FRANCHISE DISCLOSURE DOCUMENT

Majestic Residences Franchise Systems, LLC
a Delaware limited liability company
2053 East Sanoque Boulevard
Gilbert, Arizona 85298
Telephone: (877) 777-7916
Email: cbongiovanni@majesticresidences.com
Website: www.majesticresidences.com

Majestic Residences Franchise Systems, LLC offers franchises for the operation of a business (a "Home") that delivers non-medical care in a group residential assisted living home setting performed by trained caregivers around the clock using our proprietary methodology (the "System"). The System also provides guidance in the acquisition, construction, and operation of a residential assisted living home that provides 24-hour care including meal preparation, assistance with daily living activities including bathing, cleaning, dressing, showering, and toileting, medication management, and facilitating social activities.

The total investment necessary to begin operation of a new Home ranges from $59,890 to $862,000. This includes $24,500 that must be paid to the franchisor or affiliates. If you convert an existing residential home to a Home, the total investment necessary to begin operation of the Home ranges from $20,440 to $69,000. This includes between $24,500 and $54,500 that must be paid to the franchisor or affiliates.

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

You may wish to receive your Franchise Disclosure Document in another format that is more convenient for you. To discuss the availability of a Franchise Disclosure Document in different formats, contact us at 2053 East Sanoque Boulevard, Gilbert, Arizona 85298, (877) 777-7916.

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

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

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

Issuance Date: May 19, 2026.

How to Use this Franchise Disclosure Document

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

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

QUESTION	WHERE TO FIND INFORMATION
	document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

Certain states require that the following risks be highlighted:

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

THE FOLLOWING PROVISIONS APPLY ONLY TO TRANSACTIONS GOVERNED BY THE MICHIGAN FRANCHISE INVESTMENT LAW

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

(a) A prohibition on the right of a franchisee to join an association of franchisees.

(b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this Act. This will 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 will 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 will 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 will 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.

If the franchisor's most recent financial statements are unaudited and show a net worth of less than $100,000, the franchisor will, at the request of a franchisee, arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations to provide real estate, improvements, equipment, inventory, training, or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

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

Any questions regarding this notice should be directed to:

State of Michigan Consumer Protection Division
Attention: Franchise
670 G. Mennen Williams Building
525 West Ottawa
Lansing, Michigan 48933
Telephone: (517) 373-7117

Despite subparagraph (f) above, we intend to enforce fully the provisions of the arbitration section contained in our Franchise Agreement. We believe that subparagraph (f) is unconstitutional and cannot preclude us from enforcing our arbitration section. You acknowledge that we will seek to enforce this section as written.

TABLE OF CONTENTS

ITEM 1
FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

The franchisor is Majestic Residences Franchise Systems, LLC ("we," "us," or "our"). "You" means the person or entity to whom we grant a franchise. If you are a married individual, you and your spouse must sign our Majestic Residences Franchise Systems, LLC Personal Guarantee (the "Guarantee"). Our form of Guarantee is attached to the Majestic Residences Franchise Systems, LLC Franchise Agreement (the "Franchise Agreement") as Exhibit C to the Franchise Agreement; if you are a business entity, each interest holder of your business entity and their spouse will sign our Guarantee. All of the provisions of the Franchise Agreement attached to this Franchise Disclosure Document (the "FDD") will apply to you and any individual who signs the Guarantee.

<u>The Franchisor and Any Parents, Predecessors, and Affiliates</u>

We are a Delaware limited liability company organized on July 13, 2020. Our principal business address is 2053 East Sanoque Boulevard, Gilbert, Arizona 85298. We do not operate under any name other than our corporate name and our trade names "Majestic Residences" and "Avendelle by Majestic Residences." We started offering franchises on March 15, 2021. We are not engaged in any business other than offering franchises for Homes. We do not offer franchises in any other line of business, but may do so in the future.

Our registered agent for service of process in Arizona is Charles Bongiovanni and our address for service of process in Arizona is 2053 East Sanoque Boulevard, Gilbert, Arizona 85298. If we have an agent for service of process in your state, we disclose that agent in Exhibit D.

Our affiliate RAL Academy, LLC ("RAL") is an Arizona limited liability company organized on January 26, 2016. RAL's principal business address is 1525 Higley Road, Suite 104A, Gilbert, Arizona 85296. RAL educates individuals about investing in and operating an assisted living facility. RAL does not and has never offered franchises in this or any other line of business.

Our affiliate Majestic Residences IP Holdings, LLC ("Majestic IP") is an Arizona limited liability company organized on September 22, 2020. Majestic IP retains certain intellectual property that is licensed to us and sublicensed to our franchisees by us. Majestic IP does not and has never offered franchises in this or any other line of business.

