
Windsor, CT 06095
860-683-9040

Delaware
James Nacchia (3 territories)
J P Nacchia & Associates, Inc
5560 Kirkwood Highway
Wilmington, DE 19808
302-442-4260

Florida
Ray Eaton (2 territories)
Eaton Family Enterprises LLC
8280 Princeton Square Boulevard West, #5
Jacksonville, FL 32256
904-525-8109

Henry Haitz
Four Nineteen, Inc
9015 Town Center Parkway, Suite 104
Lakewood Ranch, FL 34202
941-900-8394

Greg Wann (2 territories)
AKT Enterprises, Inc
98 Sarasota Center Blvd Suite C
Sarasota, FL 34240
941-484-3700

David & Elizabeth Reid
Saratoga Initiatives, Inc
13907 N Dale Mabry Hwy, Suite 206
Tampa, FL 33618
813-605-7787

Georgia
Jeff & Amy Whitehouse
Fountain Family, Inc
457 Flat Shoals Avenue, S/E, Suite 1A
Atlanta, GA 30316
404-521-0404

Bridgett Bettis
Bettis Affinity Group LLC
(Address TBD)
Powder Springs, GA
(Phone TBD)

Idaho
Eric Wallentine & Nate Benjamin (2 territories)
Crimson Corporation
3023 E Copper Point Drive, Suite 201
Meridian, ID 83642
208-350-7269

Illinois
Alan & Tamera Mongin
Onething Care, Inc
333 Commerce Drive, Suite 275
Crystal Lake, IL 60014
815-459-1502

Waseem & Zhara Humecki (3 territories)
Benevolent CareGivers Inc
8723 W 95th Street
Hickory Hills, IL 60457
708-448-4068

Dennise & Ed Vaughn
EDV, Inc
300 E 5th Ave, #380-C
Naperville, IL 60563
331-702-9975

Mitch Abrams (2 territories)
Ace Northshore Homecare, Inc
900 Skokie Blvd, Ste 126
Northbrook, IL 60062
847-480-5700

Scott Bethel (2 territories)
Transcendental Ventures, Ltd
303 E Main Street
St Charles, IL 60174
630-444-1878

Iowa
Douglas Dix
DRD Enterprises, Inc
3037 Center Point Rd NE, #200
Cedar Rapids, IA 52402
319-364-2823

Kentucky
Steve Kocheisperger
Ninety Seventeen, Inc
13117 Eastpoint Park Blvd Suite G
Louisville, 40223
502-244-1212

Maryland
Kathryn Parks (3 territories)
Coogan CareGivers, LLC
3440 Ellicott Center Dr, #101
Ellicot City, MD 21043
410-715-9175

Sandy & John Betsill (3 territories)
B&B Caregivers, LLC
305 West Chesapeake Avenue, Suite 111
Towson MD 21204
410-821-1944

Massachusetts
Lillian Coleman (2 territories)
EES Silver, LLC
525 Bedford St , #7
Bridgewater, MA 02324
781-331-5400

Andrew Becker (2 territories)
Providential, LLC
945 Concord Street, #400
Framingham, MA 01701
508-626-1944

Tete & Ayo Adeleke
ATAASK GLOBAL INC
40 Eastern Ave , #206
Malden, MA 02148
781-267-3755

Lori Mgrdichian (2 territories)
LMERG, Inc
425 Union Street
West Springfield, MA 01089
413-785-1111

Michigan
Breanne Stuart (3 territories)
Exceptional Home Care, LLC
315 E Eisenhower Parkway, Suite 9B
Ann Arbor, MI 48108
734-622-8190

David & Kathy Klawuhn
Charlie K Enterprises, Inc
143 S 1st Street, Suite B
Freeland MI 48623
989-321-2704

Jeff & Sue Swain
Swain Walters, Inc
1550 E Beltline Ave SE, Suite 245
Grand Rapids, MI 49506
616-975-1980

Kurt Kazanowski (4 territories)
Ripley, Inc
296 South Main, Suite 203
Plymouth, MI 48170
734-207-7558

Minnesota
Deb Nelson
DAN-MN, Incorporated
7240 Metro Blvd , Suite 500
Edina, MN 55439
952-657-5210

Missouri
Mike & Maria Gianino (4 territories)
Gianinoco Ltd
7915 Big Bend Blvd
St Louis, MO 63119
314-963-1100

Nevada
Sue Cook (2 territories)
SCDC LLC
7151 Cascade Valley Court, Suite 105
Las Vegas, NV 89128
702-341-8600

New Hampshire
Caleb Aho
Providential, LLC
70 Main St
Nashua, NH 03458
603-755-6470

New Jersey
Adil Nathani
Practice Homecare Services, Inc
991 U S Highway 22, Suite 200
Bridgewater, NJ 08807
732-640-4092

Debbie & Daniel Grady (2 territories)
Gray D Services, Inc
212 Haddon Avenue, Suite 2
Collingswood, NJ 08108
856-833-9449

Ada Otero & Peter Cornier (2 territories)
Homewatch CareGivers of Central New Jersey, LLC
400 Belchase Drive, Suite 408
Matawan, NJ 07747
877-789-3227

Peeyush Agrawal, Pratima Rastogi
& Prashant Agarwal
ANSSR'D CARE, LLC
55 Madison Ave, Suite 400
Morristown, NJ 07960
(Phone TBD)

Kathy McBain
KMC Associates, Inc
2260 State Route 33, Office 11
Neptune City, NJ 07753
732-800-7889

Liz Charbonneau
TLC Network, Inc
20 Nassau Street, #212
Princeton, NJ 08540
609-423-1200

Larry Aronson (2 territories)
LSA Ventures LLC
75 South Orange Ave Suite 203
South Orange, NJ 07079
973-810-0110

Thorn Ellerbe
TRE2 Corp
901 Teaneck Road, Suite 25
Teaneck, NJ 07666
201-837-8600

New York

Reena Sharma (2 territories)
JMD Care Services, Inc
400 Post Avenue, Suite 203
Westbury, NY 11590
516-501-9500

Tom Longman
TCL Services, LLC
19 Court Street, Suite 399
White Plains, NY 10601
914-767-4120

William Gillick (3 territories)
Compass Home Services, LLC
5500 Main Street, #222
Williamsville, NY 14221
716-565-3103

North Carolina

Anzor Gachechiladze & Kimberly Flair (2 territories)
FlairCare, Inc
101 Cosgrove Ave Suite 120
Chapel Hill, NC 27514
919-960-6038

Mike Riley (3 territories)
Cooley Enterprises, Inc
8301 University Executive Park Drive, Suite 120
Charlotte, NC 28262
704-503-4660

Ohio

Paul Bonacuse (3 territories)
Palladium Care, Inc
150 Springside Drive, #C340
Akron, OH 44333
330-668-1500

Eric Malkin
Mutual Health Maintenance, LLC
23811 Chagrin Blvd , #114
Beachwood, OH 44122
216-593-0120

Jon Hersh (2 territories)
Jonathan Hersh Management, Inc
5001 Horizons Drive, #203
Columbus, OH 43220
614-545-0316

Ashley Hill
GEM Community Services, LLC
27352 Center Ridge Rd , Suite A
Westlake, OH 44145
440-640-0120

Brad & Wes Lowei
Useful Life II, LLC
3 Wyoming AVenue
Wyoming, OH 45215
513-306-4111

Oregon

Wes Carson (3 territories)
Carson Holdings, LLC
3880 SE 8th Ave , Suite 110
Portland, OR 97202
503-284-4440

Pennsylvania

Debbie & Doug Allison (2 territories)
Allison's Caring Koalas
351 Budfield Street
Johnstown, PA 15904
814-262-9273

James Nacchia
J P Nacchia & Associates, Inc
500 Orchard Place, #103
Kennett Square, PA
302-442-4260

Henry Rodriguez
RoPet, Inc
150 Allendale Rd , Suite 1115
King of Prussia, PA 19406

Bindu Agarwal
R & R PowerTek Inc
607 Corporate Drive West
Langhorne, PA 19047
215-660-1555

Ray Medina
Medina Alliance, LLC
3380 Babcock Blvd
Pittsburgh, PA 15237
412-626-5927

Kirk Fisher
k fisher & associates, Inc
460 Market St , #109
Williamsport, PA 17701
570-720-0275

South Carolina
Teresa & Carl Thurmond
Where It Matters, LLC
115 Atrium Way, Suite 211
Columbia, SC 29223
803-339-8899

Claudia Berner (2 territories)
Porfin, LLC
4524 Hwy 17 Bypass
Murrells Inlet, SC 29576
843-299-0291

Shawn Smith
Old Seine Road, LLC
2342 Ebenezer Road, #A
Rock Hill, SC 29732
803-752-4724

Tennessee
Parul & Dan Patel
Pardhar, LLC
7105 Peach Court, #205
Brentwood, TN 37027
615-661-0636

Jessica & Tracy Walter (2 territories)
Nurturing Independence, Inc
3110 Hensen Road, Suite 7
Knoxville, TN 37921
865-470-4292

Texas
Vicki Huggins
TRAA Investments, LLC
12 S Main St , Suite 205
Burleson, TX 76028
817-813-2150

Wendy & Grant Raney (3 territories)
Raney Franchises, LLC
5220 Spring Valley Road, Suite 250
Dallas TX 75254
972-960-9999

Mary Martinez
Dharma Home Care, Inc
8961 Ankerson
El Paso, TX 79904
915-629-2079

Bo Donohoo
Boudine & Associates, LLC
2406 Dawn Drive
Georgetown, TX 78628
512-942-5284

Sam & Ellen Moreton
Moreton Cares Inc
1800 Augusta Drive Suite 210
Houston, TX 77057
713-781-1448

Javier & Ingrid Maldonado
FALCON CORP LLC
25722 Kingsland Blvd , Suite 114
Katy, TX 77494
832-678-4924

Katie & Nick Walker
J P & P Jones Proprietors, LLC
1802 NE Loop 410, #206
San Antonio, TX 78217
210-263-3143

Utah
Kevin Whatcott (6 territories)
Acorn Care LLC
152 West Burton Avenue, Suite H
Salt Lake City, UT 84115
801-746-1080

Virginia
Donald Kissinger (3 territories)
Kissinger Healthcare Enterprises, LLC
3919 Old Lee Highway, Suite 82A
Fairfax, VA 22030
703-992-7420

Angel & Linwood Carter
Our Legacy Ventures, LLC
4901 Fitzhugh Avenue, Suite 201
Richmond, VA 23230
804-644-1076

Rebecca & Tim Bodor
OPL Services, Inc
2 Pigeon Hill Dr , Suite 430
Sterling, VA 20165
703-665-5650

Washington
Dale Kiesz (7 territories)
Ann/Judith In Home Caregivers of Western Washington
6912- 220th St SW, Suite 107
Mountlake Terrace, WA 98043
425-778-1288

Joseph & Marilyn Hillyer (2 territories)
Business Entity TBD
2621 70th Avenue West, Suite C
University Place, WA 98466
253-564-1006

The following is a list of our affiliate HWCG's franchisees in additional countries

Canada
Tauseef Riaz & Saba Tauseef
TS Care Givers Inc
6553 Mississauga Road; Suite C
Mississauga, Ontario L5N 1A6
888-701-0536

Heidi Mackenzie, Paul Brooks, Francois Sicotte (2 territories)
& Andrew Staples
Good Caring People Inc
302 Kennevale Drive, #220
Nepean, Ontario K2J 6B6
613-730-2188

Gary Spector & Scott Trueman
2326841 Ontario Limited
30 Via Renzo Dr , Suite 200
Richmond Hill, Ontario L4S 0B8
905-918-1662

Costa Rica
Gabriela Gonzalez & Luis Diego Osborne (2 territories)
HWCG Central American Services S A
Oficentro La Sabana, Edificio 7, torre 8
San Jose
50-62-201-5265

Chile
Carlos Pinto, Claudio Dodds, Janina Fernandez &
Juan Carlos Barerra
Care Services SpA
Avenida Apoquindo 6410 –Oficina 1703
Las Condes, Santiago
50-62-201-5265

Columbia
Alberto Lozano Vargas &, Luz Marina Herrera
Calle 37 #13-34, Oficina 102
Barrio Teusaquilli
Bogota 110111
57-1-287-3065

Guatemala
Patricia de Lavidalie
4ª Avenida 22-41 Zona 14
Guatemala City
50-22-368-0000

Mexico
Cristina Castelazo & Luis Zamora (3 territories)
HWCG Mexico, S A de C V
Avenida Conti eras 246, Planta Baja
Col San Jeronimo Lidice, Delegacion La Magdal
Contreras, Mexico DF
52-555-595-4288

Eduardo Gutierrez Trejo (2 Territories)
Alle 12 de Octubre, numero 50
Interior 3 Plaza Marfil
Entre Boulevard Luis, Encinas y calle Veracruz
Colonia San Benito
Hermosillo, Sonora, C P 83190
52-662-189-0900

FRANCHISE AGREEMENTS SIGNED BUT OUTLET NOT OPENED

Florida
Tatiana and Marcio Xavier
Boca Raton, FL
mxavier@homewatchcaregivers com
txavier@homewatchcaregivers com

Nevada
Shelly Capurro
Reno, NV
scapurro@homewatchcaregivers com

Texas
Max and Victorine Akpo
Spring, TX
kakpo@homewatchcaregivers com
vakpo@homewatchcaregivers com

EXHIBIT E
(TO DISCLOSURE DOCUMENT)

FRANCHISEES THAT HAVE LEFT THE SYSTEM

Listed below are the names, city, state and telephone numbers of every U S Franchisee who has had a franchise terminated, cancelled, or not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement within the most recently completed fiscal year, or who has not communicated with HWCG within 10 weeks of the issuance date of this Disclosure Document If you buy this franchise, your contact information may be disclosed in the future to other buyers when you leave the franchise system

Franchisees Ceased Operations

Alabama
Al & Pat Heibert (2 territories) (August)
Birmingham, AL 35216
205-795-2061

California
Fay Wakil (September)*
Anaheim Hills, CA 92808
714-282-8998

Florida
John & Elaina Rodenbush (July)
Palm Harbor, FL 34684
727-205-0002

Georgia
Chris & Maria MacInnis (March)
Marietta, GA 30068
770-668-6079

Idaho
Eric Wallentine & Nate Benjamin (October)*
Meridian, ID 83642
208-350-7269

Indiana
Tom Helmbock (October)
Carmel, IN 46033
317-573-9440

Michell Ellis (August)
Evansville, IN 47715
812-401-9540

Michigan
Pat Josey (December)
Gobles, MI 49055
269-216-9044

Kurt Kazanowski (3 territories)*
Plymouth, MI 48170
734-207-7558

North Carolina
Ernie Konkoli (March)
Asheville, NC 28803
828-676-1586

Pennsylvania
Paul & Belinda Gordon (3 territories) (May)
Bethlehem, PA 18017
610-882-2477

Henrry Rodriguez (July)*
King of Prussia, PA 19406
267-304-6602

Texas
Byrian Matienzo (July)
Austin, TX 78736
512-400-2333

Wendy & Grant Raney (2 territories) (February)*
Dallas, TX 75254
972-960-9999

Malcolm Junior (March)
Houston, TX 77084
281-994-4067

Virginia
DeLionel Meadows (September)
Manassas, VA 20110
703-686-4764

Franchisees Transferred (beneficial ownership changed)

North Carolina
Phil Cooley (3 territories) (June)
Charlotte, NC 60174
704-503-4660

Franchisees Terminations

None

Franchisees Non-Renewals

None

*These franchisees owned multiple territories prior to these actions and therefore are still operating

EXHIBIT F
(TO DISCLOSURE DOCUMENT)

FINANCIAL STATEMENTS

EXHIBIT F

Financial Statements

Financial Statements and Report of Independent Certified Public Accountants

One Hour Air Conditioning Franchising, L L.C.