Our affiliate Avendelle Assisted Living, LLC ("Avendelle") is a North Carolina limited liability company organized on November 23, 2021. Avendelle's principal business address is 708 Wilcox Street, Raleigh, North Carolina 27607. Avendelle offered franchises in the same line of business until we purchased Avendelle's assets on December 31, 2025. We expect that Avendelle will dissolve in 2026 after completing the dissolution process. Avendelle no longer offers franchises in this or any other line of business.

Our affiliate DC & EC Holdings, LLC ("DCEC") is a North Carolina limited liability company organized on February 20, 2014. DCEC's principal business address is 708 Wilcox Street, Raleigh, North Carolina 27607. DCEC owns and operates five Homes. DCEC does not and has never offered franchises in this or any other line of business.

Except as described above, we have no other parents, or predecessors, or affiliates.

The Franchised Business

Majestic Residences Franchise Systems, LLC offers franchises for the operation of a Home that delivers non-medical care in a group residential home setting performed by trained caregivers around the clock using the System. The System also provides guidance in the acquisition, construction, and operation of a residential assisted living home that provides 24-hour care including meal preparation, assistance with daily living activities including bathing, cleaning, dressing, showering, and toileting, medication management, and facilitating social activities.

We grant franchises for Homes that operate under the name "Majestic Residences" and offer services relating to either real estate conversion or acquisition and development for a Home providing non-medical services for residential group living using the System. We also permit our franchisees to provide day care services to non-residents.

If we offer you a franchise, you will sign a Majestic Residences Franchise Systems, LLC Franchise Agreement (a "Franchise Agreement"). We grant each franchisee a license to use the service mark "Majestic Residences," the other service marks disclosed in Item 13, and other trademarks, service marks, trade names, logos, or other commercial symbols that exist or may exist in the future (collectively, the "Marks"). Each Home must be operated at a site that we approve according to our standards, specifications, operating procedures and rules (the "System Standards"). Homes must offer all of the services we specify and may not offer any services we have not authorized.

We only grant franchises to franchisees who meet our minimum standards for character, skill, aptitude, attitude, English language proficiency (to ensure franchisees can effectively communicate with their staff and clients), business ability, and financial capacity. If we grant you a franchise, you will have the right to operate a Home at a site we approve. You must operate your Home under the Marks in accordance with the System Standards.

Market and Competition

Homes provide services to the general public and compete with other businesses offering non-medical residential care living facilities and services. There are approximately 30,000 residential care "living service" businesses in the United States. The market is developed, competitive, and non-seasonal. You will compete for customers with other similar businesses including, without limitation, independent owners, national chains, regional chains, and franchised businesses.

Laws and Regulations

Residential assisted living homes are licensed by state health agencies and must pass pre-determined requirements that are specific to each state and locality. It is your responsibility to thoroughly investigate the applicable business, zoning, licensing rules and regulations in your state and municipality before opening a Home. Homes must also comply with HIPAA and other privacy laws. Some states require your staff to be certified or licensed in their position. Your administrator may need to be certified by the state.

You alone are responsible for investigating, understanding and complying with all applicable laws, rules, regulations, ordinances and requirements applicable to you and your Home despite any advice or information that we may give you. You should consult with a legal advisor about whether these or other requirements apply to your Home. Failure to comply with laws and regulations is a material breach of your Franchise Agreement. We recommend that you investigate these laws before purchasing a franchise.

ITEM 2
BUSINESS EXPERIENCE

Chuck Bongiovanni: Co-Founder, Manager, and Chief Executive Officer

Mr. Bongiovanni has been our Co-Founder, Manager, and Chief Executive Officer since July, 2020. He was the Executive President of National Strategic Partnerships for Best Life Brands, LLC from February, 2018 to June, 2020. He was the Founder and Chief Executive Officer of CarePatrol Franchise Systems, LLC from April, 2009 to February, 2017. He was the Brand President of CarePatrol Franchise Systems, LLC from February, 2017 to January, 2018. All of these positions are or were located in Gilbert, Arizona.

Douglas Cromwell: President

Mr. Cromwell has been our President since January, 2026. He was the President of Avendelle from June, 2025 to January, 2026. He was the Co-Founder and Vice President of Avendelle from September, 2013 to January, 2025. All of these positions are or were located in Wake Forest, North Carolina.