December 31, 2018 and 2017

Contents

	Page
Report of Independent Certified Public Accountants	3
Balance Sheets	5
Statements of Operations	6
Statements of Changes in Member's Equity	7
Statements of Cash Flows	8
Notes to Financial Statements	9

GRANT THORNTON LLP
700 Milam Street
Suite 300
Houston Texas 77002

D +1 832 476 4600
F +1 713 655 8741

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

The Member
One Hour Air Conditioning Franchising, L L C

We have audited the accompanying financial statements of One Hour Air Conditioning Franchising, L L C (a Florida limited liability company), which comprise the balance sheet as of December 31 2018 and 2017 and the related statement of operations, changes in member s equity and cash flows for the years then ended and the related notes to the financial statements

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

Auditor's responsibility
Our responsibility is to express an opinion on these financial statements based on our audits We conducted our audits in accordance with auditing standards generally accepted in the United States of America T hose standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion

Grant Thornton

Opinion
In our opinion, the financial statements referred to above present fairly in all material respects, the financial position of One Hour Air Conditioning Franchising, L L C as of December 31, 2018 and 2017, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America

Change in Accounting Principle
As discussed in Note 2 to the financial statements, the Company has adopted new accounting guidance in 2018 related to Revenue Recognition Our opinion is not modified with respect to this matter

Grant Thornton LLP

Houston, Texas
March 5, 2019

One Hour Air Conditioning Franchising, L L C

BALANCE SHEETS

December 31, 2018 and 2017

	2018	2017
Assets		
Current assets		
Cash	$ 708,409	$ 485,347
Restricted cash (Note 2)	4,316,249	3,174,618
Accounts receivable, net (Note 2)	856,890	640,201
Notes receivable, net, current portion (Note 2)	152,025	165,182
Prepaid expenses and other current assets (Note 2)	1,293,862	2,873,264
Total current assets	7,327,435	7,338,612
Property and equipment, net (Note 3)	-	3,387
Intangible assets, net (Note 8)	4,574,079	-
Other assets (Note 5)	8,480,865	6,124,536
Notes receivable, net, less current portion	227,372	294,500
Deferred tax asset (Note 7)	7,607,277	6,340,960
Total assets	$ 28,217,028	$ 20,101,995
Liabilities and Member's Equity		
Current liabilities		
Accounts payable	$ 158,434	$ 304,110
Accrued expenses and other current liabilities (Note 4)	840,281	794,985
Ad co-op liability (Note 2)	4,062,462	4,905,445
Deferred revenue - current	836,772	22,444
Total current liabilities	5,897,949	6,026,984
Deferred revenue - non current	3,848,264	-
Total liabilities	9,746,213	6,026,984
Commitments and contingencies (Note 5)		
Member's equity		
Member's contributions	18,286,200	18,286,200
Retained earnings	(10,180,705)	(5,925,126)
Advances to parent (Note 6)	10,365,320	1,713,937
Total member's equity	18,470,815	14,075,011
Total liabilities and member's equity	$ 28,217,028	$ 20,101,995

The accompanying notes are in integral part of these financial statements

One Hour Air Conditioning Franchising, L L C

STATEMENTS OF OPERATONS

December 31, 2018 and 2017

	2018	2017
Initial fee revenue	$ 1,007,615	$ 1,022,334
Royalty revenue	21,489,013	11,734,691
Total revenue	22,496,628	12,757,025
Cost of sales	134,439	258,371
Selling, general and administrative expenses (Note 6)	23,893,127	12,958,853
Loss from operations	(1,530,938)	(460,199)
Other income	47,428	16,386
Interest income	47,189	53,750
Loss before income taxes	(1,436,321)	(390,063)
Income tax (benefit) expense (Note 7)	(205,099)	3,267,039
Net loss	$ (1,231,222)	$ (3,657,102)

The accompanying notes are in integral part of these financial statements

One Hour Air Conditioning Franchising, L L C

STATEMENTS OF CHANGES IN MEMBER'S EQUITY

December 31, 2018 and 2017

	Member's contributions	Retained earnings	Advances to Parent	Total member's equity
Balance, December 31, 2016	$ 18,286,200	$ 37,917,007	$ (40,970,117)	$ 15,233,090
Change in advances to parent	-	(40,185,031)	42,684,054	2,499,023
Net loss	-	(3,657,102)	-	(3,657,102)
Balance, December 31, 2017	18,286,200	(5,925,126)	1,713,937	14,075,011
Change in advances to parent	-	46,117	8,651,383	8,697,500
Cumulative effect adjustment from adoption of new accounting pronouncement (Note 2)	-	(3,070,474)	-	(3,070,474)
Net loss	-	(1,231,222)	-	(1,231,222)
Balance, December 31, 2018	$ 18,286,200	$ (10,180,705)	$ 10,365,320	$ 18,470,815

The accompanying notes are in integral part of these financial statements

One Hour Air Conditioning Franchising, L L C

STATEMENTS OF CASH FLOWS

December 31, 2018 and 2017

	2018	2017
Cash flows from operating activities		
Net loss	$ (1,231,222)	$ (3,657,102)
Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation and amortization	358,887	17,216
Provision for doubtful accounts and notes receivable	482,777	490,851
Deferred taxes	(205,099)	3,267,039
Amortization of prepaid franchise incentives	2,168,046	977,921
Changes in operating assets and liabilities		
Restricted cash	(1,141,631)	(1,105,837)
Accounts receivable	(734,516)	(655,609)
Notes receivable	115,334	61,584
Prepaid expenses and other current assets	28,957	(326,034)
Other assets	(2,356,329)	(2,122,370)
Accounts payable	(145,675)	304,110
Accrued expenses and other current liabilities	45,296	189,905
Ad co-op liability	(842,983)	-
Deferred revenue	(86,700)	-
Net cash used in operating activities	(3,544,858)	(2,558,326)
Cash flows from financing activities		
Change in advances to parent	3,767,920	2,499,023
Net cash provided by financing activities	3,767,920	2,499,023
Net change in cash	223,062	(59,303)
Cash, beginning of year	485,347	544,650
Cash, end of year	$ 708,409	$ 485,347
Non-cash financing activities		
Capital distribution	$ -	$ 40,185,031
Non-cash investing activities		
Software obtained through Parent allocation	$ 4,929,580	$ -

The accompanying notes are in integral part of these financial statements

One Hour Air Conditioning Franchising, L L C

NOTES TO FINANCIAL STATEMENTS

December 31, 2018 and 2017

NOTE 1 – ORGANIZATION AND NATURE OF BUSINESS

One Hour Air Conditioning Franchising, L L C (the Company), a Florida limited liability company, was organized on February 20, 2003 The Company was established to develop nationally branded franchises for residential air conditioning and heating companies throughout the United States and Canada The Company is wholly-owned by Clockwork, Inc (Clockwork, Parent, or the Member) The Member is not liable for any debt, obligations or liabilities of the Company, whether arising in contract, tort or otherwise, or for the acts or omissions of any agent or employee of the Company

Total U S franchise and company owned locations as of December 31, 2018 and 2017 sold and closed for the years then ended are as follows

	Number of franchises
January 1, 2017	354
New locations during 2017	36
Closed locations during 2017	(24)
December 31, 2017	366
New locations during 2018	23
Closed locations during 2018	(6)
December 31, 2018	383

Clockwork, through Clockwork IP, LLC, owns certain intellectual property, including trademarks, operating manuals, and copyrights, which it has licensed to the Company under an implied agreement for use in franchising operations during the reporting periods

Effective July 1, 2010, the assets of the Company's former parent, Clockwork Home Services, Inc (CHSI) were acquired by a subsidiary (Clockwork, Inc) of RSG Holding Corp RSG Holding Corp (RSG), is a company wholly-owned by Centrica, plc The Company has elected to not apply the provisions of push down accounting, and as such, the book values of assets and liabilities were not changed as a result of the acquisition The transaction was effected as an asset purchase for income tax purposes As such, the tax values of assets and liabilities have been adjusted to current values Certain of these amounts differ from the book values and result in deferred tax assets or liabilities (see Note 7) In connection with the acquisition, RSG formed Clockwork, Inc to acquire the assets of CHSI and certain of its wholly-owned subsidiaries As a result, the Company's single member is now Clockwork, a C Corporation

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of the Company are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (US GAAP)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosures of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods Actual results may differ from those estimates

Cash and Cash Equivalents

Cash and Cash Equivalents include all liquid investments with a maturity of three months or less when purchased See Note 6 for the cash management policy

Restricted Cash and Ad Co-Op Liability

Under the terms of the franchise agreements, the Company bills and collects a monthly co-op advertising fee from its franchisees The amounts billed and collected are restricted to pay for costs of preparing and producing various advertising and marketing materials for the franchises The ad co-op liability primarily represents funds borrowed from Clockwork, enabling the Company to purchase advertising in advance of collecting advertising fees from the franchisees These borrowed funds do not accrue interest and are payable on demand For each of the years ended December 31, 2018 and 2017, the co-op advertising fee was 3% of franchisee revenue

Accounts and Notes Receivable

Receivables are recorded at contractual amounts Accounts receivable generally reflect amounts due for ongoing royalties Accounts receivable balances also include any amounts due to the ad co-op Notes receivable reflect loans for initial franchise fees and legal settlements Notes mature between 2019 and 2026 and have interest rates ranging from 12% to 18% Interest income on the notes is accrued as earned on outstanding balances Recognition of interest income is suspended when the determination is made that collection of future income is not probable

Allowance for Doubtful Accounts and Notes

An allowance for doubtful accounts and notes is maintained for estimated losses resulting from the inability of franchisees to make required payments When preparing these estimates, management considers a number of factors, including the aging of franchisees' accounts, past transactions with franchisees, creditworthiness of specific franchisees, historical trends, and other information The Company typically does not require franchisees to provide collateral Receivable reserve policies are reviewed periodically, reflecting current risks, trends, and changes in industry and economic conditions The past due status of an account is determined based on stated payment terms Upon determination that an account is uncollectible, the Company writes off the receivable balance against the allowance for doubtful accounts The Company wrote off approximately $170,000 and $9,000 of accounts receivable for the years ended December 31, 2018 and 2017, respectively The Company wrote off approximately $0 and $277,000 of notes receivable for the years ended December 31, 2018 and 2017, respectively

The allowance for accounts receivable was approximately $1,248,000 and $900,000 at December 31, 2018 and 2017, respectively

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

At December 31, 2018, the allowance for notes receivable was approximately $222,000 of which approximately $89,000 and $133,000 is classified within current and long-term notes receivable, respectively At December 31, 2017, the allowance for notes receivable was approximately $257,000 of which approximately $84,000 and $173,000 is classified within current and long-term notes receivable, respectively

Although the Company believes the allowances are sufficient, if the financial condition of the franchisees were to unexpectedly deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required

Property and Equipment

Property and equipment are stated at cost, net of accumulated depreciation Depreciation is recognized over the estimated economic lives of the assets using the straight-line method Repair and maintenance costs are expensed as incurred

Long-Lived Assets

The Company periodically assesses the realizability of long-lived assets when triggering events occur No impairment was recognized for the years ended December 31, 2018 and 2017

Revenue Recognition

Revenue consists of initial franchise fees and ongoing royalties In 2018, the Company adopted ASU 2016-10 "Revenue from Contracts with Customers (Topic 606)- Identifying Performance Obligations and Licensing" This new standard provides for a single, principles-based model for revenue recognition that replaces the existing revenue recognition guidance The new guidance permitted the use of either a full retrospective or modified retrospective transition method and early adoption was permitted The Company has adopted this standard beginning with fiscal year 2018 utilizing the modified retrospective transition method, applied to all contracts

The new guidance did not impact the timing of revenue recognition on royalty revenues Future royalties are based on a contractual percentage of sales for each franchisee and treated as a variable component, thus recognized at the point in time when franchisee reports monthly net sales

The initial franchise fees are a one-time, non-refundable fee and performance obligation is satisfied over time Beginning in 2018, the Company will recognize initial franchisee fees as deferred revenue when invoiced and recognize as revenue on a straight-line basis over the life of the related franchise agreements

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

The following table summarizes the impact of the adoption of the new revenue standard on the Company's previously reported consolidated balance sheets

	December 31, 2017	New revenue standard adjustment	January 1, 2018
Other current assets	$ -	$ 81,447	$ 81,447
Other assets	-	536,154	536,154
Deferred revenue - current	-	959,306	959,306
Deferred revenue - noncurrent	-	3,839,612	3,839,612
Retained earnings	(5,925,125)	(3,070,473)	(8,995,598)

The increase in other asset accounts relate to commission expense paid on initial fees These adjustments resulted in a net decrease to retained earnings as of the adoption date

The following table illustrates estimated revenues expected to be recognized in the future related to unsatisfied performance obligations as of December 31, 2018

Contract liabilities expected to be recognized in	Amount
2019	$ 836,772
2020	740,112
2021	716,712
2022	653,438
2023	514,884
Thereafter	1,223,116
Total	$ 4,685,034

Deferred Revenue

Deferred revenue consists of amounts of initial franchise fee revenue that has been invoiced but is not yet recognizable These amounts are amortized into income over the life of the franchise agreements

Other Income

Other income is comprised of miscellaneous cash receipts not related to royalties or initial fees

Commissions

In 2018 capitalized commission fees are amortized over the life of the franchise and are included in cost of sales expenses in alignment with adoption of ASC606 (see revenue recognition) In 2017 Commission fees were expense when paid During 2018 and 2017, the Company recognized $95,000 and $189,000 of commission fee expense, respectively

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Income Taxes

The Company is a single member limited liability company, a disregarded entity for income tax purposes As a result, the taxable income, or loss, which may vary substantially from income or loss reported for financial reporting purposes, is included in the federal and state tax returns of the Parent However, as the Parent is a C Corporation and files a consolidated return that includes the Company, the Company has recorded a provision for income taxes utilizing the Separate Return method, which reflects the tax expense or benefit based on what the Member's share would have been if the Member had filed a separate tax return The financial statements reflect the impact of income taxes from the date of the acquisition of July 1, 2010 through December 31, 2018 As of December 31, 2018, the Company's open tax years for federal and state tax jurisdictions are from 2014 through 2017

The Company recognizes the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit For tax positions meeting the more-likely-than-not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement with the relevant tax authority Increases or decreases to the unrecognized tax benefits could result from management's belief that a position can or cannot be sustained upon examination based on subsequent information or potential lapse of the applicable statute of limitation for certain tax positions

The Company recognizes interest and penalties related to uncertain tax positions in income tax expense The Company had no provisions for uncertain tax positions nor for interest or penalties related to uncertain tax positions at December 31, 2018 or 2017

Advertising

The Company, on behalf of its franchisees, administers a cooperative advertising fund (the "Ad Fund") that receives contributions from its franchisees based upon a percentage of revenue as required by their franchise agreements The Company acts as an agent in the administration of the Ad Fund, and the Company controls all advertising expenses The customer enjoys the benefits from the right to use the brands in a specific location, however, the advertising is not specific to a franchisee in a specific location and therefore the customer cannot benefit from the service on its own as it is indistinguishable Consequently, the service is not 'distinct' and therefore does not represent a separate performance obligation

It follows that the advertising contributions are, therefore, considered part of the obligation to provide access to the franchise brand and therefore part of franchise right revenue stream

In 2018, the Ad fund collections and expenditures are presented gross in the income statement, in the same manner as sales-based franchise fees on the basis that it is variable All Ad fund expenses are recorded as advertising expense in the selling, general, and administrative cost section in the statements of operations

The Company collected approximately $10,726,000 and $10,928,000 and distributed approximately $8,685,000 and $9,867,000 for the years ended December 31, 2018 and 2017, respectively Advertising costs related to the Ad Fund are charged to those funds as incurred

The Company expenses other advertising costs as incurred Non Ad Fund advertising expenses were approximately $98,000 and $66,000 for the years ended December 31, 2018 and 2017, respectively, and are included in selling, general and administrative expenses in the accompanying statements of operations

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

The Ad Fund had an operating surplus of approximately $251,000 and a deficit of $1,790,000 for the years ended December 31, 2018 and 2017, respectively, which is included in other current assets

The Company does not enter into Barter transactions

Reclassification

Certain amounts in the prior year's financial statements have been reclassified to conform to the current year presentation The reclassification had no impact on total assets, liabilities, or net loss

Subsequent Events

The Company has evaluated subsequent events through March 5, 2019, which is the date the financial statements were available to be issued On February 21, 2019, Centrica, plc announced the intended sale of the Clockwork, Inc and related subsidiary entities (of which The Company is a subsidiary) to private equity entity with a planned effective date of April 30, 2019 Management believes the announced divestiture of these businesses will strengthen profitability as a part of a smaller, more agile ownership that currently operates a variety of other consumer-based franchise businesses No other events have occurred that in the opinion of management warrant disclosure in or adjustment to the financial statements

NOTE 3 – PROPERTY AND EQUIPMENT

The estimated useful lives and cost basis of property and equipment at December 31, 2018 and 2017, are as follows

	2018	2017	Estimated useful life
Asset description			
Computer equipment and software	$ 268,116	$ 268,116	3 - 5 years
Furniture and fixtures	2,333	2,333	7 years
	270,449	270,449	
Less Accumulated depreciation	(270,449)	(267,062)	
Property and equipment, net	$ -	$ 3,387	

Depreciation expense was approximately $3,000 and $17,000 for the years ended December 31, 2018 and 2017, respectively

4 – ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

Accrued expenses and other current liabilities at December 31, 2018 and 2017 are as follows

	2018	2017
Liabilities description		
Accrued wages and other current liabilities	$ 440,943	$ 367,202
Accrued bonuses and commissions	399,338	427,783
	$ 840,281	$ 794,985

Since Clockwork controls the cash process of the Company (Note 6), these accruals will be paid by Clockwork

NOTE 5 – COMMITMENTS AND CONTINGENCIES

The Company is party to various legal actions arising in the ordinary course of business While it is not feasible to determine the outcome of these actions at this time, management does not believe that the ultimate conclusion of these matters will have a material adverse effect on the Company's financial statements

On occasion, the Company will enter into conversion incentive fee agreements offering cash incentives to induce the conversion of certain strategic territories into new franchisees The Company will generally pay approximately 50% of the incentive upon execution of a 10-year franchise agreement, with the remaining incentive fee to be paid on the first and second anniversary of the agreement The incentive fee is refundable to the Company pro-rata over the franchise period of ten years, if the franchisee defaults under certain conditions of the franchise agreement but is 100% refundable in the first year Incentives paid during 2018 and 2017 were $3,813,000 and $3,243,000, respectively and are recorded as prepaid assets when paid and amortized over ten years As of December 31, 2017, there was $1,083,000 and $6,125,000 in current and non-current prepaid expenses, respectively As of December 31, 2018, there was approximately $1,437,000 and $7,806,000 in current and non-current prepaid expenses, respectively Incentive amortization of approximately $2,168,000 and $978,000 for the year ended December 31, 2018 and 2017, respectively, is included as a reduction of royalty revenues on the accompanying statements of operations

The aggregate amount of incentive payments to be made, if the franchises do not default, as of December 31, 2018, is as follows