William Bunting: Manager and Vice President of Development and Real Estate

Mr. Bunting has been our Manager and Vice President of Development and Real Estate since January, 2026 in Wake Forest, North Carolina. He has been the Chief Development Officer of MacMart Franchise System, LLC since January, 2023 in Norristown, Pennsylvania. He has been the Manager of MacMart IP Holdings, LLC since January, 2023 in Norristown, Pennsylvania. He has been a Member of Unique Franchise Brands LLC since July, 2022 in Newark, Delaware. He has been a Member of Franbookkeepers LLC since July 2022 in Middletown, Delaware. He has been a Business Broker of Murphy Business & Financial Corporation since September 2014 in Clearwater, Florida. He has been the Chief Operating Officer of Premier Franchise Solutions since February, 2020 in Philadelphia, Pennsylvania. He has been a Co-Founder of Total Franchise Ops LLC since April, 2016 in Cherry Hill, New Jersey. He was the Interim Chief Executive Officer of Avendelle from June, 2025 to January, 2025 in Wake Forest, North Carolina. He was the Vice President of Operations and Development of Avendelle from March, 2021 to June, 2025 in Wake Forest, North Carolina.

Shannon McInnis: Manager and Vice President of Compliance and Brand Standards

Ms. McInnis has been our Manager and Vice President of Compliance and Brand Standards since January, 2026 in Gilbert, Arizona. She was Director of Franchise Development and Compliance from October, 2020, to January, 2026 in Gilbert, Arizona. She was the Sales Operations Manager for ZeeSprout from February, 2020 to March, 2020 in Pittsburgh, Pennsylvania. She was the Franchise Development and Support Manager for Best Life Brands, LLC from December, 2019 to February, 2020 in Bloomfield Hills, Michigan. She was the Compliance Officer and Franchise Development Manager for CarePatrol Franchise Systems, LLC from January, 2018 to December, 2019 in Gilbert, Arizona. She was the Chief Compliance Officer for CarePatrol Franchise Systems, LLC from September, 2015 to January, 2018 in Gilbert, Arizona.

Mona Guarino: Manager, Partner, and Board Member at Large

Ms. Guarino has been our Manager and Board Member at Large since January, 2026. She has been our Partner since October, 2021. She has been the Principal Owner of the Residential Assisted Living Academy and the Assisted Living Conference since October, 2021. All of these positions are located in Gilbert, Arizona. She has been the Owner of three assisted living homes since 2015 in Scottsdale, Arizona.

Marcos Moura: Manager and Board Member at Large

Mr. Moura has been our Manager and Board Member at Large since December, 2025. He has been the Chief Development Officer of Amada Senior Care since January, 2013. He has been the President of Franchise Revolution Ventures, Inc. since December, 2014. All of these positions are located in San Clemente, California. He was a Broker for the International Franchise Professional Group from June, 2019 to November, 2023 in Parlin, New Jersey. He was a Member of Dream Rise, LLC from December, 2020 to September, 2023 in Maitland, Florida. He has been a Director for Avendelle since December, 2021 in Wake Forest, North Carolina. He has been a Member of Yamas, LLC since January, 2022 in Middleton, Delaware. He was a Member for Franbookkeepers LLC from July, 2022 to December, 2025 in Middletown, Delaware. He was a Member for Unique Franchise Brands LLC from July, 2022 to December, 2025 in Newark, Delaware. He was a Board Member for MacMart Franchise, LLC from January, 2023 to April, 2025. He was a Manager for MacMart Holdings, LLC from January, 2024 to April, 2025. He was a Manager of

MacMart IP Holdings, LLC from January, 2023, to April, 2025. All of these positions were located in Norristown, Pennsylvania. He was a Chair and Board Member for Loopa Services, Inc. from February, 2023 to July, 2023 in San Clemente, California.

Anthony Zerilli: Manager and Franchise Operations Manager

Mr. Zerilli has been our Manager since January, 2026 in Gilbert, Arizona. He has been our Franchise Operations Manager since January, 2021 in Gilbert, Arizona. He has been the Owner and Operator of Red Mountain Assisted Living since August, 2002 in Mesa, Arizona.

ITEM 3
LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4
BANKRUPTCY

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

ITEM 5
INITIAL FEES

Initial Franchise Fee

We charge $49,500 for the right to develop and operate a Home (the "Initial Franchise Fee"). If you are a Platinum student of RAL and have fully paid RAL's tuition, your Initial Franchise Fee will be $19,500 for your first Home. If you are a Gold student of RAL and have fully paid RAL's tuition, your Initial Franchise Fee will be $34,500 for your first Home.

If you currently operate a residential assisted living facility and convert your facility to a Home, your Initial Franchise Fee will be $10,000 for your converted Home. To be considered eligible for a reduced Initial Franchise Fee, you must have owned your facility for twelve prior consecutive months and your facility must be currently licensed and operational.

At our discretion, we may offer qualified candidates the option to purchase more than one Home. If you are an existing franchisee with at least one Home open and operating in full compliance with the System Standards for the prior six consecutive months or are entering the system with more than one fully licensed home, you may request to be approved for the right to develop and operate an additional Home. You will be required to sign the then-current form of Franchise Agreement for each additional Home you open. The Initial Franchise Fee for your additional Home will range from $5,000 to $39,500 as indicated below depending on the level of training and initial assistance you request. We reserve the right to determine the level of training you need.