	Amount
For years ending December 31,	
2019	$ 1,503,250
2020	979,625
	$ 2,482,875

NOTE 5 – COMMITMENTS AND CONTINGENCIES – Continued

Future amortization of prepaid incentives is as follows (inclusive of amounts expected to be paid)

	Amount
For the years ending December 31,	
2019	$ 1,437,330
2020	1,437,330
2021	1,437,330
2022	1,437,330
2023	1,437,330
Thereafter	4,539,091
	$ 11,725,741

NOTE 6 – RELATED PARTY TRANSACTIONS

The operating agreement dictates that Clockwork and RSG act as the manager of the Company As such, Clockwork and RSG charge the Company for services provided through a corporate allocation process During 2015, RSG amended the process to expand the base of expenses included in the allocation process where additional services related to corporate strategy, risk management, compliance, planning and analysis activities, along with support functions were added to the corporate allocation amounts These were incremental to the 2014 allocations that included accounting, legal, and other personnel services During 2017 RSG amended the allocation calculation process from a revenue-based model to a gross margin-based model The Company recorded expenses of approximately $7,420,000 and $7,117,000 for the years ended December 31, 2018 and 2017, respectively Expenses directly identifiable to the Company are included in selling, general and administrative expenses in the accompanying statements of operations

Clockwork has centralized its cash management function whereby all disbursements of the Company are processed and paid by Clockwork Such disbursements totaled approximately $4,261,000 and $5,836,000 for the years ended December 31, 2018 and 2017, respectively

In addition, the Company maintains a zero balance cash account with a bank funded by Clockwork, whereby the available cash receipts of the Company are swept nightly to Clockwork The difference between the Company's receipts and the amounts charged by Clockwork, as well as the disbursements made by Clockwork on behalf of the Company is recorded as advances to parent, as a reduction of member's equity on the accompanying balance sheets as of December 31, 2018 and 2017 During 2017, Clockwork authorized and recorded a distribution of earnings totaling approximately $40,185,000 from the Company to its Parent The Company intends to continue to sweep excess cash flows to the Parent for the foreseeable future

An entity under common control charges the Company for certain training provided on its behalf to the franchisees based on the number of individuals who attended the training The Company recorded expenses for these services of approximately $65,000 and $39,000 for the years ended December 31, 2018 and 2017, respectively, which are included in selling, general and administrative expenses in the accompanying statements of operations

NOTE 6 – RELATED PARTY TRANSACTIONS – Continued

Clockwork has certain subsidiaries which are considered franchisees of the Company If the entity was a franchisee prior to being acquired by Clockwork, ongoing royalties were waived for these entities as of the date of acquisition If the entity was not a franchisee prior to being acquired by Clockwork, initial fees and ongoing royalties were waived from inception of the entity becoming a franchisee, which is generally the date of acquisition Total fees waived during the years ended December 31, 2018 and 2017, were approximately $1,766,000 and $4,225,000, respectively

NOTE 7 – INCOME TAXES

Income tax expense consists of the following for the years ended December 31, 2018 and 2017

	2018	2017
Current		
Federal	$ -	$ -
State	-	-
	-	-
Deferred		
Federal	(173,126)	2,959,824
State	(31,973)	307,215
Rate change	-	-
	(205,099)	3,267,039
Income tax (benefit) expense	$ (205,099)	$ 3,267,039

Deferred income taxes as of December 31, 2018 and 2017 consisted of the following

	2018	2017
Deferred tax assets		
Allowance for doubtful accounts	$ 310,500	$ 228,421
Tradename	80,913	95,244
Franchise rights	1,250,864	1,472,410
Deferred revenue	1,165,557	-
Software intangibles	18,500	-
Goodwill	3,538,495	4,165,214
Accrued bonuses	99,348	108,081
Net operating loss	4,461,752	2,185,376
	10,925,929	8,254,746
Deferred tax liabilities		
Notes receivable, net	(94,388)	(116,667)
Prepaid expenses and other assets	(2,600,864)	(1,797,119)
Fixed and intangible assets	(623,400)	-
	(3,318,652)	(1,913,786)
Net deferred tax asset	$ 7,607,277	$ 6,340,960

NOTE 7 – INCOME TAXES – Continued

The Company's effective income tax rate differs from the amount computed by applying the federal statutory rate to income before income taxes primarily because of state income taxes

The Company reviews its deferred tax assets on a regular basis to evaluate their recoverability based upon expected future reversals of deferred tax liabilities, projections of future taxable income, and tax planning strategies that the Company might employ to utilize such assets, including net operating loss carryforwards, if any Based on the positive and negative evidence for recoverability, the Company establishes a valuation allowance against the net deferred assets of a taxing jurisdiction in which the Company operates unless it is "more likely than not" that the Company will recover such assets through the above means Based on the Company's evaluation, the Company has not recorded a valuation allowance, as it believes it is more likely than not that the deferred tax assets will be realized

As a member of a group that files a consolidated tax return, the Company has not recorded any amounts as of December 31, 2018 and 2017, for income taxes payable for its share of the taxes due as a result of its net operating loss position

The effects of recognizing tax benefits associated with the deferred tax asset would result in a reduction of a current payable to the Parent Based upon the Parent's cash management policies, such amounts when realized are expected to result in changes to the advances to parent account, as reflected in equity

On December 22, 2017, the United States enacted tax reform legislation commonly known as the Tax Cuts and Job Act (the "Act"), resulting in significant modifications to existing law The Company has completed the accounting for the effects of the Act during 2017 The Company's financial statements for the year ended December 31, 2017, reflect certain effects of the Act which includes a reduction in the corporate tax rate from 35% to 21%, as well as other changes As a result of the changes to tax laws and tax rates under the Act, the Company incurred incremental income tax expense of approximately $3,370,000 during the year ended December 31, 2017, which consisted primarily of the remeasurement of deferred tax assets and liabilities from 35% to 21% Net operating losses, generated prior to 2018, expire twenty years after they are formed Those generated after 2018 have indefinite lives

NOTE 8 – INTANGIBLE ASSETS

The gross carrying amount of intangibles and accumulated amortization at December 31, 2018 are as follows

	2018	Estimated useful life
Asset description		
Software	$ 5,205,603	5-7 years
	5,205,603	
Less Accumulated amortization	(631,524)	
Intangible assets, net	$ 4,574,079	

NOTE 8 – INTANGIBLE ASSETS – Continued

In 2018, the Company acquired a new software platform (Dynamics AX) for approximately $4,900,000 and will amortize this asset over a 7-year period This was an allocation that was pushed down to the Company from the Parent for software that was purchased and capitalized in the current year The software asset is owned by the Parent and the portion that is recorded on the balance sheet of the Company is reflective of the estimated benefit that will be used by the Company This is a non-cash transaction in the statement of cash flows for the year ended December 31, 2018 Amortization expense was approximately $355,500 for the year ended December 31, 2018

The Company's identifiable intangible assets will be fully amortized during the year ending December 31, 2025

Future amortization of software is as follows

	Amount
For the years ending December 31,	
2019	$ 704,226
2020	704,226
2021	704,226
2022	704,226
2023	704,226
Thereafter	1,052,949
	$ 4,574,079

Financial Statements and Report of
Independent Certified Public Accountants

One Hour Air Conditioning Franchising, L.L.C.

December 31, 2017 and 2016

One Hour Air Conditioning Franchising, LLC

Table of contents

Report of Independent Certified Public Accountants	1-2
Financial statements	
Balance sheets	3
Statements of operations	4
Statements of changes in member's equity	5
Statements of cash flows	6
Notes to financial statements	7 13

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

The Member
One Hour Air Conditioning Franchising, L L C

We have audited the accompanying financial statements of **One Hour Air Conditioning Franchising, L L C** (a Florida limited liability company), which comprise the balance sheets as of December 31, 2017 and 2016, and the related statements of operations, changes in member's equity, and cash flows for the years then ended, and the related notes to the financial statements

Management's responsibility for the financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audits We conducted our audits in accordance with auditing standards generally accepted in the United States of America Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement

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

Grant Thornton

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of One Hour Air Conditioning Franchising, LLC as of December 31, 2017 and 2016, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America

GRANT THORNTON LLP

Houston, Texas
February 23, 2018

Balance sheets

December 31,	2017	2016
Assets		
Current assets		
Cash	$ 485 347	$ 544 650
Restricted cash (Note 2)	3 174 618	2 068 781
Accounts receivable net (Note 2)	640 201	485 278
Notes receivable, net current portion (Note 2)	165 182	90 759
Deferred tax asset (Note 7)	19 632	-
Prepaid expenses and other current assets (Note 2)	2 873 264	3 525 152
Total current assets	7 358 244	6 714 620
Property and equipment net (Note 3)	3 387	20 603
Other assets (Note 5)	6 124 536	4,002 166
Notes receivable net, less current portion	294 500	420 672
Deferred tax asset (Note 7)	6 321 328	9 654 280
Total assets	$ 20 101,995	$ 20 812 341
Liabilities and Member s Equity		
Current liabilities		
Accounts payable	$ 304 110	$ -
Accrued expenses and other current liabilities (Note 4)	794 985	605 081
Deferred tax liability (Note 7)	-	46 281
Ad co-op liability (Note 2)	4 905 445	4 905 445
Unearned revenue	22,444	22,444
Total current liabilities	6 026 984	5,579 251
Commitments and contingencies (Note 5)		
Member's equity		
Member s contributions	18 286 200	18 286 200
(Accumulated deficit) retained earnings	(5 925 126)	37 917 007
Advances from (to) parent (Note 6)	1 713 937	(40 970 117)
Total member's equity	14 075 011	15 233,090
Total liabilities and member's equity	$ 20 101,995	$ 20 812 341

The accompanying notes are in integral part of these financial statements

Statements of operations

For the years ended December 31,	2017	2016
Initial fee revenue	$ 1 022,334	$ 2 060 795
Royalty revenue	11 734 691	11 987,634
Total revenue	12 757 025	14 048 429
Cost of sales	258 371	441,204
Selling, general and administrative expenses (Note 6)	12 958 853	10 139 142
(Loss) Income from operations	(460 199)	3,468,083
Other income	16 386	822,935
Interest income	53 750	47,657
(Loss) Income before income taxes	(390 063)	4 338 675
Income tax expense (Note 7)	3,267,039	1 874 079
Net (loss) income	$ (3,657,102)	$ 2,464 596

The accompanying notes are in integral part of these financial statements

Statements of changes in member's equity

	Member's Contributions	(Accumulated Deficit) Retained Earnings	Advances from (to) Parent	Total Member's Equity
Balance, December 31, 2015	$ 18 286 200	$ 35 452 411	$ (39 912 203)	$ 13 826 408
Change in advances to parent	-	-	(1 057 914)	(1 057 914)
Net income	-	2 464 596	-	2 464 596
Balance, December 31, 2016	18,286 200	37 917 007	(40 970 117)	15 233 090
Change in advances from parent		-	2 499 023	2 499 023
Capital distribution		(40 185 031)	40 185,031	-
Net loss	-	(3 657,102)	-	(3 657 102)
Balance, December 31, 2017	$ 18 286,200	$ (5 925 126)	$ 1 713 937	$ 14 075 011

The accompanying notes are in integral part of these financial statements

Statements of cash flows

For the years ended December 31,	2017	2016
Cash flows from operating activities		
Net (loss) income	$ (3 657 102)	$ 2 464 596
Adjustments to reconcile net (loss) income to net cash (used in) provided by operating activities		
Depreciation and amortization	17 216	34 654
Provision for doubtful accounts and notes receivable	490 851	394 836
Deferred taxes	3 267 039	1,874 078
Amortization of prepaid franchise incentives	977 921	495 348
Changes in operating assets and liabilities		
Restricted cash	(1 105 837)	(815 035)
Accounts receivable	(655 609)	136 514
Notes receivable	61 584	(290 297)
Prepaid expenses and other current assets	(326,034)	(1 276 093)
Other assets	(2 122 370)	(2 768 371)
Accounts payable	304 110	-
Accrued expenses and other current liabilities	189 905	213 214
Ad co-op liability	-	800 000
Unearned revenue	-	22 444
Net cash (used in) provided by operating activities	(2 558 326)	1 285,888
Cash flows from financing activities		
Change in advances to parent	2 499 023	(1 057 914)
Net cash provided by (used in) financing activities	2 499 023	(1 057 914)
Net change in cash	(59 303)	227 974
Cash, beginning of year	544 650	316 676
Cash, end of year	$ 485 347	$ 544 650
Non-cash financing activities		
Capital Distribution	$ 40 185 031	$ -

The accompanying notes are in integral part of these financial statements

Notes to financial statements

Note 1 – Organization and Nature of Business

One Hour Air Conditioning Franchising, L L C (the Company), a Florida limited liability company, was organized on February 20, 2003 The Company was established to develop nationally branded franchises for residential air conditioning and heating companies throughout the United States and Canada The Company is wholly-owned by Clockwork, Inc (Clockwork, Parent, or the Member) The Member is not liable for any debt, obligations or liabilities of the Company, whether arising in contract, tort or otherwise, or for the acts or omissions of any agent or employee of the Company

Total U S franchise and company-owned locations as of December 31, 2017 and 2016 and openings and closings for the years then ended are as follows

	Number of Franchises
December 31 2015	316
New locations during 2016	54
Closed locations during 2016	(16)
December 31 2016	354
New locations during 2017	36
Closed locations during 2017	(24)
December 31, 2017	366

In addition to the U S locations above, the Company had five (5) locations operating in Canada as of December 31, 2015 During 2016, these franchise locations disengaged

Clockwork, through Clockwork IP, LLC, owns certain intellectual property, including trademarks, operating manuals, and copyrights, which it has licensed to the Company under an implied agreement for use in franchising operations during the reporting periods

Effective July 1, 2010, the assets of the Company's former parent, Clockwork Home Services, Inc (CHSI) were acquired by a subsidiary (Clockwork, Inc) of RSG Holding Corp RSG Holding Corp (RSG), is a company wholly-owned by Centrica, plc The Company has elected to not apply the provisions of push down accounting, as such, the book values of assets and liabilities were not changed as a result of the acquisition The transaction was effected as an asset purchase for income tax purposes As such, the tax values of assets and liabilities have been adjusted to current values Certain of these amounts differ from the book values and result in deferred tax assets or liabilities (see Note 7) In connection with the acquisition, RSG formed Clockwork, Inc to acquire the assets of CHSI and certain of its wholly-owned subsidiaries As a result, the Company's single member is now Clockwork, a C Corporation

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The financial statements of the Company are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (US GAAP)

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosures of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods Actual results may differ from those estimates

Cash and Cash Equivalents

Cash and Cash Equivalents include all liquid investments with a maturity of three months or less when purchased. See Note 6 for the cash management policy

Restricted Cash and Ad Co-Op Liability

Under the terms of the franchise agreements, the Company bills and collects a monthly co-op advertising fee from its franchisees The amounts billed and collected are restricted to pay for costs of preparing and producing various advertising and marketing materials for the franchises The ad co-op liability primarily represents funds borrowed from Clockwork, enabling the Company to purchase advertising in advance of collecting advertising fees from the franchisees These borrowed funds do not accrue interest and are payable on demand For each of the years ended December 31, 2017 and 2016, the co-op advertising fee was 3 0% of franchisee revenue

Accounts and Notes Receivable

Receivables are recorded at contractual amounts Accounts receivable generally reflect amounts due for ongoing royalties Accounts receivable balances also include any amounts due to the ad co-op Notes receivable reflect loans for initial franchise fees Notes mature between 2018 and 2023 and have interest rates ranging from 12% to 18% Interest income on the notes is accrued as earned on outstanding balances Recognition of interest income is suspended when the determination is made that collection of future income is not probable

Allowance for Doubtful Accounts and Notes

An allowance for doubtful accounts and notes is maintained for estimated losses resulting from the inability of franchisees to make required payments When preparing these estimates, management considers a number of factors, including the aging of franchisees' accounts, past transactions with franchisees, creditworthiness of specific franchisees, historical trends, and other information The Company typically does not require franchisees to provide collateral Receivable reserve policies are reviewed periodically, reflecting current risks, trends, and changes in industry and economic conditions The past due status of an account is determined based on stated payment terms Upon determination that an account is uncollectible, the Company writes off the receivable balance against the allowance for doubtful accounts The Company wrote off approximately $9,000 and $86,000 of accounts receivable for the years ended December 31, 2017 and 2016, respectively The Company wrote off approximately $277,000 and $0 of notes receivable for the years ended December 31, 2017 and 2016, respectively There were recoveries of accounts receivable of approximately $28,000 for the year ended December 31, 2016

The allowance for accounts receivable was approximately $900,000 and $408,000, at December 31, 2017 and 2016, respectively

At December 31, 2017, the allowance for notes receivable was approximately $257,000 of which approximately $84,000 and $173,000 is classified within current and long-term notes receivable, respectively At December 31, 2016, the allowance for notes receivable was approximately $544,000 of which approximately $121,000 and $423,000 is classified within current and long-term notes receivable, respectively

Although the Company believes the allowances are sufficient, if the financial condition of the franchisees were to unexpectedly deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required

Property and Equipment

Property and equipment are stated at cost, net of accumulated depreciation Depreciation is recognized over the estimated economic lives of the assets using the straight-line method Repair and maintenance costs are expensed as incurred

Long-Lived Assets

The Company periodically assesses the realizability of long-lived assets when triggering events occur No impairment was recognized for the years ended December 31, 2017 and 2016

Revenue Recognition

Revenue consists of initial franchise fees and ongoing royalties The initial franchise fees are a one-time, non-refundable fee and are recorded as deferred revenue when the potential customer enrolls to become a franchisee and recognized as revenue upon the completion of initial services provided to the franchisee as required by the franchise agreement Ongoing royalties are based on a contractual percentage of sales for each franchisee and are recognized when earned

Other Income

Other income is comprised of receipts from legal settlements

Income Taxes

The Company is a single member limited liability company, a disregarded entity for income tax purposes As a result, the taxable income, or loss, which may vary substantially from income or loss reported for financial reporting purposes, is included in the federal and state tax returns of the Parent However, as the Parent is a C Corporation and files a consolidated return that includes the Company, the Company has recorded a provision for income taxes utilizing the Separate Return method, which reflects the tax expense or benefit based on what the Member's share would have been if the Member had filed a separate tax return The financial statements reflect the impact of income taxes from the date of the acquisition of July 1, 2010 through December 31, 2017 As of December 31, 2017, the Company's open tax years for federal and state tax jurisdictions are from 2013 through 2016

The Company recognizes the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit For tax positions meeting the more-likely-than-not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement with the relevant tax authority Increases or decreases to the unrecognized tax benefits could result from management's belief that a position can or cannot be sustained upon examination based on subsequent information or potential lapse of the applicable statute of limitation for certain tax positions

The Company recognizes interest and penalties related to uncertain tax positions in income tax expense The Company had no provisions for uncertain tax positions nor for interest or penalties related to uncertain tax positions at December 31, 2017 or 2016

Advertising

The Company, on behalf of its franchisees, administers a cooperative advertising fund (the "Ad Fund") that receives contributions from its franchisees based upon a percentage of revenue as required by their franchise agreements. The Company acts as an agent in the administration of the Ad Fund, and the Company accordingly records the surplus or deficit of the funds on the balance sheets. The classification of the surplus or deficit as either current or long term is based on management's expectations of receipts and expenses for the next year. In addition to the Ad Fund it administers, the Company supervises the collection and distribution of local advertising funds (the "local marketing advertising"). The advertising contributions and corresponding expenses are not reflected in the accompanying statements of operations in accordance with ASC 952 – *Franchisors*. The Company collected approximately $10,928,000 and $10,546,000 and distributed approximately $9,867,000 and $10,912,000 for the years ended December 31, 2017 and 2016, respectively. Advertising costs related to the Ad Fund are charged to those funds as incurred.

The Company expenses other advertising costs as incurred. Non-Ad Fund advertising expenses were approximately $66,000 and $138,000 for the years ended December 31, 2017 and 2016, respectively, and are included in selling, general and administrative expenses in the accompanying statements of operations.

The Ad Fund had an operating deficit of approximately $1,790,000 and $2,729,000 for the years ended December 31, 2017 and 2016, respectively, which is included in prepaid expenses and other current assets.

Reclassifications

Certain amounts in the prior year's financial statements have been reclassified to conform to the current year presentation. The reclassification had no impact on total assets, liabilities, or net income (loss).

Subsequent Events

The Company has evaluated subsequent events through February 23, 2018, which is the date the financial statements were available to be issued. Based on such evaluation, no events have occurred that in the opinion of management warrant disclosure in or adjustment to the financial statements.

Note 3 – Property and Equipment

The estimated useful lives and cost basis of property and equipment at December 31, 2017 and 2016, are as follows:

Asset Description	2017	2016	Estimated Useful Life
Computer equipment and software	$ 268,116	$ 268,116	3 - 5 years
Furniture and fixtures	2,333	2,333	7 years
	270,449	270,449	
Less: Accumulated depreciation	(267,062)	(249,846)	
Property and equipment, net	$ 3,387	$ 20,603	

Depreciation expense was approximately $17,000 and $35,000 for the years ended December 31, 2017 and 2016, respectively.

Note 4 – Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities at December 31, 2017 and 2016 are as follows

Liabilities Description	2017	2016
Accrued wages and other current liabilities	$ 367 203	$ 209 147
Accrued bonuses and commissions	427,783	395 934
	$ 794 986	$ 605 081

Since Clockwork controls the cash process of the Company (Note 6), these accruals will be paid by Clockwork

Note 5 – Commitments and Contingencies

The Company is party to various legal actions arising in the ordinary course of business While it is not feasible to determine the outcome of these actions at this time, management does not believe that the ultimate conclusion of these matters will have a material adverse effect on the Company's financial statements

On occasion, the Company will enter into conversion incentive fee agreements offering cash incentives to induce the conversion of certain strategic territories into new franchisees The Company will generally pay approximately 50% of the incentive upon execution of a 10-year franchise agreement, with the remaining incentive fee to be paid on the first and second anniversary of the agreement The incentive fee is refundable to the Company pro-rata over the franchise period of ten years, if the franchisee defaults under certain conditions of the franchise agreement but is 100% refundable in the first year Incentives paid during 2017 and 2016 were $3,243,000 and $4,215,000, respectively and are recorded as prepaid assets when paid and amortized over ten years As of December 31, 2017, there was $1,083,000 and $6,125,000 in current and non-current prepaid expenses, respectively As of December 31, 2016, there was approximately $796,000 and $4,002,000 in current and non-current prepaid expenses, respectively Incentive amortization of approximately $978,000 and $495,000 for the year ended December 31, 2017 and 2016, respectively, is included as a reduction of royalty revenues on the accompanying statements of operations

The aggregate amount of incentive payments to be made, if the franchises do not default, as of December 31, 2017, is as follows

For years ending December 31,	Amount
2018	$ 1 548 556
2019	523 625
	$ 2 072 181

Future amortization of prepaid incentives is as follows (inclusive of amounts expected to be paid)

For the years ending December 31,	Amount
2018	$ 1 083 318
2019	1 083 318
2020	1 083 318
2021	1 083 318
2022	1 083 318
Thereafter	3 863 448
	$ 9 280,038

Note 6 – Related Party Transactions

The operating agreement dictates that Clockwork and RSG act as the manager of the Company As such, Clockwork and RSG charge the Company for services provided through a corporate allocation process During 2015, RSG amended the process to expand the base of expenses included in the allocation process where additional services related to corporate strategy, risk management, compliance, planning and analysis activities, along with support functions were added to the corporate allocation amounts These were incremental to the 2014 allocations that included accounting, legal, and other personnel services During 2017 RSG amended the allocation calculation process from a revenue-based model to a gross margin-based model The Company recorded expenses of approximately $7,117,000 and $2,596,000 for the years ended December 31, 2017 and 2016, respectively Expenses directly identifiable to the Company are included in selling, general and administrative expenses in the accompanying statements of operations

Clockwork has centralized its cash management function whereby all disbursements of the Company are processed and paid by Clockwork Such disbursements totaled approximately $5,836,000 and $4,764,000 for the years ended December 31, 2017 and 2016, respectively

In addition, the Company maintains a zero balance cash account with a bank funded by Clockwork, whereby the available cash receipts of the Company are swept nightly to Clockwork The difference between the Company's receipts and the amounts charged by Clockwork, as well as the disbursements made by Clockwork on behalf of the Company is recorded as advances to parent, as a reduction of member's equity on the accompanying balance sheets as of December 31, 2017 and 2016 During 2017, Clockwork authorized and recorded a distribution of earnings totaling approximately $40,185,000 from the Company to its Parent The distribution has no impact to net equity, as the Due to Parent account is recorded within Member's Equity The Company intends to continue to sweep excess cash flows to the Parent for the foreseeable future

An entity under common control charges the Company for certain training provided on its behalf to the franchisees based on the number of individuals who attended the training The Company recorded expenses for these services of approximately $39,000 and $317,000 for the years ended December 31, 2017 and 2016, respectively, which are included in selling, general and administrative expenses in the accompanying statements of operations

Clockwork has certain subsidiaries which are considered franchisees of the Company If the entity was a franchisee prior to being acquired by Clockwork, ongoing royalties were waived for these entities as of the date of acquisition If the entity was not a franchisee prior to being acquired by Clockwork, initial fees and ongoing royalties were waived from inception of the entity becoming a franchisee, which is generally the date of acquisition Total fees waived during the years ended December 31, 2017 and 2016, were approximately $4,225,000 and $3,997,000, respectively

Note 7 – Income Taxes

Income tax expense consists of the following for the years ended December 31, 2017 and 2016

	2017	2016
Current		
Federal	$ -	$
State	-	
		-
Deferred		
Federal	2 959 824	1 687 247
State	307 215	186 831
	3 267 039	1 874 078
Income tax expense	$ 3 267 039	$ 1 874 078

Deferred income taxes as of December 31, 2017 and 2016 consisted of the following

	2017	2016
Deferred tax assets		
Allowance for doubtful accounts	$ 228 421	$ 158 696
Tradename	95 244	165 340
Franchise rights	1 472 410	2 662,769
Goodwill	4,165 214	7 230,609
Accrued bonuses	108,081	139 638
Net operating loss	2 185,376	1 317 149
	8,254 746	11 674 201
Deferred tax liabilities		
Notes receivable net	(116 667)	(198 819)
Prepaid expenses and other assets	(1,797 119)	(1 867 383)
	(1 913 786)	(2,066 202)
Net deferred tax asset	$ 6 340,960	$ 9 607 999

The Company's effective income tax rate differs from the amount computed by applying the federal statutory rate to income before income taxes primarily because of state income taxes

For income tax purposes, the Company has recorded the impact of the acquisition, which resides on the tax records of the Company However, certain of these amounts do not impact the book basis of the Company, including the trade name, franchise rights, and goodwill These tax assets are amortizable and as such, their amortization will reduce the deferred tax asset over the estimated tax depreciable life of each respective asset

The Company reviews its deferred tax assets on a regular basis to evaluate their recoverability based upon expected future reversals of deferred tax liabilities, projections of future taxable income, and tax planning strategies that the Company might employ to utilize such assets, including net operating loss carryforwards, if any Based on the positive and negative evidence for recoverability, the Company establishes a valuation allowance against the net deferred assets of a taxing jurisdiction in which the Company operates unless it is "more likely than not" that the Company will recover such assets through the above means Based on the Company's evaluation, the Company has not recorded a valuation allowance, as it believes it is more likely than not that the deferred tax assets will be realized

As a member of a group that files a consolidated tax return, the Company has not recorded any amounts as of December 31, 2017 and 2016, for income taxes payable for its share of the taxes due as a result of its net operating loss position

The effects of recognizing tax benefits associated with the deferred tax asset would result in a reduction of a current payable to the Parent Based upon the Parent's cash management policies, such amounts when realized are expected to result in changes to the advances to parent account, as reflected in equity

On December 22, 2017, the United States enacted tax reform legislation commonly known as the Tax Cuts and Jobs Act (the "Act"), resulting in significant modifications to existing law The Company has completed the accounting for the effects of the Act during 2017 The Company's financial statements for the year ended December 31, 2017, reflect certain effects of the Act which includes a reduction in the corporate tax rate from 35% to 21%, as well as other changes As a result of the changes to tax laws and tax rates under the Act, the Company incurred incremental income tax expense of approximately $3,370,000 during the year ended December 31, 2017, which consisted primarily of the remeasurement of deferred tax assets and liabilities from 35% to 21%

Balance Sheet
Franchisor - One Hour Heating & Air
As of February 15, 2019

Description	As of 2/15/2019
Cash	74 894
Restricted Cash	3,950 225
Accounts Receivable, net of allowance	915,123
Notes Receivable, net of allowance	138,193
Prepaid and Other current assets	2 986 107
Total Current Assets	**8,064,543**
Property and Equipment net	-
Software, net of accumulated depreciation	-
Intangible Assets	4 456 708
Other Long Term Assets	9,845 800
Notes Receivable	222 032
Deferred Tax Asset	7 607 277
Total Assets	**30,196,360**
Accounts payable	249,539
Accrued expense and other current liabilities	1 767,707
Ad Co Op Liability	4,062 463
Deferred Revenue - Current	628 508
Total Current Liabilities	**6,708,217**
Other Long Term Liabilities	779,625
Deferred Revenue - Non Current	3 525,029
Total Long Term Liabilities	**4 304,654**
Total Liabilities	**11,012,872**
Totah Shareholders' Equity and Earnings	**19,183,489**
Total Shareholder Equity and Liabilities	**30,196,360**

THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAD AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM

Profit and Loss Statement
Franchisor - One Hour Heating & Air
For the two months ended February 15, 2019

Description	Two months ended February 15, 2019
Initial fee revenue	128,033
Royalty revenue	1,865,667
Total Revenue	**1,993,699**
Cost of Sales	13,397
Gross Profit	**1,980,303**
Selling, general and administrative expenses	1,058,966
Income from operations	**921,337**
Other income / (expense)	(30,670)
Interest income	7,525
Net Income before taxes	**898,191**
Taxes	-
Net Income	**898,191**

THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAD AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM

GUARANTEE OF PERFORMANCE

For value received, One Hour Air Conditioning Franchising, L L C , a Florida limited liability company (the "Guarantor"), located at 12 Greenway Plaza, Suite 250, Houston, Texas 77046, absolutely and unconditionally guarantees to assume the duties and obligations of Homewatch Caregivers, LLC, a Colorado limited liability company, located at 6251 Greenwood Plaza Blvd , Suite 250, Greenwood Village, Colorado 80111 (the "Franchisor"), under its franchise registration in each state where the franchise is registered, and under its Franchise Agreement identified in its Franchise Disclosure Document issued May 1 , 2019, 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 occurs first 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 The guarantee is binding on the Guarantor and its successors and assigns

The Guarantor executes this guarantee at Columbia, Maryland on the 1st day of May , 2019

GUARANTOR One Hour Air Conditioning Franchising, L L C

By _____

Print Name Rob Weddle

Print Title CEO

EXHIBIT G
(TO DISCLOSURE DOCUMENT)

EXHIBIT G

Table of Contents

	Subject	Number of Pages
1	52 Week Business Implementation Program	1
2	Accreditation	1
3	Adding New Territory	1
4	Additional Training	1
5	Affordable Care Act	1
6	Annual Conference	1
7	Anti-Kickback Law	1
8	Anti-Virus Requirements	2
9	Approved Services, Products and Suppliers	1
10	Assignment of the Franchise	5
11	Background Checks Canada	2
12	Background Checks USA	2
13	Business Entity	2
14	Business License Canada	2
15	Business License USA	2
16	Care Services	3
17	Child Care	1
18	Client and Caregiver Satisfaction Surveys	1
19	Compliance Posters	2
20	CPR and First Aid	1
21	Crisis Communications Policy	1
22	Critical Incident Report	1
23	Department of Labor	1
24	Digital Advertising and Communication	2
25	Drug Testing	1
26	Employee Model	1
27	Employer Identification Number (EIN) USA	1
28	Executive Communications	1
29	Family Medical Leave Act (FMLA)	1

EXHIBIT G
(TO DISCLOSURE DOCUMENT)

30	Fictitious Name, Trade Name, or DBA	1
31	Financial and Operational Data Submission	1
32	Franchise Location Closure	5
33	Franchise Owner Contact Information	1
34	Franchise Owners as Vendors	1
35	Franchise Renewal	2
36	Franchise Support Center Contact Information – Subject Matter Experts (SME)	1
37	Friday Focus E-mail Newsletter	1
38	Health Insurance Portability and Accountability Act (HIPAA) USA	1
39	HIPAA Compliant Business Associate Agreement (BAA)	1
40	Hiring	2
41	Home Care License	2
42	HomeShare	1
43	Homewatch CareGivers Care+ Business Management System	1
44	Homewatch CareGivers University	1
45	I-9 Forms	1
46	Information Technology Fees	1
47	Initial Training Program	1
48	Insurance	3
49	Joint Employment Disclaimer	1
50	Licensed Marks	1
51	Local Marketing Expenditure	1
52	Local Webpages	1
53	Market Action Plan	1
54	Ministry of Labour Canada	1
55	Mission, Vision and Values	1
56	National Accounts	1
57	National Marketing Fee and National Marketing Fund	1
58	Network Communication Channels (FEN, HUG, Emergency Support Network)	2
59	Nondisclosure and Noncompetition Agreement	1
60	Nurse Delegation	1
61	Occupational Hazards and Safety (OHS) Regulations Canada	2
62	Occupational Hazards and Safety Act (OSHA) USA	2
63	Office Equipment and Hardware	1

EXHIBIT G
(TO DISCLOSURE DOCUMENT)

64	Office Space and Location	2
65	Opening of Business Date	1
66	Operational Brand Standards	2
67	Operations Manual Explanation	2
68	Partial Transfer of Business Entity's Ownership	2
69	Payroll Tax Filing and Payroll Tax Payments Canada	1
70	Payroll Tax Filing and Payroll Tax Payments USA	1
71	Personal Health Information Protection ACT (PHIPA) Ontario, Canada	1
72	Principal Operator	1
73	Regulations Requirements Canada	1
74	Regulations Requirements USA	1
75	Reporting of Licensure Status	2
76	Reports and Records	2
77	Revenue Improvement Program	1
78	Right to Inspection	1
79	Royalty Reporting	2
80	Sales and Marketing Territory Standards	5
81	Satisfaction Surveys	1
82	Selection of Website URL	1
83	Standard Industrial Classification (SIC) Codes and National Provider Identifier (NPI)	1
84	Tax Identification Codes (TIN) Canada	1
85	Telephone Equipment and Procedures	2
86	Territory Policy	1
87	W-4 Forms	1
88	Website Approval Policy	1
89	Website Disclaimer	4