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Additional Home Initial Franchise Fee Schedule (Cost Per Home)	
All phases of training	$39,500
Phases 2 and 3 only	$25,000
Grand opening services and Phase 3 training	$10,000
Phase 3 training only	$5,000

Except as described above, the Initial Franchise Fee is uniform, payable in a lump sum when you sign your Franchise Agreement, fully earned by us upon receipt, and not refundable under any circumstances.

Grand Opening Marketing Fee

You will pay us a $5,000 fee for access to our standard requirements for the grand opening marketing program for Homes (the "Grand Opening Marketing Fee"). The Grand Opening Marketing Fee is uniform, payable in a lump sum when you sign your Franchise Agreement, fully earned by us upon receipt, and not refundable under any circumstances.

ITEM 6
OTHER FEES

Fee[1]	Amount	Date Due	Remarks
Royalty Fee[2]	6% of Gross Sales commencing in month 2 of operation with a minimum payable of $900/ month from month 13 of operation to the end of the term. If you are not open for business within a year from execution of your Franchise Agreement, you will pay us a $500/month Royalty until you commence operations. Conversion units will commence Royalty payments immediately after training completion	Tenth day of each month for preceding monthly Gross Sales	Based on Gross Revenues during the previous month. Royalties commence during the second month of operation. There is a minimum Royalty due in month 13 and thereafter based upon 6% of the minimum revenue requirement of $15,000 per month. If there is a delay past the first anniversary of signing your Franchise Agreement, you will

Fee[1]	Amount	Date Due	Remarks
			pay us $500/month until you open your Home and commence operations.
Brand Fund Fee	Currently none	Tenth day of each month for preceding monthly Gross Sales	If we create a brand development fund (a "Brand Fund"), you will pay a monthly fee (the "Brand Fund Fee"). We will give you at least 60 days' notice if we create a Brand Fund. The monthly Brand Fund Fee will not exceed $100/month. See Item 11.
Technology Fee	$300/month	Tenth day of each month	See Item 11.
Local Advertising	$100/month	As incurred	Payable to third party vendors
Conference Registration Fee	$500	60 days before the conference	Each fee paid allows for two attendees. You will pay $150 for each additional trainee.
Inventory Purchases	$200 to $2,000	As incurred	Payable for logoed apparel or other purchases.
Additional Training Fee	$500/day per person plus expenses	As incurred	We may charge you for training newly-hired personnel or any additional training or assistance you request.
Ongoing Training Fee	$300/day per person plus expenses	As incurred	We may charge you for additional training or refresher training courses.
Additional Email Address Fee	$15 per address	Tenth day of each month	We provide you with two email addresses. You will pay us for each additional email address you request.

Fee[1]	Amount	Date Due	Remarks
Successor Fee	$5,000	Before execution of your successor Franchise Agreement	Payable if you enter into a successor Franchise Agreement.
Transfer Fee	$10,000	Before transfer is completed	Payable if you transfer your Franchise Agreement or a controlling ownership in your franchisee entity.
Audit Fee	$2,500	As incurred	Payable if you do not provide reports, records, or other required information in a timely manner or you understate Gross Revenues by more than 2%.
Interest	Lesser of 15% per annum or the highest rate permitted by law	As incurred	Payable on all overdue amounts due under your Franchise Agreement.
Non-compliance Fee	$500 per incident after third incident	Upon demand	Payable if you fail to comply with a mandatory System Standard and do not cure the non-compliance within the cure period. All non-compliance fees are used to promote the System for all franchisees' benefit. We will contribute non-compliance fees to the Brand Fund if a Brand Fund is established. We do not profit from non-compliance fees.

Notes:

1. All fees are uniformly imposed and not refundable. You will be required to sign the ACH Authorization Form attached as Exhibit B to the Franchise Agreement to permit us to electronically debit your designated bank account for payment of all fees payable to us and any amounts you owe to us or our affiliates for the purchase of services. You must ensure that there are sufficient funds available in your account. "Gross Revenues" is defined as the total of all revenue and receipts derived from the operation of your Home including, without limitation, all amounts received at or away from the site of your Home or through or by means of business you conduct at your Home regardless of the type of tender or services exchanged. Gross Revenues do not include sales taxes collected from clients.

2. You will pay us a monthly royalty fee based on your Gross Revenues (the "Royalty"). If you do not report your Gross Revenues for any month, we may debit your account for 120% of the Royalty that we debited for the previous month. If the Royalty we debit is less than the Royalty you actually owe us after we determine your actual Gross Revenues, we may immediately debit your account for the balance. If the Royalty we debit is greater than the Royalty you actually owe us, we will credit the excess against the Royalty we otherwise would debit from your account during the following month without interest.