Total Number of Pages 127

EXHIBIT H
(TO DISCLOSURE DOCUMENT)

ADDENDUM TO THE HOMEWATCH CAREGIVERS, LLC
FRANCHISE DISCLOSURE DOCUMENT REQUIRED BY THE STATE OF CALIFORNIA

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 (www homewatchcaregivers com) HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT AT www dbo ca gov

1 The following information is added to Item 1

Complex Personal Care that may be performed by employees of a HOMEWATCH CAREGIVERS Business in California include the following Taking vital signs, changing category I sterile dressings, providing medicine reminders, clipping finger or toe nails (except with diabetics), giving enemas or douches, and shaving (allowed only with electric razors) These services can only be provided by either a Registered Nurse or Licensed Vocational Nurse, or under the supervision of a Registered Nurse

HOMEWATCH CAREGIVERS Businesses in California must operate within the guidelines of all California regulatory agencies, such as California's Board of Registered Nursing and the Industrial Welfare Commission Order No 15-2001

The Health Care Providers that may be employed by a HOMEWATCH CAREGIVERS Business in California include the following (1) Unlicensed Assistive Personnel, including Personal Care Providers, Home Health Aides, Certified Nurse Assistants, and Patient Care Technicians, and (2) Licensed Personnel, including Licensed Vocational Nurses and Registered Nurses

As of the date of this Disclosure Document, home care agencies (which include HOMEWATCH CAREGIVERS Businesses) are not licensed by the State of California We expect that you will need other business licenses (the same required of any other type of business) to operate your business

Notwithstanding the language above, franchisees in California are responsible for complying with all applicable laws and regulations, and are advised by us to consult with a California licensed attorney who is knowledgeable of laws governing businesses that engage in the functions performed by a HOMEWATCH CAREGIVERS Business

2 The following paragraph is added to the end of Item 3

Neither the Franchisor, nor any person or franchise broker 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

3 The following paragraphs are added at the end of Item 17

The California Business and Professions Code Section 20000 through 20043 provides you rights 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

EXHIBIT H
(TO DISCLOSURE DOCUMENT)

Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable

SECTION 31125 OF THE FRANCHISE INVESTMENT LAW REQUIRES US TO GIVE YOU A DISCLOSURE DOCUMENT, APPROVED BY THE COMMISSIONER OF BUSINESS OVERSIGHT BEFORE WE ASK YOU TO CONSIDER A MATERIAL MODIFICATION OF YOUR FRANCHISE AGREEMENT

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

YOU MUST SIGN A GENERAL RELEASE OF CLAIMS IF YOU RENEW OR TRANSFER YOUR FRANCHISE CALIFORNIA CORPORATIONS CODE §31512 VOIDS A WAIVER OF YOUR RIGHTS UNDER THE FRANCHISE INVESTMENT LAW (CALIFORNIA CORPORATIONS CODE §§31000 THROUGH 31516) BUSINESS AND PROFESSIONS CODE §20010 VOIDS A WAIVER OF YOUR RIGHTS UNDER THE FRANCHISE RELATIONS ACT (BUSINESS AND PROFESSIONS CODE §§20000 THROUGH 20043)

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

The Franchise Agreement requires binding arbitration The arbitration will occur at Denver, Colorado with the costs being borne by the non-prevailing party Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040 5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California

Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040 5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California

The Franchise Agreement requires application of the laws of the State of Colorado This provision may not be enforceable under California law

EXHIBIT I-1
(TO DISCLOSURE DOCUMENT)

ADDENDUM TO
HOMEWATCH CAREGIVERS FRANCHISE AGREEMENT FOR AN ADDITIONAL TERRITORY DEVELOPED SIMULTANEOUSLY WITH INITIAL TERRITORIES

HOMEWATCH CAREGIVERS, LLC ("**HWCG**") and _____ _____ ("**Franchisee**") are signing a HOMEWATCH CAREGIVERS Franchise Agreement ("**Agreement**") contemporaneously herewith and desire to supplement and amend certain terms and conditions of such Agreement by this Additional Territory Addendum to HOMEWATCH CAREGIVERS Franchise Agreement ("**Addendum**") Initial capitalized terms not otherwise defined herein shall have the same meanings as set forth in the Agreement The parties therefore agree as follows

RECITALS

A HWCG has offered, and Franchisee has agreed, to purchase and develop at least two Businesses in the same number of Territories simultaneously, the first of which ("**First Territory**") is governed by a separate Franchise Agreement, and the second of which ("**Second Territory**") is governed by a separate Franchise Agreement, and third and subsequent Territories are each governed by a separate Franchise Agreement This Addendum will be used in conjunction with those additional Territories ("**Additional Territory**") that Franchisee will be permitted to operate using the same Office Location, as determined by HWCG in its discretion, and

B In consideration for Franchisee's agreement to develop multiple Territories simultaneously, HWCG is charging a reduced initial franchise fee and allowing Franchisee to combine other aspects of the Businesses, as may be set forth in this Addendum

1 **Office Location** Franchisee shall be allowed to operate the Businesses for the First Territory and for ___ Additional Territories from the same Office Location, without violating any of the terms of Section 1 4 of the Agreement This Addendum is for the [SECOND/THIRD] Additional Territory to be operated by Franchisee The address of the Office Location for the First Territory and the Additional Territories shall be _____ The final sentence of Section 1 4 of the Agreement shall be deleted and replaced with the following "Franchisee shall not offer services that are part of the Licensed Methods from any location other than the Office Location, except with the prior written approval of HWCG "

2 **Operational Covenants/Telephone** Because HWCG is allowing Franchisee to maintain only one Office Location for multiple Businesses, Franchisee shall be allowed to maintain two telephone lines at the Office Location for multiple Businesses All other requirements of Section 5 2 g of the Agreement shall apply to each of the Businesses, however

3 **Office Equipment, Hardware and Software** Because HWCG is allowing Franchisee to maintain only one Office Location for multiple Businesses, Franchisee will not be required to purchase more than one computer hardware and software package for the Office Location serving each Territory, pursuant to Section 5 10 of the Agreement In addition, Franchisee will not be required to pay a separate monthly fee to HWCG for email services or technical assistance, pursuant to Section 5 10 c of the Agreement

4 **Cross Default** The following shall be added at the end of Section 8 1 1 of the Agreement "Franchisee acknowledges and agrees that a default under the terms of the Franchise Agreement that governs the First Territory shall also be deemed a default under this Agreement and shall give HWCG the right to terminate this Agreement if a default under the Franchise Agreement governing

the First Territory is not cured within the applicable cure period Similarly, a default under the terms of the Franchise Agreement that governs the Second Territory or any Additional Territories shall also be deemed a default under this Agreement and shall give HWCG the right to terminate this Agreement if a default under the Franchise Agreement governing the Second Territory or any Additional Territories is not cured within the applicable cure period This cross-default right shall not apply if the default in the terms of the Franchise Agreement that governs the Second Territory or any Additional Territories is a failure to meet minimum sales requirements "

5 **Inconsistent Terms** The terms and conditions of this Addendum are in addition to or in explanation of the existing terms and conditions of the Agreement and shall prevail over and supersede any inconsistent terms and conditions thereof

Fully executed this _____ day of _____, 20___

HOMEWATCH CAREGIVERS, LLC

By _____
Print Name _____
Title _____

FRANCHISEE

_____
(Print Name)

_____
Individually

OR

(if a corporation, or other business entity)

_____
Company Name
By _____
Print Name _____
Title _____

EXHIBIT I-2
(TO DISCLOSURE DOCUMENT)

RENEWAL ADDENDUM TO
HOMEWATCH CAREGIVERS FRANCHISE AGREEMENT

HOMEWATCH CAREGIVERS, LLC ("**HWCG**") and _____ _____ ("**Franchisee**") are signing a HOMEWATCH CAREGIVERS Franchise Agreement ("**Agreement**") contemporaneously herewith and desire to supplement and amend certain terms and conditions of such Agreement by this Renewal Addendum to HOMEWATCH CAREGIVERS Franchise Agreement ("**Addendum**") Initial capitalized terms not otherwise defined herein shall have the same meanings as set forth in the Agreement The parties therefore agree as follows

1 **Initial Franchise Fee** Section 2 1 is deleted in its entirety

2 **Pre-Opening Assistance** Section 4 1 is deleted in its entirety

3 **Initial Training** Section 5 1 is deleted in its entirety The Business is considered to be "open" as of the effective date of the Agreement

4 **Renewal Terms** In accordance with Section 11 1 de, Franchisee is required to upgrade its Business and services to conform with HWCG's current standards and specifications as follows

_____
_____
_____

_____

5 **Renewal Fee** In accordance with Section 11 1 ed, HWCG acknowledges receipt of $___ from Franchisee in payment of the renewal fee

6 **Release** Franchisee, for itself and its affiliates, and their respective current and former successors, assigns, officers, shareholders, directors, members, managers, agents, heirs and personal representatives ("**Franchisee Affiliates**"), hereby fully and forever unconditionally release and discharge HWCG and its affiliates, and their respective successors, assigns, agents, representatives, employees, officers, shareholders, directors, members, managers and insurers (collectively referred to as "**Franchisor Affiliates**") from any and all claims, demands, obligations, actions, liabilities and damages of every kind and nature whatsoever ("**Released Claims**"), in law or in equity, whether known or unknown, which Franchisee or Franchisee Affiliates may now have against HWCG or Franchisor Affiliates or which may hereafter be discovered Without limiting the foregoing, Released Claims includes, but is not limited to, all claims, demands, obligations, actions, liabilities and damages, known or unknown, in any way arising from or relating to (i) any relationship or transaction with HWCG or Franchisor Affiliates, (ii) the Franchise Agreement or any related agreements, and (iii) the franchise relationship, from the beginning of time until the date of this Release

[APPLIES ONLY IN CALIFORNIA] 7 (a) Release of Unknown Claims and Waiver of California Law Franchisee and Franchisee Affiliates acknowledge that they are aware and informed that the laws of California may purport to limit or reduce the effect of a general release with respect to claims not known or suspected by them at the time of

execution of the Release, such as Section 1542 of the Civil Code of the State of California, which provides as follows

> "A general release does not extend to claims which the creditor or releasing party does not know or suspect to exist in his favor at the time of executing the release which, if known by him, must have materially affected the settlement with the debtor or released party "

Franchisee and Franchisee Affiliates waive and relinquish every right or benefit which they have, or may have, under Section 1542 of the Civil Code of the State of California, and under any similar provisions of any other law (as may be applicable to this Release), to the fullest extent that Franchisee and Franchisee Affiliates may lawfully waive such right or benefit pertaining to the subject matter of this Release In connection with such waiver and relinquishment, with respect to the Released Claims, Franchisee and Franchisee Affiliates acknowledge that they are aware and informed that they may hereafter discover facts in addition to or different from those that they now know or believe to be true with respect to the subject matter of this Release, but that it is Franchisee's and Franchisee Affiliates' intention to settle and release fully, and finally and forever, all Released Claims, disputes and differences, known or unknown, suspected or unsuspected, which now exist, may exist or heretofore existed, and in furtherance of such intention, the Release given herein shall be and remain in effect as a full and complete release, notwithstanding the discovery or existence of any such additional or different facts that would have affected the release of all Released Claims Franchisee and Franchisee Affiliates agree to defend, indemnify and hold harmless HWCG and Franchisor Affiliates from any and all Released Claims arising out of, directly or indirectly, the assertion by Franchisee and Franchisee Affiliates (or any person or entity by, through, or on their behalf) of any Released Claims, positions, defenses, or arguments contrary to this Section 7(a) of this Addendum

[APPLIES ONLY IN SOUTH DAKOTA] 7 (b) Release of Unknown Claims and Waiver of South Dakota Law Franchisee and Franchisee Affiliates acknowledge that they are aware and informed that the laws of South Dakota may purport to limit or reduce the effect of a general release with respect to claims not known or suspected by them at the time of execution of this Addendum, such as South Dakota Codified Laws § 20-7-11, which provides as follows

> "A general release does not extend to claims which the creditor or releasing party does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor or released party "

Franchisee and Franchisee Affiliates waive and relinquish every right or benefit which they have, or may have, under § 20-7-11 of the South Dakota Codified Laws, and under any similar provisions of any other law (as may be applicable to this Agreement), to the fullest extent that they may lawfully waive such right or benefit pertaining to the subject matter of this Addendum In connection with such waiver and relinquishment, with respect to the Released Claims, Franchisee and Franchisee Affiliates acknowledge that they are aware and informed that they may hereafter discover facts in addition to or different from those that Franchisee and Franchisee Affiliates now know or believe to be true with respect to the subject matter of this Addendum, but that it is their intention to settle and release fully, and finally and forever, all Released Claims, disputes and differences, known or unknown, suspected or unsuspected, which now exist, may exist or heretofore existed, and in furtherance of such intention, the Release given herein shall be and remain in effect as a

full and complete release, notwithstanding the discovery or existence of any such additional or different facts that would have affected the release of all Released Claims Franchisee and Franchisee Affiliates agree to defend, indemnify and hold harmless HWCG and Franchisor Affiliates from any and all Released Claims arising out of, directly or indirectly, the assertion by Franchisee and Franchisee Affiliates (or any person or entity by, through, or on behalf of Franchisee) of any Released Claims, positions, defenses, or arguments contrary to this Section 7 (b) of this Addendum

7 **General** This Addendum shall be construed and enforced in accordance with, and governed by, the laws of the State of Colorado This Addendum embodies the entire agreement and understanding between the Parties and supersedes all prior agreements and understandings relating to the subject matter hereof, and this Addendum may not be modified or amended or any term hereof waived or discharged except in writing signed by the party against whom such amendment, modification, waiver or discharge is sought to be enforced Nothing in this Addendum is intended to disclaim any representations made by HWCG in the most recent franchise disclosure document provided by HWCG or its representatives to Franchisee in connection with any renewal The headings are for convenience in reference only and shall not limit or otherwise affect the meaning hereof This Addendum may be executed in any number of counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument If any provision of this Addendum shall be held by a court of competent jurisdiction to be invalid or unenforceable, such provision shall be deemed modified to eliminate the invalid or unenforceable element and, as so modified, such provision shall be deemed a part of this Addendum as though originally included The remaining provisions of this Addendum shall not be affected by such modification All provisions of this Addendum are binding and shall inure to the benefit of the Parties and their respective delegatees, successors and assigns

8 **Inconsistent Terms** The terms and conditions of this Addendum are in addition to or in explanation of the existing terms and conditions of the Agreement and shall prevail over and supersede any inconsistent terms and conditions thereof

Fully executed this _____ day of _____, 20___

HOMEWATCH CAREGIVERS, LLC

By _____
Title _____

FRANCHISEE

_____
_____, Individually

_____
_____, Individually

AND

EXHIBIT I-2
(TO DISCLOSURE DOCUMENT)

Company Name

_____

By _____

Title _____

EXHIBIT I-3
(TO DISCLOSURE DOCUMENT)

ADDITIONAL OFFICE ADDENDUM TO
HOMEWATCH CAREGIVERS FRANCHISE AGREEMENT

HOMEWATCH CAREGIVERS, LLC ("**HWCG**") and _____ _____ ("**Franchisee**") are parties to a HOMEWATCH CAREGIVERS Franchise Agreement dated _____, 20___ ("**Agreement**") and desire to supplement and amend certain terms and conditions of such Agreement by this Additional Office Addendum to HOMEWATCH CAREGIVERS Franchise Agreement ("**Addendum**") Initial capitalized terms not otherwise defined herein shall have the same meanings as set forth in the Agreement Franchisee has requested, and HWCG has determined that Franchisee's Business and Territory qualify, to allow Franchisee to establish a second Office Location within Franchisee's existing Territory which will be governed by the Agreement and this Addendum The parties therefore agree as follows

a **Additional Office** HWCG's approval of Franchisee's establishment of an Additional Office referred to in Section 1 4 of the Agreement, is hereby granted The address of the Additional Office is as follows _____ Franchisee represents that the Additional Office address is within the boundaries of Franchisee's Territory The parties acknowledge that the Additional Office is in addition to, and not substituted for, the Office Location, which Franchisee will continue to use as the main office from which the Business is operated

b **Management and Operation of Additional Office** Franchisee shall manage and operate the Additional Office in compliance with HWCG's standards and specifications

c **Inconsistent Terms, Reaffirmation** The terms and conditions of this Addendum are in addition to or in explanation of the existing terms and conditions of the Agreement and shall prevail over and supersede any inconsistent terms and conditions thereof All provisions of the Agreement that are not changed by this Addendum are hereby reaffirmed by the parties and remain in full force and effect

Fully executed this _____ day of _____, 20___

HOMEWATCH CAREGIVERS, LLC

By _____
Print Name _____
Title _____

FRANCHISEE

_____
(Print Name)

_____
Individually

OR
(if a corporation, or other business entity)

_____
Company Name

By _____
Print Name _____
Title _____

EXHIBIT I-4
(TO DISCLOSURE DOCUMENT)

CONVERSION AMENDMENT TO FRANCHISE AGREEMENT

THIS CONVERSION AMENDMENT ("**Amendment**") to the HOMEWATCH CAREGIVERS Franchise Agreement ("**Agreement**") dated _____, 20__, is made effective on _____, 20__, between **HOMEWATCH CAREGIVERS**, LLC ("**Franchisor**") and _____ ("**Franchisee**") to supplement and amend certain terms and conditions of the Agreement, in consideration of Franchisee's expansion of its HOMEWATCH CAREGIVERS Business operating under the Agreement, through the acquisition and conversion of a currently operating personal care, elder care and in-home companionship services business The parties therefore agree as follows