ITEM 7
ESTIMATED INITIAL INVESTMENT

New Home:

Type of Expenditure[1]	Amount	Method of Payment	When Due	To Whom Payment is Made
Initial Franchise Fee[2]	$19,500 to $49,500	Lump sum	When you sign your Franchise Agreement	Us
Grand Opening Marketing Fee	$5,000	Lump sum	When you sign your Franchise Agreement	Us
Security Deposits	$500 to $2,000	As agreed	Prior to opening	Landlord and utility companies
Real Estate Purchase[3]	$0 to $200,000	As agreed	Close of escrow or as agreed	Seller
Construction, Remodeling, and Improvements[4]	$2,000 to $500,000	As agreed	Prior to opening	Contractors and vendors
Fixtures, Furniture, and Decor	$10,000 to $20,000	As agreed	Prior to opening	Suppliers
Office Equipment and Supplies	$700 to $6,000	As agreed	Prior to opening	Suppliers
Opening Inventory	$200 to $1,000	As agreed	Prior to opening	Suppliers

Type of Expenditure[1]	Amount	Method of Payment	When Due	To Whom Payment is Made
Computer Hardware and Software[5]	$2,000 to $5,000	As agreed	Prior to opening	Suppliers
Business Licenses and Permits	$250 to $10,000	As required	Prior to opening	Governmental agencies
Professional Fees	$1,000 to $28,500	As agreed	As agreed	Architects, lawyers, accountants, and other professionals
Professional Association Memberships[6]	$150 to $400	As agreed	Prior to opening	Third parties
Medication Cart	$1,500 to $3,000	As agreed	Prior to opening	Suppliers
Employee Uniforms	$90 to $900	As agreed	Prior to opening	Suppliers
Marketing and Promotions	$500 to $1,000	As agreed	Prior to opening	Suppliers
Insurance[7]	$500 to $1,200	As agreed	Prior to opening	Insurers
Training Expenses[8]	$1,000 to $3,500	As agreed	As incurred	Third parties
Additional Funds[9]	$15,000 to $25,000	As agreed	As incurred	Third parties
TOTAL ESTIMATED INITIAL INVESTMENT[10]	**$59,890 to $862,000**			

Notes:

1. All fees payable to us are uniform, fully earned upon our receipt, and not refundable. We are unaware of any fees payable to third party suppliers that are refundable.

2. The Initial Franchise Fee is $49,500 for your first Home unless you have paid Gold or Platinum tuition to RAL or you are converting a residential assisted living facility to a Home. If you have paid Gold tuition to RAL, your Initial Franchise Fee will be $34,500. If you have paid Platinum tuition to RAL, your Initial Franchise Fee will be $19,500.

3. This item presumes that you will be purchasing the premises for your Home. A Home typically requires a minimum of 2,500 square feet, but the size will vary based upon location and practical needs.

4. This item does not include any construction allowances that may be offered by the landlord. The cost of leasehold improvements will vary widely depending upon the size and condition of the premises, if you are located outside of the 48 contiguous states, whether or not there are any existing and comparable leasehold improvements in the premises, the extent and quality of improvements desired by you over and above our minimum requirements, landlord's cash contribution to the cost of the improvements, whether you are required to use union labor, and the like.

5. This item estimates your cost for the purchase and installation of your computer hardware, software, and related technological equipment (the "Computer System"). See Item 11 for detailed information about the items that are included in this estimate. The low estimate assumes you will have one computer and the high range assumes you will have two computers. Associated software licensing and maintenance fees to third party vendors are also included in this item.

6. You will be required to join an industry trade association. We have several organizations to refer to you. Since various chapters have certain strengths, before you join a specific association, we will discuss with you and approve that expenditure so that you maximize benefits from your membership.

7. Your insurance costs may be higher or lower depending on your location and whether the insurance company offers monthly, quarterly, or annual payments.

8. This item estimates the travel and living expenses that you will incur when you attend the initial training programs described in Item 11. The high estimate includes airfare and hotel costs for two attendees. This estimate does not include any wages or salary for your attendees during training.

9. Additional funds necessary for the first 90 days of operation are included here. This estimate has been made based upon the experience of Chuck Bongiovanni who has nearly 30 years of experience with the operation of assisted living businesses.

10. This item estimates your initial start-up expenses other than those described separately in the table. These expenses include employee payroll costs during your first three months of operation, but not any draw or salary for you. These figures are estimates and you may have additional expenses relating to the development and initial operation of your Home. Your actual costs for initial start-up expenses during your Home's first three months of operation depend on many factors including, without limitation, the following: (i) how closely you follow the System and our and procedures, (ii) your management skill, experience, and business acumen, (iii) local economic conditions, (iv) local market conditions, (v) the prevailing wage rate, (vi) competition, and (vii) sales levels reached during the initial period.

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Converted Home:

Type of Expenditure[1]	Amount	Method of Payment	When Due	To Whom Payment is Made
Initial Franchise Fee[2]	$10,000	Lump sum	When you sign your Franchise Agreement	Us
Grand Opening Marketing Fee	$5,000	Lump sum	When you sign your Franchise Agreement	
Security Deposits	$500 to $2,000	As agreed	Prior to opening as a converted Home	Landlord and utility companies
Construction, Remodeling, and Improvements[3]	$0 to $5,000	As incurred	Prior to opening as a converted Home	Suppliers
Fixtures, Furniture, and Decor	$0 to $15,000	As incurred	Prior to opening as a converted Home	Suppliers
Office Equipment and Supplies	$0 to $2,000	As incurred	Prior to opening as a Home	Suppliers
Opening Inventory	$200 to $1,500	As incurred	Prior to opening as a converted Home	Suppliers
Computer Hardware and Software[4]	$0 to $5,000	As incurred	Prior to opening as a converted Home	Suppliers
Business Licenses and Permits	$0 to $1,000	As required	Prior to opening as a converted Home	Governmental agencies
Professional Fees	$1,000 to $2,500	As incurred	Prior to opening as a converted Home	Architects, lawyers, accountants, and other professionals
Professional Association Membership[5]	$150 to $400	As incurred	Prior to opening as a converted Home	Third party
Medication Cart	$1,500 to $3,000	As incurred	Prior to opening as a converted Home	Suppliers
Employee Uniforms	$90 to $900	As incurred	Prior to opening as a converted Home	Suppliers
Marketing and Promotions	$500 to $1,000	As incurred	Prior to opening as a converted Home	Suppliers
Insurance[6]	$500 to $1,200	As incurred	Prior to opening as a converted Home	Insurer
Training Expenses[7]	$1,000 to $3,500	As incurred	As incurred	Third parties
Additional Funds	$5,000 to $15,000	As incurred	As incurred	Third parties
TOTAL ESTIMATED INITIAL INVESTMENT[9]	**$20,440 to $69,000**			

Notes:

1. All fees payable to us are uniform, fully earned upon our receipt, and not refundable. We are unaware of any fees payable to third party suppliers that are refundable.

2. If you are converting a residential assisted living facility to a Home, your Initial Franchise Fee will be $10,000.

3. This item does not include any construction allowances that may be offered by the landlord. The cost of leasehold improvements will vary widely depending upon the size and condition of the premises, if you are located outside of the 48 contiguous states, whether or not there are any existing and comparable leasehold improvements in the premises, the extent and quality of improvements desired by you over and above our minimum requirements, landlord's cash contribution to the cost of the improvements, whether you are required to use union labor, and the like.

4. This item estimates your cost for the purchase and installation of the Computer System. See Item 11 for detailed information about the items that are included in this estimate. The low estimate assumes you will have one computer and the high range assumes you will have two computers. Associated software licensing and maintenance fees to third party vendors are also included in this item.

5. You will be required to join an industry trade association. We have several organizations to refer to you. Since various chapters have certain strengths, before you join a specific association, we will discuss with you and approve that expenditure so that you maximize benefits from your membership.

6. Your insurance costs may be higher or lower depending on your location and whether the insurance company offers monthly, quarterly, or annual payments.

7. This item estimates the travel and living expenses that you will incur when you attend the initial training programs described in Item 11. The high estimate includes airfare and hotel costs for two attendees. This estimate does not include any wages or salary for your attendees during training.

8. This item estimates your initial start-up expenses other than those described separately in the table. These expenses include employee payroll costs during your first three months of operation, but not any draw or salary for you. These figures are estimates and you may have additional expenses relating to the development and initial operation of your converted Home. Your actual costs for initial start-up expenses during your converted Home's first three months of operation depend on many factors including, without limitation, the following: (i) how closely you follow the System and our and procedures, (ii) your management skill, experience, and business acumen, (iii) local economic

conditions, (iv) local market conditions, (v) the prevailing wage rate, (vi) competition, and (vii) sales levels reached during the initial period.

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Location

You may operate entirely from your Home's location. Our franchisees are not required to lease separate office space from which to operate their Home. We do not select the location for your Home, but you must obtain our approval of the location to ensure it complies with the System Standards. We consider multiple factors to determine our approval of the location of your Home including, without limitation, the size of the Home which must have at least three bedrooms and two baths and the proposed location's compliance with state and local laws and regulations. To review a relocation request, we will consider the same factors that we considered to evaluate your initial location. We have requirements for the interior layout and design of your Home that are described in our confidential operations manual (the "Manual").