1 **Definitions** All capitalized terms not defined in this Amendment will have the same definition as in the Agreement

2 **Conversion Business, Franchisor's Approval** The following paragraph is added to the Agreement

> "Franchisee intends to expand its HOMEWATCH CAREGIVERS Business through the acquisition and conversion of an existing business providing personal care, elder care and in-home companionship services in the Territory ("**Purchase Transaction**") Franchisee seeks the approval of Franchisor in order to close the Purchase Transaction and include the purchased business ("**Conversion Business**") as a part of the Business operating under the Trademarks and Licensed Methods and in accordance with the Agreement Franchisor will approve Franchisee's proposed Purchase Transaction and inclusion of the Conversion Business as a part of the Business operating under the Trademarks and Licensed Methods and under the Agreement, subject to the terms of this Amendment "

3 **Addition of Conversion Business** The following language is added to Section 1 1 of the Agreement

> "The Conversion Business and the operation thereof will be included as a part of the Business and will be subject to the Agreement, effective as of the date of closing the Purchase Transaction ("**Closing Date**"), which Franchisee has represented will occur no later than ____ days after the date of this Amendment ("**Approval Period**") Franchisee will notify Franchisor in writing of the scheduled Closing Date and any rescheduling thereof, and, as of the date the Purchase Transaction actually closes, of the actual Closing Date If the Closing Date does not occur within the Approval Period, this Amendment will automatically terminate without further notice or action by either party and be of no further force or effect "

4 **Licensed Location and Territory** Section 1 3 of the Agreement is amended by adding the following

> "Franchisee has represented to Franchisor that is has identified the location of all the Clients of the Conversion Business as residing or otherwise located in the following options as shown by the checked box
>
> ☐ (a) in the Territory
> ☐ (b) outside the Territory and in another franchisee's territory
> ☐ (c) outside the Territory and not in another franchisee's territory

EXHIBIT I-4
(TO DISCLOSURE DOCUMENT)

a Clients in Territory For any clients of the Conversion Business whose contracts are being acquired as a part of the Purchase Transaction and which are residing or are otherwise all located in the Territory, Franchisee confirms that these Clients from the Conversion Business will be included in the Territory and the Conversion Business will not be considered a second Territory as may be referenced in the Agreement

b Clients Outside Territory and in Another Franchisee's Territory For any Clients of the Conversion Business that currently are in the territory of another franchisee at the time of the Purchase Transaction, Franchisee agrees to transfer those Clients to the other franchisee for service within 30 days following acquisition of the Conversion Business Franchisee is permitted to negotiate for the purchase of those Clients contracts by the other franchisee but if no agreement is reached, Franchisee agrees to provide the contact information for any such Clients to Franchisor and further agrees to not service those Clients located in the other Franchisee's territory

c Clients Outside Territory and Not in Another Franchisee's Territory If Franchisee is requested to serve a Client outside of the Territory either immediately after the Purchase Transaction or in the future, Franchisee will contract with the Client and provide services to the Client only if (i) another franchisee of Franchisor is not then serving the area where the Client resides or is otherwise located, and (ii) Franchisee has received prior written consent from Franchisor to serve the Client Thereafter, if another franchisee of Franchisor, or the Franchisor starts operating a Business in the area in which such Client resides or is otherwise located, then Franchisee must honor the Franchisor's current territory policy Currently, the Franchise will be permitted to continue to offer and provide services to that particular Client but must promptly refer any further potential clients to the other franchisee or the Franchisor if those potential clients are outside of the Territory "

5 **Phase-In Period, Royalty Reduction** The following subsections are added to Section 2 2 of the Agreement

"a During the first 3 months of operation of the Conversion Business after the Closing Date, including the month in which the Closing Date occurs ("**Phase-In Period**"), the Franchisee shall not pay any Royalty on Franchisee's monthly Gross Billings generated from the Clients comprising the Conversion Business only During the Phase-In Period, Franchisee shall continue to pay the Royalty based on the Gross Billings of the Business, excluding the Conversion Business, as described in Section 2 2 For all other purposes under the Agreement, the Conversion Business, and the Gross Billings thereof, shall be treated as a part of the Business

b Starting in the next month after the end of the Phase-In Period and thereafter during the term of this Agreement, Franchisee will pay the Royalty at the same rate set forth in the Franchisee's existing Franchise Agreement for both the Conversion Business and all other Clients of the Business excluding the Conversion Business

6 **Separate Reporting of Conversion Business** The following shall supplement Sections 2 3, 3 4 a and 5 5 of the Agreement

"Franchisee shall provide separate accounting, reports and financial information on the Conversion Business and on the existing Business, in a form and manner as Franchisor may reasonably require, in addition to combined information on the entire Business

(including the Conversion Business) otherwise required by the Agreement, for such period during the term of the Agreement as Franchisor may reasonably require "

7 **Modifications to Comply with Business Standards and Specifications** The following will be added to Article 5 of the Agreement

"All modifications required to bring the Conversion Business and its operations into compliance with the standards and specifications set forth in the Agreement and Operations Manual, and all other requirements to add the Conversion Business as a part of the HOMEWATCH CAREGIVERS Business, will be completed prior to or as of the Closing Date, including without limitation

a Caregivers No later than 30 days prior to the Closing Date, Franchisee will run background checks on all Caregivers and others who are part of the Conversion Business and will ensure that all Caregivers to be employed in connection with the Conversion Business are of good character and are capable of and do at all times provide only authorized Care Services to clients in a manner consistent with the highest standards of care in the in-home personal care industry and in accordance with the written contracts as may be executed with the Clients of the Conversion Business Franchisee will provide such information in a form and manner as may be reasonably required by Franchisor

b Client Contracts and Information No later than 15 days prior to the Closing Date, Franchisee will submit to Franchisor for Franchisor's approval the form of Client contract proposed for execution with the Clients that are to be included in the Conversion Business, and such related Client information as Franchisor may reasonably require Franchisee agrees that, as a part of the Purchase Transaction, it will replace Client contracts with contracts that meet Franchisor's standards and specifications, to be executed and made effective as of the Closing Date

c Trademarks and Licensed Methods As of the Closing Date, all other aspects of the Conversion Business operations shall be brought into conformance with the Licensed Methods of Franchisor, operated under and in connection with the Marks

After the Closing Date, Franchisee will comply with Franchisor's standards and specifications, including those that are set forth in the Operations Manual or as may be otherwise provided by Franchisor, so that the Conversion Business is operated in a manner consistent with the existing HOMEWATCH CAREGIVERS Business Franchisee will share with Franchisor information pertaining to the operating results of the Conversion Business, including total Gross Billings and other financial information as may be reasonably requested from time to time, so Franchisor may evaluate and assess generally expanding Businesses through acquisitions similar to the Purchase Transaction "

8 **Effectiveness of Agreement** The terms and conditions of this Amendment are in addition to or in explanation of the existing terms and conditions of the Agreement and shall prevail over and supersede any inconsistent terms and conditions thereof

EXHIBIT I-4
(TO DISCLOSURE DOCUMENT)

HOMEWATCH CAREGIVERS, LLC

By _____
Title _____
Date _____

FRANCHISEE

_____
By _____
Title _____
Date _____

EXHIBIT J
(TO DISCLOSURE DOCUMENT)

BUSINESS ASSOCIATE AGREEMENT

_____, with an address of _____("Covered Entity") and _____ with an address of _____ ("Business Associate") enter into this Business Associate Agreement ("BAA"), which shall be effective as of the date it is last executed by either Party ("Effective Date")

Covered Entity and Business Associate (each a "Party" and collectively "the Parties") agree that Covered Entity has engaged Business Associate to provide certain services that may involve the Use or Disclosure of Protected Health Information The Parties agree that Business Associate is a business associate as that term is defined by the Health Insurance Portability and Accountability Act of 1996, as amended by the Health Information Technology for Economic and Clinical Health Act of 2009 ("HITECH") and implementing regulations, 45 C F R Parts 160 and 164, all as may be amended from time to time (collectively "HIPAA") Therefore, in consideration of the Parties' obligations under law and pursuant to their arrangement, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Covered Entity and Business Associate agree as follows

1 DEFINITIONS Unless otherwise specified, all capitalized terms used in this BAA not otherwise defined have the meanings ascribed by HIPAA or HITECH (as defined herein), as each may be amended from time to time

a "Breach" means the acquisition, Access, Use, or Disclosure of PHI in a manner not permitted by the Privacy Rule

b "Breach Notification Rule" means the federal breach notification regulations issued pursuant to HITECH, as amended from time to time, at Subpart D of 45 C F R Part 164

c "Compliance Date" means, in each case, the date by which compliance is required under the referenced or applicable regulation

d "Discovery" means the first day on which Business Associate, or any workforce member or Subcontractor of Business Associate, knows or, by exercising reasonable diligence, would have known of the event referenced

e "Encrypt" means to use an algorithmic process to transform data into a form in which there is a low probability of assigning meaning without use of a confidential process or key, which process conforms to NIST Special Publications 800–111, 800–52, 800–77, or 800–113, as appropriate, or that is otherwise validated against the Federal Information Processing Standards (FIPS) 140–2, all as may be amended from time to time

f "ePHI" means Protected Health Information that is transmitted or maintained in electronic media

g "Privacy Rule" means the federal privacy regulations issued pursuant to HIPAA, as amended from time to time, at Subpart E of 45 C F R Part 164

h "Protected Health Information" or "PHI" means protected health information, as defined in 45 C F R § 160 103, limited to the protected health information received from, or received, created, maintained, transmitted or accessed on behalf of, Covered Entity

i "Security Rule" means the federal security regulations issued pursuant to HIPAA, as amended from time to time, at Subpart C of 45 C F R Part 164

j "Subcontractor" means a person to whom Business Associate delegates a function, activity, or service, other than in the capacity of a member of the workforce of Business Associate

2 RESPONSIBILITIES OF BUSINESS ASSOCIATE

a Use and Disclosure of PHI

1 Business Associate shall not Access, Use or Disclose PHI except in accordance with this BAA, or as Required by Law

2 Business Associate may Access, Use or Disclose PHI for the purpose of carrying out the services Covered Entity has engaged it to perform

3 Business Associate may Access or Use PHI for the proper management and administration of Business Associate or to carry out its legal responsibilities

4 Business Associate also may Disclose PHI for the proper management and administration of Business Associate or to carry out its legal responsibilities, provided the Disclosures are Required by Law, or Business Associate obtains reasonable assurances from the recipient of PHI that (a) the PHI will remain confidential and be Used or further Disclosed only as Required by Law or for the purposes for which it was Disclosed to the person, and (b) the recipient will notify Business Associate of any instances of which it is aware in which the confidentiality of the information has been breached

5 Business Associate shall request, Use, and Disclose only the minimum amount of PHI necessary to accomplish the purpose of the permissible request, Use, or Disclosure in compliance with 45 C F R § 164 502(b) and applicable guidance issued by the U S Department of Health and Human Services ("HHS")

6 Business Associate shall not Use PHI for Marketing or fundraising except as permitted under HIPAA, and shall not Use or Disclose PHI in exchange for remuneration of any kind, whether directly or indirectly, financial or non-financial, other than such remuneration as Business Associate receives from Covered Entity in exchange for Business Associate's provision of services contemplated by this BAA

7 Business associate may not Use or Disclose PHI in a manner that would violate Subpart E of 45 CFR Part 164 if done by Covered Entity except as permitted under Section II A 3-4

b Safeguards

1 Business Associate shall implement and maintain appropriate Administrative, Physical, and Technical Safeguards designed to reasonably and appropriately protect the Confidentiality, Integrity, and Availability of PHI and to prevent Uses and Disclosures of PHI that are not permitted by HIPAA, HITECH or this BAA

2 Business Associate shall, within the earlier of the Compliance Date or thirty (30) days from the Effective Date, comply with all applicable provisions of the Security Rule

3 Business Associate shall require each Subcontractor that creates, receives, maintains, or transmits PHI on behalf of Business Associate to agree, in writing, to the same restrictions, obligations and conditions that apply to Business Associate through this BAA

c Individual Rights

1 Business Associate shall, within 15 days after receiving a request from Covered Entity or an Individual, make available information necessary to provide the Individual with an accounting of Disclosures of PHI about the Individual, as provided in 45 C F R §164 528 Such information shall be provided to Covered Entity, unless Covered Entity directs Business Associate in writing to make the accounting directly to the Individual

2 Business Associate shall, within 15 days after receiving a request from Covered Entity or an Individual, make available PHI in a Designated Record Set to Covered Entity or, if directed to do so in writing by Covered Entity, to an Individual or the Individual's designee, in accordance with the requirements of 45 C F R § 164 524 Business Associate shall make PHI available in the form and medium directed by Covered Entity, which may include electronic formats or media Business Associate may not charge a fee for this service and may only charge costs reflective of actual costs incurred that are reasonable in amount and approved in advance by Covered Entity

3 Business Associate shall, within 15 days after receiving a request from Covered Entity, make available PHI in a Designated Record Set to Covered Entity for amendment in accordance with 45 C F R § 164 526 If directed to do so by Covered Entity in writing, Business Associate shall make or otherwise incorporate amendments to PHI

4 Business Associate shall notify Covered Entity in writing no more than 5 calendar days following Business Associate's or its Subcontractor's receipt of any request from an Individual, or any party other than Covered Entity, for an accounting of Disclosures, to gain access to PHI, or to amend PHI as contemplated in Sections II C 1-3 above

d Reporting

1 Without unreasonable delay and, in any event, no more than 20 calendar days following Discovery, Business Associate shall notify Covered Entity in writing of any Use or Disclosure of PHI not permitted by this BAA or any Security Incident The Parties agree that this section satisfies any notices necessary by Business Associate to Covered Entity of the ongoing existence and occurrence of attempted but Unsuccessful Security Incidents (as defined below) for which no additional notice to Covered Entity shall be required For

purposes of this BAA, "Unsuccessful Security Incidents" include activity such as pings and other broadcast attacks on Business Associate's firewall, port scans, unsuccessful log-on attempts, denials of service and any combination of the above, so long as no such incident results in unauthorized access, use or disclosure of electronic PHI

2 Without unreasonable delay and, in any event, no more than 20 calendar days following Discovery, Business Associate shall notify Covered Entity of any Breach Business Associate shall deliver the notification of such Breach in writing and must include a reasonably detailed description of the Breach and the steps Business Associate is taking and would propose to mitigate or terminate the Breach Furthermore, Business Associate shall supplement the initial notification, no more than 10 days following Discovery, with information including, if available, the identification of each Individual whose PHI was or is believed to have been involved, a reasonably detailed description of the types of PHI involved, all other information reasonably requested by Covered Entity, including all information necessary to enable Covered Entity to perform and document a risk assessment in accordance with the Breach Notification Rule, and all other information necessary for Covered Entity to provide notice to Individuals, HHS, or the media, if required

3 Without unreasonable delay and, in any event, no more than 5 days of receipt of the request or notification, Business Associate will notify Covered Entity in writing of any request by any governmental entity, or its designee, to review Business Associate's compliance with law or this BAA, to pursue a complaint, or to conduct an audit or assessment of any kind

e Compliance Reviews

1 Business Associate shall cooperate with and make available to HHS its internal practices, books, and records, relating to the Use and Disclosure of PHI pursuant to this BAA for purposes of determining Business Associate's or Covered Entity's compliance with HIPAA or HITECH

3 RESPONSIBILITIES OF COVERED ENTITY

a Covered Entity shall notify Business Associate, in writing, of an Individual's request to restrict the Use or Disclosure of such Individual's PHI, any limitations in Covered Entity's Privacy Notice, or any revocation by an Individual of authorization to Use or Disclose PHI if such request, limitation or revocation would affect Business Associate's compliance with this BAA

b Covered Entity shall not request Business Associate to Use or Disclose PHI in any manner that would not be permissible under Subpart E of 45 CFR Part 164 if done by Covered Entity except as permitted under Section II A 3-4

4 TERM, TERMINATION AND DAMAGES

a This BAA is effective as of the Effective Date and shall remain in effect until the earlier of (1) the date the underlying agreement between the Parties terminates or expires, (ii) the date the Parties wish to terminate this BAA, or (iii) in accordance with Section IV B of this BAA

b Upon Covered Entity's determination of a breach of a material term of this BAA by Business Associate, Covered Entity shall notify Business Associate in writing of such breach and provide Business Associate with an opportunity to cure the breach Immediately upon receipt of notice of Covered

Entity's determination, Business Associate must take reasonable steps to cure the breach If, after 30 days or such longer time as may be specified in writing by Covered Entity, Covered Entity reasonably determines that such steps are unsuccessful in curing the breach, then Covered Entity may terminate this BAA and its engagement of Business Associate without penalty

c Except as provided below, upon termination of this BAA for any reason, Business Associate shall immediately securely return or destroy all PHI such that it cannot practicably be read or reconstructed, including all PHI in possession of Business Associate's Subcontractors However, in the event that Business Associate determines that returning or destroying the PHI is infeasible, Business Associate shall provide to Covered Entity notification of the conditions that make return or destruction infeasible Business Associate shall extend the protections of this BAA to such PHI and limit further Uses and Disclosures of such PHI to those purposes that make the return or destruction infeasible, for so long as Business Associate maintains such PHI