General Sourcing Restrictions

To maintain the quality of the services that Homes offer and sell and the reputation and goodwill of our Marks, you must operate your Home according to the System Standards. The System Standards may regulate, without limitation: (i) the types, models, and brands of marketing materials and services your Home uses, (ii) required and authorized services that your Home must offer, (iii) required and authorized product and service categories, and (iv) designated and approved suppliers of these items and services. You must purchase insurance policies and a Computer System that meet the specifications in the Manual. You must also purchase certain services only from approved or designated suppliers including, without limitation, computer software, marketing materials, and software maintenance and support services.

Insurance

You must purchase the types of insurance policies with the minimum amounts of coverage that we specify from approved insurance companies. We currently require:

(i) Comprehensive general liability insurance and umbrella insurance against claims for bodily and personal injury, death, and property damage with a minimum of $1,000,000 combined single limit per occurrence and $2,000,000 in the aggregate with a maximum deductible of $1000 per claim;

(ii) Automotive liability and property damage with a minimum coverage of $1,000,000 per claim;

(iii) Professional liability insurance with limits not less than $1,000,000 per claim/occurrence and $3,000,000 in the annual aggregate; and

(iv) Worker's compensation and employer's liability insurance as required by law.

Establishment and Ongoing Operational Required Purchases

Of the total purchases that will be required to establish your Home, we estimate that between 5% and 20% of these purchases will be from approved or designated suppliers or will consist of items that must meet our specifications. Of the total purchases that will be required to operate your Home after opening, we estimate that between 5% and 10 % of these purchases will be from approved or designated suppliers or will consist of items that must meet our specifications.

System Standards

We formulate and modify the System Standards based on our franchisees' experience with the development and operation of Homes. The System Standards may impose minimum requirements for delivery, performance, reputation, prices, quality, design, and appearance. We will notify you within 30 days of the establishment of new System Standards, any changes to existing System Standards, new approved or designated suppliers, or the revocation of any approval of existing designated or approved suppliers. This notice may be disseminated to you by various means including, without limitation, written or electronic correspondence, verbal or telephonic notification, amendments or updates to the Manual, bulletins, and similar means of communication.

Proposing New Suppliers

If you want to use any item or service for or at your Home that we have not yet evaluated or buy or lease from a supplier that we have not yet approved for items and services that require supplier approval, you must first send us sufficient information, specifications, and samples for us to determine whether the item or service complies with our System Standards or that the supplier meets our approved supplier criteria. We will notify you of our approval or rejection of a proposed item, service, or supplier within 60 days after receiving all information we require. Without limitation, supplier approval may depend on product quality, prices, consistency, warranty, reliability, delivery frequency, service standards, financial capability, client relations, and the concentration of purchases with limited suppliers to obtain better prices and service. Approval may be temporary until we evaluate the supplier in more detail. We may revoke our approval of a supplier by notifying the supplier and you in writing. It is an event of default under your Franchise Agreement if you utilize unapproved services or suppliers in the operation of your Home. We do not impose any fee for evaluating alternative suppliers.

Revenue Derived by Franchisor for Required Purchases

We or our affiliates may derive revenue based on purchases that you are required to make from our affiliates or designated suppliers. We have the right to receive payments in the form of promotional allowances, volume discounts, or any other payments from suppliers on account of their dealings with you and other franchisees. To date, we have not derived any revenue from required purchases.

Our Officers' Interests in Suppliers

None of our officers own a direct interest in any approved or designated supplier.

Purchasing Practices

We do not currently have any purchasing or distribution cooperatives. We may negotiate purchase arrangements with suppliers for franchisees for some required items in our discretion. We do not provide material benefits to franchisees for using designated or approved suppliers or the purchase of particular products or services.

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 the FDD.

Obligation	Section in Franchise Agreement	FDD Item
(a) Site selection and acquisition/lease	Section 2.A	Items 6, 7, and 8
(b) Pre-opening purchases/leases	Sections 2.A, 2.E, and 4.A	Items 5, 6, 7, 8, and 11
(c) Site development and other pre-opening requirements	Section 2.B	Items 5, 6, 7, 8, and 11
(d) Initial and ongoing training	Sections 4.A and 4.B	Items 7 and 11
(e) Opening	Sections 2.D and 2.E	Item 11
(f) Fees	Sections 3, 4, and 13	Items 5, 6, and 7
(g) Compliance with standards and policies/operating manual	Sections 4.E and 8.G	Items 8, 11, and 16
(h) Trademarks and proprietary information	Sections 5 and 6	Items 13 and 14
(i) Restrictions on services offered	Section 8.C	Items 8, 11, and 16
(j) Warranty and client service requirements	Not applicable	Not applicable