5 MISCELLANEOUS

a Prior Agreements This BAA supersedes and replaces any and all previous business associate agreements between the Parties

b Amendments This BAA hereby amends and is made a part of any agreement that governs Business Associate's engagement by Covered Entity Any changes or modifications to this BAA must be in writing and signed by both Parties

c Interpretation To the extent not clear, the terms of this BAA are to be construed to permit compliance by the Parties with HIPAA and HITECH If any provision of the BAA is in conflict with any provision of any agreement that governs Business Associate's engagement by Covered Entity, the conflicting provision of this BAA prevails to the extent necessary for the Parties to comply with HIPAA and HITECH

d Equitable Remedies Business Associate expressly acknowledges and agrees that breach of any provision of this BAA may cause Covered Entity irreparable harm for which an adequate remedy at law may not be available Business Associate agrees that upon such breach, or threatened breach, Covered Entity will be entitled to seek injunctive or other equitable relief to prevent the harm that may be caused by Business Associate's breach

e Independent Contractors The Parties are independent contractors and nothing in this BAA creates or is intended to create an agency relationship

f No Third Party Beneficiaries Nothing express or implied in this BAA conveys or is intended to convey any rights, remedies, obligations or liabilities to any party other than Covered Entity or Business Associate or their respective successors or assigns

g Survival Sections II C 1, II C 4, IV, and V survive the termination or expiration of this BAA All other sections of this BAA shall survive until such time as Business Associate has securely returned or destroyed all PHI in compliance with section IV

EXHIBIT I-4
(TO DISCLOSURE DOCUMENT)

_____	_____
(Covered Entity)	(Business Associate)
_____	_____
(Signature)	(Signature)
Name _____	Name _____
Title _____	Title _____
Date _____	Date _____

EXHIBIT K

(TO DISCLOSURE DOCUMENT)

GENERAL RELEASE

THIS GENERAL RELEASE ("**Release**") is made effective as of the ____ day of _____, 20__, by _____ ("**Franchisee**") in favor of Homewatch CareGivers, LLC, a Colorado limited liability company ("**Franchisor**") (collectively referred to as "**Parties**")

A The Parties have entered into that certain Franchise Agreement dated _____ ("**Franchise Agreement**") (to the extent not otherwise defined herein, all initial-capitalized references shall have the same meaning as set forth in the Franchise Agreement),

B The Franchisee desires to transfer the Franchise Agreement, the ownership of the Franchisee, or the HOMEWATCH CAREGIVERS Business or some or all of the assets of the Business,

C The Franchisee desires to enter into a successor to the Franchise Agreement, or

D The Franchisor desires to consent to the Franchisee's request subject to the Franchisee's compliance with the terms and conditions set forth in the Franchise Agreement including, without limitation, the execution and delivery by the Franchisee to the Franchisor of this Release

NOW, THEREFORE, in consideration of the foregoing, the mutual promises contained herein and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the Parties hereby agree as follows

1 **Release** The Franchisee, for itself and its affiliates, and their respective current and former successors, assigns, officers, shareholders, directors, members, managers, agents, heirs and personal representatives ("**Franchisee Affiliates**"), hereby fully and forever unconditionally release and discharge the Franchisor and its affiliates, and their respective successors, assigns, agents, representatives, employees, officers, shareholders, directors, members, managers and insurers (collectively referred to as "**Franchisor Affiliates**") from any and all claims, demands, obligations, actions, liabilities and damages of every kind and nature whatsoever ("Released Claims"), in law or in equity, whether known or unknown, which the Franchisee or the Franchisee Affiliates may now have against the Franchisor or Franchisor Affiliates or which may hereafter be discovered Without limiting the foregoing, Released Claims includes, but is not limited to, all claims, demands, obligations, actions, liabilities and damages, known or unknown, in any way arising from or relating to (i) any relationship or transaction with the Franchisor or Franchisor Affiliates, (ii) the Franchise Agreement or any related agreements, and (iii) the franchise relationship, from the beginning of time until the date of this Release

[APPLIES ONLY IN CALIFORNIA] 1 (a) Release of Unknown Claims and Waiver of California Law The Franchisee and the Franchisee Affiliates acknowledge that they are aware and informed that the laws of California may purport to limit or reduce the effect of a general release with respect to claims not known or suspected by them at the time of execution of the Release, such as Section 1542 of the Civil Code of the State of California, which provides as follows

> "A general release does not extend to claims which the creditor or releasing party does not know or suspect to exist in his favor at the time of executing the release

which, if known by him, must have materially affected the settlement with the debtor or released party "

The Franchisee and the Franchisee Affiliates waive and relinquish every right or benefit which they have, or may have, under Section 1542 of the Civil Code of the State of California, and under any similar provisions of any other law (as may be applicable to this Release), to the fullest extent that the Franchisee and the Franchisee Affiliates may lawfully waive such right or benefit pertaining to the subject matter of this Release In connection with such waiver and relinquishment, with respect to the Released Claims, the Franchisee and the Franchisee Affiliates acknowledge that they are aware and informed that they may hereafter discover facts in addition to or different from those that they now know or believe to be true with respect to the subject matter of this Release, but that it is the Franchisee's and the Franchisee Affiliates' intention to settle and release fully, and finally and forever, all Released Claims, disputes and differences, known or unknown, suspected or unsuspected, which now exist, may exist or heretofore existed, and in furtherance of such intention, the Release given herein shall be and remain in effect as a full and complete release, notwithstanding the discovery or existence of any such additional or different facts that would have affected the release of all Released Claims The Franchisee and the Franchisee Affiliates agree to defend, indemnify and hold harmless the Franchisor and the Franchisor Affiliates from any and all Released Claims arising out of, directly or indirectly, the assertion by the Franchisee and the Franchisee Affiliates (or any person or entity by, through, or on their behalf) of any Released Claims, positions, defenses, or arguments contrary to this Section 1(a) of this Release

[APPLIES ONLY IN SOUTH DAKOTA] 1 (b) Release of Unknown Claims and Waiver of South Dakota Law The Franchisee and the Franchisee Affiliates acknowledge that they are aware and informed that the laws of South Dakota may purport to limit or reduce the effect of a general release with respect to claims not known or suspected by Releasor at the time of execution of this Release, such as South Dakota Codified Laws § 20-7-11, which provides as follows

"A general release does not extend to claims which the creditor or releasing party does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor or released party "

The Franchisee and the Franchisee Affiliates waive and relinquish every right or benefit which they have, or may have, under § 20-7-11 of the South Dakota Codified Laws, and under any similar provisions of any other law (as may be applicable to this Agreement), to the fullest extent that they may lawfully waive such right or benefit pertaining to the subject matter of this Release In connection with such waiver and relinquishment, with respect to the Released Claims, the Franchisee and the Franchisee Affiliates acknowledge that they are aware and informed that they may hereafter discover facts in addition to or different from those that the Franchisee and the Franchisee Affiliates now know or believe to be true with respect to the subject matter of this Release, but that it is their intention to settle and release fully, and finally and forever, all Released Claims, disputes and differences, known or unknown, suspected or unsuspected, which now exist, may exist or heretofore existed, and in furtherance of such intention, the Release given herein shall be and remain in effect as a full and complete release, notwithstanding the discovery or existence of any such additional or different facts that would have affected the release of all Released Claims The Franchisee and the Franchisee Affiliates agree to defend, indemnify and hold harmless the Franchisor and the Franchisor Affiliates from any and all Released Claims arising out of, directly or indirectly, the assertion by the Franchisee and the Franchisee Affiliates (or

any person or entity by, through, or on behalf of Releasor) of any Released Claims, positions, defenses, or arguments contrary to this Section 1 (b) of this Release

2 **General** This Release shall be construed and enforced in accordance with, and governed by, the laws of the State of Colorado This Release embodies the entire agreement and understanding between the Parties and supersedes all prior agreements and understandings relating to the subject matter hereof, and this Release may not be modified or amended or any term hereof waived or discharged except in writing signed by the party against whom such amendment, modification, waiver or discharge is sought to be enforced Nothing in this Release is intended to disclaim any representations made by the Franchisor in the most recent franchise disclosure document provided by the Franchisor or its representatives to the Franchisee in connection with any renewal The headings are for convenience in reference only and shall not limit or otherwise affect the meaning hereof This Release may be executed in any number of counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument If any provision of this Release shall be held by a court of competent jurisdiction to be invalid or unenforceable, such provision shall be deemed modified to eliminate the invalid or unenforceable element and, as so modified, such provision shall be deemed a part of this Release as though originally included The remaining provisions of this Release shall not be affected by such modification All provisions of this Release are binding and shall inure to the benefit of the Parties and their respective delegatees, successors and assigns

IN WITNESS WHEREOF, the Parties have caused this Release to be made effective on the day and year first above written

FRANCHISEE

Date _____ _____
Individually

Date _____ _____
Individually

AND
(if a corporation, limited liability company or partnership)

_____
Company Name

Date _____ By _____
Title _____

Date _____ **HOMEWATCH CAREGIVERS, LLC**

By _____
Title _____

EXHIBIT L
ASSIGNMENT AND CONSENT AGREEMENT

DISCLOSURE ACKNOWLEDGEMENT STATEMENT

Prospective Franchisee Name _____

Date _____ Telephone No _____

Where did you hear about HOMEWATCH CAREGIVERS franchises? _____

Homewatch CareGivers, LLC ("**HWCG**") staff handling this sale _____

_____

1 The following are true and correct

A Yes ____No ____ I had a face-to-face meeting with a salesperson or the Director of Franchise Development of HWCG

If yes, the date of that meeting was _____, 20___

B The date that I received HWCG's Franchise Disclosure Document for the HOMEWATCH CAREGIVERS Franchise was _____, 20___

C The date that I received a fully completed copy (other than signatures) of the HWCG Franchise Agreement I later signed was _____, 20___

D The earliest date on which I signed the HWCG Franchise Agreement or any other binding document (not including the Disclosure Document Receipt) was _____, 20___

E The earliest date on which I delivered cash, check or consideration to the Director of Franchise Development or any other person was _____, 20___

2 Representations

A I had an opportunity to review HWCG's Franchise Disclosure Document and Franchise Agreement and I understand the terms, conditions and obligations of the Franchise Agreement

Initial _____

B I had an opportunity to seek professional advice regarding the HWCG Disclosure Document and the Franchise Agreement

Initial _____

C No promises, agreements, contracts, commitments, representations, understandings, "side deals" or otherwise have been made to or with me by any employees or representatives of HWCG (or any third-party franchise brokers) with respect to any matter related to the HWCG franchise, including but not limited to any representations or promises regarding advertising, marketing, site location, operational assistance or other services, nor have I relied in any way on any such promises, agreements, contracts, commitments, representations, understanding, or "side deals" except as explicitly set forth in the Franchise Agreement or a written Addendum thereto signed by me and an officer of HWCG

Initial _____

D No oral, written or visual claim or representation, promise, agreement, contract, commitment, representation, understanding or otherwise that contradicted or was inconsistent with the Disclosure Document or the Franchise Agreement was made to me by any employees or representatives of HWCG (or any third-party franchise brokers)

Initial _____

E I have not received any information, either oral or written, from any employees or representatives of HWCG (or any third-party franchise brokers) regarding the sales, revenues, earnings, volume, income or profits of HOMEWATCH CAREGIVERS Businesses, except as set forth in Item 19 of the Disclosure Document

Initial _____

F I have not received from any employees or representatives of HWCG (or any third-party franchise brokers), any assurances, promises or predictions of how well my HOMEWATCH CAREGIVERS Business franchise will perform financially, except as set forth in Item 19 of the Disclosure Document

Initial _____

G I have made my own independent determination that I have adequate working capital to develop, open and operate my HOMEWATCH CAREGIVERS Business

Initial _____

HWCG does not permit any promises, agreements, contracts, commitments, representations, understandings, "side deals" or otherwise or variations or changes in or supplements to the Franchise Agreement except by means of a written Addendum thereto signed by the Franchisee and an officer of HWCG

The Prospective Franchisee understands and agrees to all of the foregoing

PROSPECTIVE FRANCHISEE

_____ _____

Signature Date

_____

Print Name

All of the above is true, correct and complete to the best of my knowledge

HOMEWATCH CAREGIVERS, LLC

By _____

Its _____

EXHIBIT M
ASSIGNMENT AND CONSENT AGREEMENT

RESALE ASSIGNMENT AND CONSENT AGREEMENT

This Resale Assignment and Consent Agreement (this "Agreement") is made and entered into by and among [ ] ("Franchisee"), [ ] (a "Franchisee Guarantor(s)") (Franchisee and Franchisee Guarantor(s) collectively referred to as "Assignor"), [ ] ("Assignee"), and Homewatch CareGivers, LLC, a Colorado limited liability company having a principal place of business at 7100 E Belleview Avenue, Suite 101, Greenwood Village, Colorado 80111 ("Franchisor") All capitalized terms not defined in this Agreement have the respective meanings set forth in the Old Franchise Agreement (as defined below) The effective date of this Agreement is the date Franchisor signs below (the "Effective Date")

RECITALS

A Franchisor and Franchisee are parties to a Franchise Agreement dated [_____], including all exhibits, attached agreements, and addenda thereto (collectively, the "Old Franchise Agreement"), pursuant to which Franchisee was granted the right to operate a business in the Territory described in the Old Franchise Agreement (the "Franchised Business") In connection with the execution of the Old Franchise Agreement, Franchisee Guarantor(s) executed an agreement to guarantee Franchisee's performance of its obligations under the Old Franchise Agreement

B Assignor desires to assign to Assignee all right, title and interest in the Franchised Business, including the franchise rights for the Franchised Business (the "Assignment"), Assignee wishes to accept the Assignment and, as of the Effective Date, assume all of the duties, obligations, and liabilities of Assignor related thereto by entering into a purchase and sale agreement with Assignor and by signing a franchise agreement with Franchisor

C Assignor represents that there is no dispute related to the offer and sale of the Old Franchise Agreement or the Franchised Business, and that Assignor has no claims against Franchisor under applicable laws, including but not limited to, if applicable, under the California Franchise Investment Law, California Franchise Relations Act, and Washington Franchise Investment Protection Act

D In consideration of Assignor's request for the Assignment and the representations, acknowledgments, warranties, and covenants set forth herein, Franchisor is willing to consent to the Assignment as of the Effective Date, subject to the provisions stated below, and Assignor agrees to settle all known and unknown claims it may have against Franchisor, if any, that may exist as of the Effective Date

AGREEMENTS

NOW, THEREFORE, in exchange for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows

1 Assignment and Assumption Effective as of the Effective Date, Assignor assigns to Assignee all right, title and interest in and to the Franchised Business, including the franchise rights for the Franchised Business Effective as of the Effective Date, Assignee unconditionally assumes and accepts the Assignment and agrees to be bound by all duties, obligations, and liabilities of Assignor related to the Franchised Business, including without limitation all of Assignor's obligations to customers

2 Signing of Current Form of Franchise Agreement As a condition of Franchisor's consent to the Assignment, Assignee will sign Franchisor's then-current form of franchise agreement, including all exhibits, attached agreements, and addenda thereto (collectively, the "New Franchise Agreement") Assignee acknowledges that the terms and conditions of the New Franchise Agreement may be different from the terms and conditions of the Old Franchise Agreement, including without limitation the fees and the territory Prior to the Effective Date, Assignee shall execute and deliver the New Franchise Agreement, dated and effective as of the Effective Date, along with an executed copy of this Agreement Franchisor will not be bound by the New Franchise Agreement until it executes this Agreement

3 Termination of Old Franchise Agreement All parties agree that the Old Franchise Agreement is terminated, effective as of the Effective Date, with no further force and effect, except for the continuing rights and obligations identified in Section 12 below

4 Status of Assignor Following Assignment Upon and after the Effective Date and subject to the remainder of this Section 4 and Section 12 below, Assignor will have no interest in and will no longer be responsible or liable for (a) the Franchised Business, (b) the franchise rights for the Franchised Business, or (c) the Old Franchise Agreement Assignor, however, will remain liable for any obligations related to the Old Franchise Agreement and the Franchised Business up to the Effective Date and all post-termination obligations in the Old Franchise Agreement

5 Assignee Principals If Assignee is an entity, Assignee represents and warrants to Franchisor and Assignor that the individuals and/or entities listed in Exhibit 1 are the sole owners of Assignee (the "Assignee Principals") with the ownership interests in Assignee as set forth in Exhibit 1

6 Payment of Transfer Fee As a transfer condition under the Old Franchise Agreement, on or before the Effective Date, Franchisor must receive the transfer fee required by the Old Franchise Agreement and, if applicable, any fees related to use of a third-party broker, agent, or consultant in connection with this transfer, as set forth in Exhibit 1

7 Training As a transfer condition under the Old Franchise Agreement, Assignee agrees to complete all initial training required under the New Franchise Agreement on or before the date that Franchisor designates in writing

8 Payment of Fees Owed to Franchisor, Delivery of Reports Assignor shall pay to Franchisor and its affiliates all fees owed, through the Effective Date, under or related to the Old Franchise Agreement, including all Royalty Fees, Advertising Fees and other fees (collectively, the "Fees Owed") In addition, on or before the Effective Date, Assignor must deliver to Franchisor any and all reports required to be delivered under the Old Franchise Agreement

9 Personal Guarantee Each Assignee Principal must execute a personal guarantee in the form attached to the New Franchise Agreement and deliver same to Franchisor along with the executed copy of this Agreement and the New Franchise Agreement

10 Representations, Warranties and Covenants

A Representations, Warranties and Covenants by Assignor and Assignee Each of Assignor and Assignee acknowledges, represents, warrants and covenants that

1 The purchase and sale of the Franchised Business that is contemplated hereunder will be consummated by the Effective Date,

2 Franchisor has not participated in the negotiations between Assignor and Assignee,

3 This Agreement and the New Franchise Agreement prevail over any conflicting terms contained in any other agreements between Assignor and Assignee relating in any way to the Franchised Business,

4 Any obligations of Assignee to Assignor will not limit or affect Franchisor's rights under this Agreement or the New Franchise Agreement

5 All information provided to Franchisor by or on behalf of Assignor and Assignee in connection with this Agreement is correct and complete, and Assignor and Assignee each understands that Franchisor will rely upon such information,

6 For avoidance of doubt, the purchase and sale of the Franchised Business contemplated hereunder does not include the sale of any Customer data or accounts or other confidential or proprietary information of Franchisor or any of its affiliates, and

7. The purchase and sale of the Franchised Business between Assignor and Assignee will not result in any time period of non-service to any Customers

B Representations, Warranties and Covenants by Assignor Assignor acknowledges, represents, warrants and covenants to Franchisor and Assignee that

1 It owns all right, title and interest in and to the Franchised Business and the Old Franchise Agreement, free and clear of any mortgage, lien, encumbrance, or claim of any kind, and it has not assigned any or all of its interest in the Franchised Business or the Old Franchise Agreement to any third party,

2 Assignor has complied with its obligations under the Old Franchise Agreement,

3 There is no dispute related to the offer and sale of the Old Franchise Agreement or the Franchised Business, and Assignor has no claims against Franchisor under applicable laws, and

4 It has full power, authority, and capacity to enter into and perform its obligations under this Agreement

C Representations, Warranties and Covenants by Assignee Assignee acknowledges, represents, warrants and covenants to Franchisor and Assignor that

1 It has performed its own due diligence with respect to the Franchised Business, including all interests, rights, liabilities, contracts and other assets that relate to the Franchised Business,

2 Franchisor has no liability arising from Assignee's acquisition of the Franchised Business and has not made any representations or warranties to Assignee in connection with Assignee's acquisition of the Franchised Business except as specifically set forth in the New Franchise Agreement and any franchise disclosure document delivered to Assignee,

3 It has full power, authority, and capacity to enter into and perform its obligations under this Agreement; and

4 For the avoidance of doubt, Assignee has not entered and will not enter into any agreement that purports to give any party, except Franchisor, any interest in or rights under the New Franchise Agreement in the event that Assignee defaults under the Franchise Agreement or any other agreement related to the purchase and sale of the Franchised Business

11 Indemnification

A Assignor, for itself, its heirs, successors and assigns, agrees to indemnify, defend, and hold harmless Franchisor, its affiliates, successors, assigns, officers, directors, employees, agents, and each of them, against any and all liabilities, losses, damages, actions, claims, costs (including reasonable attorneys' fees), or expenses (collectively, "Losses") of any nature resulting, directly or indirectly, from (i) any misrepresentations or breach of warranty by Assignor under this Agreement, (ii) the Assignment, or (iii) any claim, suit or proceeding initiated by or for a third party(s), now or in the future, that arises out of or relates to the Old Franchise Agreement or the operation of the Franchised Business prior to or on the Effective Date

B Assignee and each Assignee Principal, for itself/himself/herself, its/his/her heirs, successors and assigns, agrees to indemnify, defend, and hold harmless Franchisor, its affiliates, successors, assigns, officers, directors, employees, agents, and each of them, against any and all Losses of any nature resulting, directly or indirectly, from (i) any misrepresentations or breach of warranty by Assignee under this Agreement, or (ii) the Assignment

12 Continuing Rights and Obligations Assignor will comply with all post-termination obligations set forth in the Old Franchise Agreement and any other provisions of the Old Franchise Agreement which, by their nature, survive termination or expiration of the Old Franchise Agreement Without limiting the generality of the foregoing, Assignor shall remain responsible for (1) payment of all outstanding fees, charges and other amounts due to Franchisor and its affiliates related to the time period on or before the Effective Date, (2) all indemnification and hold harmless obligations of Assignor, including for claims that arise after the Effective Date out of events that occurred on or prior to the Effective Date, (3) all confidentiality obligations of Assignor, and (4) all post-termination restrictions on competition and post-termination requirements to cease using the trademarks of Franchisor

13 Consent to Assignment A condition of Franchisor's consent to the Assignment is the satisfaction of all the transfer, assignment, and sale provisions of the Old Franchise Agreement Subject to Assignor's and Assignee's compliance with all of the terms of this Agreement, by signing this Agreement, Franchisor consents to the Assignment in accordance with the terms and conditions of this Agreement Assignor and Assignee acknowledge that Franchisor, in consenting to the Assignment, is relying upon the representations, warranties, covenants, and acknowledgments of Assignor and Assignee in this Agreement Franchisor's consent to the Assignment will not result in any waiver of any rights nor a release by Franchisor under the Old Franchise Agreement or New Franchise Agreement, and it is not a consent to any additional or subsequent transfers or assignments

14 Release by Assignor Assignor (for any party that is an individual, on behalf of himself / herself and his/her heirs, representatives, successors and assigns, and for any party that is an entity, on behalf of its affiliates and their respective current and former owners, officers, directors, shareholders, partners, employees, predecessors, successors, attorneys, agents, representatives, and assigns and all other persons or entities acting on their behalf or claiming under any of them) (collectively and individually referred to as the "Assignor Releasors"), hereby release and discharge Franchisor, its affiliates and subsidiaries, and their respective current and former officers, directors, shareholders, partners, employees, predecessors, successors, attorneys, agents, representatives, and assigns (collectively and individually referred to as the "Franchisor Releasees"), from any and all suits, claims, liabilities, demands, promises, obligations, costs, expenses, actions and causes of action of every nature, character and description, in law or in equity, whether presently known or unknown, vested or contingent, suspected or unsuspected, which any of the Assignor Releasors now owns or holds or has previously owned or held or may at any time own or hold against Franchisor Releasees arising under, in connection with, or related to the Old Franchise Agreement, any other agreement between Assignor and Franchisor, the Franchised Business, or the relationship between Assignor and Franchisor through the Effective Date (collectively referred to as "Assignor Claims")

15 Release by Assignee Assignee, Assignee Principals (if any), and their heirs, affiliates and their respective current and former owners, officers, directors, shareholders, partners, employees, predecessors, successors, attorneys, agents, representatives, and assigns and all other persons or entities acting on their behalf or claiming under any of them (collectively and individually referred to as the "Assignee Releasors"), release and forever discharge the Franchisor Releasees of and from any and all Claims, whether known or unknown, vested or contingent, which Assignee Releasors may now or in the future own or hold, that in any way relate to the Assignment (collectively referred to as "Assignee Claims")

For avoidance of doubt, the Assignee Releasors and Franchisor Parties acknowledge and agree that the release by the Assignee Releasors does not relate to the offer and sale of the New Franchise Agreement

16 Acknowledgement of Releasors The releases set forth in this Agreement are intended by the Assignor Parties and Assignee Parties (collectively, the "Releasors") to be full and unconditional general releases, as that phrase is used and commonly interpreted, extending to all claims of any nature, whether or not known, expected or anticipated to

exist in favor of one of the Releasors In making this voluntary express waiver, the Releasors acknowledge that claims or facts in addition to or different from those which are now known to exist with respect to the matters mentioned herein may later be discovered and that it is the Releasors' intention to hereby fully and forever settle and release any and all matters, regardless of the possibility of later discovered claims or facts The Releasors acknowledge that they have had adequate opportunity to gather all information necessary to enter into this Agreement and release and need no further information or knowledge of any kind that would otherwise influence their decision to enter into this Agreement

THE RELEASORS, FOR THEMSELVES AND THEIR HEIRS, SUCCESSORS AND ASSIGNS, HEREBY EXPRESSLY, VOLUNTARILY, AND KNOWINGLY WAIVE, RELINQUISH AND ABANDON EACH AND EVERY RIGHT, PROTECTION, AND BENEFIT UNDER ANY FEDERAL, STATE OR POLITICAL SUBDIVISION THEREOF WHICH WOULD INVALIDATE ALL OR ANY PORTION OF THE RELEASE CONTAINED IN THIS AGREEMENT BECAUSE SUCH RELEASE MAY EXTEND TO CLAIMS THAT THE ASSIGNOR RELEASORS DO NOT KNOW OR SUSPECT TO EXIST IN THEIR FAVOR AT THE TIME OF EXECUTION OF THIS AGREEMENT The scope of this waiver includes waiver of each and every right, protection, and benefit to which Releasors may be entitled, now or at any time hereafter under Section 1542 of the Civil Code of the State of California, if applicable, as well as under any other statutes or common law principles of similar effect to said Section 1542, if applicable, whether now or hereafter existing under the laws of California or any other applicable federal or state law with jurisdiction over the parties' relationship The Releasors acknowledge that Section 1542 of the Civil Code of the State of California provides as follows

> "A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party "

The Releasors acknowledge that the releases herein and the foregoing waiver are an essential, integral and material term of this Agreement The Releasors agree that fair consideration has been given by Franchisor for the releases set forth in this Agreement, and the Releasors fully understand that this is a negotiated, complete and final release of all claims The Releasors further acknowledge and agree that no violation of this Agreement shall void the releases set forth herein The Releasors represent and warrant that they are the sole owners of all claims and rights released and that the Releasors have not assigned or transferred, or purported to assign or transfer, to any person or entity, any claim released The Releasors acknowledges that the releases set forth herein shall be a complete defense to any claim released, and consent to the entry of a temporary or permanent injunction to prevent or end the assertion of any such claim

17 Entire Agreement This Agreement, and the documents referred to herein, constitute the entire agreement among the parties with respect to the subject matter hereof No amendment will be binding unless in writing and signed by the party against whom enforcement is sought All representations, warranties, agreements, and all other provisions of this Agreement which by their terms or by reasonable implication are intended to survive the closing of this transaction, will survive it

18 Notices All notices or other communications hereunder will be in writing and mailed, sent or delivered to the respective parties to this Agreement at or to their respective mailing addresses set forth below their names on the signature pages of this Agreement, or at or to such other address as shall be designated by any party in a written notice to the other parties to this Agreement All such notices and other communications will be deemed to be delivered when (A) delivered by hand, (B) sent by first class or priority mail, overnight FedEx, or overnight UPS, or (C) received by regular U'S mail If Assignor, Franchisee Guarantor(s), or Assignee ceases to maintain the mailing address set forth below their name on the signature pages of this Agreement and fails to provide written notice of another address, then notices or other communications hereunder may be sent and delivered to the e-mail addresses set forth below that party's name on the signature pages of this Agreement All notices and other communications via e-email shall be deemed to be delivered when sent

19 Waiver Except as specifically provided herein, no provision of this Agreement, nor any action by Franchisor prior to the date hereof, shall be construed as a waiver by Franchisor of any right under the Old Franchise

Agreement, New Franchise Agreement, any guaranty agreement, or any other agreement or applicable law, including, without limitation, any right with respect to any default under the Old Franchise Agreement or other agreement

20 Representation by Counsel Each party acknowledges that it has had adequate opportunity to consult with an attorney of its choice, including with respect to the release of claims set forth herein If a party hereto is a resident of Washington, incorporated in Washington, or has its principal place of business in Washington, each such party acknowledges and agrees that it has been represented by independent legal counsel of its respective choice, including with respect to the full and final release of claims set forth herein

21 Dispute Resolution Any dispute that arises under, out of, in connection with or in relation to this Agreement must be resolved pursuant to the dispute resolution procedures set forth in the Old Franchise Agreement, except if any such dispute does not involve Assignor then it must be resolved pursuant to the dispute resolution procedures set forth in the New Franchise Agreement

22 Governing Law/Venue This Agreement will be construed and enforced in accordance with the provisions of the Old Franchise Agreement in the case of the Assignor and the New Franchise Agreement in the case of the Assignee

23 Attorneys' Fees and Costs The prevailing party in any legal proceeding to enforce the terms of this Agreement is entitled to recover its reasonable attorneys' fees and costs from the non-prevailing party or parties

24 Miscellaneous All captions in this Agreement are intended solely for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision of this Agreement

25 Counterparts This Agreement may be executed in any number of counterparts and by different parties to this Agreement in separate counterparts, each of which when so executed will be deemed to be an original and all of which taken together will constitute but one and the same agreement Delivery of an executed signature page to the Agreement by scanned pdf by email, electronic signature, or other electronic delivery shall be effective as delivery of a manually signed counterpart of this Agreement

[*Signatures on following page*]

EXHIBIT M
ASSIGNMENT AND CONSENT AGREEMENT

The parties have executed this Agreement by their authorized representatives as of the Effective Date

FRANCHISEE

[_____]

By _____
Name
Title
Address [street, city, state, zip code]
Email

Date _____

FRANCHISEE GUARANTORS

[_____]

By _____
Name
Address [street, city, state, zip code]
Email

Date _____

[_____]

By _____
Name
Address [street, city, state, zip code]
Email

Date _____

ASSIGNEE

[_____]

By _____
Name
Address [street, city, state, zip code]
Email

Date _____

FRANCHISOR

Homewatch CareGivers, LLC

Signed _____

EXHIBIT M
ASSIGNMENT AND CONSENT AGREEMENT

Printed Name
Its
Address 7100 E Belleview Avenue, Suite 101, Greenwood Village, Colorado 80111

Effective Date _____, 20__

EXHIBIT M
ASSIGNMENT AND CONSENT AGREEMENT

EXHIBIT 1
Ownership Interests in Assignee and Transfer Fee Information

Name of Assignee Principal	Percentage of Ownership in Assignee (total must equal 100%)
Total	**100%**

Transfer Fee

Additional Broker, Agent or Consultant Fees

EXHIBIT N
RECEIPTS

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language Read this disclosure document and all agreements carefully

New York State 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 Homewatch CareGivers, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to Homewatch CareGivers, LLC or an affiliate in connection with the proposed franchise sale

If Homewatch CareGivers, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement or material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D C 20580, and your State Agency listed in the State Agencies Exhibit.

The franchisor is Homewatch CareGivers, LLC, located at 6251 Greenwood Plaza Blvd , Suite 250, Greenwood Village, Colorado 80111, Telephone (303) 758-5111

The name, principal business address and telephone number of each franchise seller for this offering is ~~Chip Baranowski,~~ Jennifer Tucker~~, Iric Wexler~~, Lea Harper or Jamie Lavigne, 6251 Greenwood Plaza Blvd , Suite 250, Greenwood Village, Colorado 80111 (303) 758-5111 and _____

Issuance Date May 1, 2019, as amended August 27, 2019

See Exhibit A for our registered agents authorized to receive service of process

I have received a Franchise Disclosure Document dated May 1, 2019, as amended August 27, 2019, that included the following Exhibits

Exhibit A	List of State Agencies/Agents for Service of Process		Exhibit G	Operations Manual Table of Contents
Exhibit B	Franchise Agreement, incl State-Specific Addenda SBA Addendum and these exhibits		Exhibit H	State Specific Addenda to Disclosure Document
	Exhibit I	Addendum	Exhibit I-1	Additional Territory Addendum to Franchise Agreement
	Exhibit II	Guaranty	Exhibit I-2	Renewal Amendment to Franchise Agreement
	Exhibit III	Statement of Ownership	Exhibit I-3	Additional Office Addendum to Franchise Agreement
	Exhibit IV	Automated Clearing House Authorization Agreement	Exhibit I-4	Conversion Amendment to Franchise Agreement
	Exhibit V	Franchisee Acknowledgement Regarding Participation in Business Implementation Program	Exhibit J	Business Associate Agreement
Exhibit C	Nondisclosure and Noncompetition Agreement		Exhibit K	General Release
Exhibit D	List of Franchisees		Exhibit L	Disclosure Acknowledgement Statement
Exhibit E	Franchisees That Have Left the System		Exhibit M	Resale Assignment and Consent Agreement
Exhibit F	Financial Statements		Exhibit N	Receipts

Date _____
(do not leave blank)

_____
Signature of Prospective Franchisee individually, and on behalf of any entity to be formed

_____
Print Name

Please sign this copy and PRINT YOUR NAME and date your signature You may return the signed receipt either by signing, dating and mailing it to 6251 Greenwood Plaza Blvd , Suite 250, Greenwood Village, Colorado 80111, or by faxing a copy of the signed and dated receipt to Homewatch CareGivers, LLC, at (303) 758-1724

EXHIBIT N
RECEIPTS

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language Read this disclosure document and all agreements carefully

New York State 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 Homewatch CareGivers, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to Homewatch CareGivers, LLC or an affiliate in connection with the proposed franchise sale

If Homewatch CareGivers, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement or material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D C 20580, and your State Agency listed in the State Agencies Exhibit.

The franchisor is Homewatch CareGivers, LLC, located at 6251 Greenwood Plaza Blvd , Suite 250, Greenwood Village, Colorado 80111, Telephone (303) 758-5111

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Date _____
(do not leave blank)

_____
Signature of Prospective Franchisee individually, and on behalf of any entity to be formed

_____
Print Name

Please sign this copy and PRINT YOUR NAME and date your signature You may return the signed receipt either by signing, dating and mailing it to 6251 Greenwood Plaza Blvd , Suite 250, Greenwood Village, Colorado 80111, or by faxing a copy of the signed and dated receipt to Homewatch CareGivers, LLC, at (303) 758-1724

FRANCHISOR'S COPY