Obligation	Section in Franchise Agreement	FDD Item
(k) Territorial development and sales quotas	Sections 2.B and 3.D	Item 12
(l) Restrictions on products/services offered	Section 8.C	Items 6 and 8
(m) Maintenance, appearance, and remodeling requirements	Section 8.B	Item 11
(n) Insurance	Section 8.F	Items 7 and 8
(o) Advertising	Sections 2.E and 9	Items 6, 7, and 11
(p) Indemnification	Sections 5.E and 16.D	Item 6
(q) Owner's participation/management/staffing	Section 8.A	Items 11 and 15
(r) Records/reports	Section 10	Item 6
(s) Inspections/audits	Section 11	Items 6 and 11
(t) Transfer	Section 12	Item 17
(u) Renewal	Sections 13 and 17.N	Item 17
(v) Post-termination obligations	Section 15	Item 17
(w) Non-competition covenants	Section 7	Item 17
(x) Dispute resolution	Section 17.G	Item 17

ITEM 10
FINANCING

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

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 your Home begins operations, we, our affiliates, or our designees will:

(1) Grant you a Territory (Franchise Agreement, Section 1);

(2) Review and approve the general layout, center improvements, and colorization of your Home (Franchise Agreement, Section 2);

(3) Identify the materials, supplies, and services you must use to develop and operate your Home, the minimum standards and specifications that you must satisfy, and the designated

and approved suppliers from whom you must or may buy or lease items. We do not deliver or install any of these items. See Item 8 for additional information (Franchise Agreement, Section 8);

(4) Loan you one copy of the Manual in the format of our choosing including, without limitation, audiotapes, videotapes, CD-ROMs, or other written or intangible materials that we may make available to you through various means including, without limitation, the Internet. The Manual contains our System Standards and information on your other obligations pursuant to your Franchise Agreement. The current table of contents of the Manual is attached as Exhibit E (Franchise Agreement, Section 4);

(5) Advise you on the grand opening marketing program for your Home (Franchise Agreement, Section 2); and

(6) Train you in the operation of your Home (Franchise Agreement, Section 4).

Continuing Assistance

During your operation of your Business, we, our affiliates, or our designees will:

(1) Periodically advise you regarding the operation of your Home based on your reports or our inspections. We will advise you on standards, specifications, operating procedures, and methods that Homes use. We will advise you through our Manual, in bulletins or other written materials, by electronic media, by telephone consultation, or during consultations at our office or your Home (Franchise Agreement, Section 4);

(2) At your request and expense or as we deem necessary for remediation, provide additional or special guidance, assistance, or training for which you may pay an additional training or assistance fee (Franchise Agreement, Section 4);

(3) Periodically modify the Manual to reflect changes in System Standards. You must keep your copy of the Manual current and in a secure location at your Home. If there is a dispute over the Manual's terms or contents, our master copy of the Manual will control. The Manual is confidential and you may not copy, duplicate, record, or otherwise reproduce any part of the Manual (Franchise Agreement, Section 4);

(4) Issue and modify the System Standards. We may periodically modify the System Standards and these modifications may require you to invest additional capital in your Home or incur higher operating costs (Franchise Agreement, Section 8);

(5) Grant you the use of our confidential information as more fully described in Item 14 (Franchise Agreement, Section 6);

(6) Grant you the right to use the Marks as more fully described in Item 13 (Franchise Agreement, Section 5);

(7) At our discretion, maintain and administer a Brand Fund [Franchise Agreement, Section 9); or

(8) Negotiate and manage referral agreements with placement agents to assist your marketing efforts for your Home (Franchise Agreement, Section 4).

Home Location Requirements

Your Home must have a physical street address. A typical Home is at least 2,500 square feet in size. We must approve the location of your Home. Before purchasing property for your Home, we must approve the location. Factors we consider in approving a potential location for your Home include, without limitation, the general appearance, location, its ease of conversion to a Home, and the rent or purchase terms. We do not select the location for your Home. You may relocate your Home provided the new location is within your Territory. We consider all of the same factors that we consider in evaluating your initial site in connection with any relocation request. Our physical location requirements are described in the Manual. We may require additional remodeling or renovations after your Home commences operation in our reasonable discretion, which may be annually. Location requirements will be further addressed at training and identified within the Manual.

If your approved Home is a conversion or if you are purchasing a current residential care home without remodeling, you are required to open and begin operating your Home within 60 days of the date you sign your Franchise Agreement. If you are remodeling an existing building, you must open and begin operating your Home within 180 days of the date you sign your Franchise Agreement. If you are constructing a new building, you must open and begin operating within 365 days of the date you sign your Franchise Agreement. Your failure to meet the applicable deadline may result in termination of your Franchise Agreement.

You must maintain your Home's location in good condition at your expense including compliance with all mandated state or local requirements, cleaning, repainting and redecorating as needed, and repairing or replacing worn-out or obsolete equipment.

Advertising and Marketing

If we establish a Brand Fund, each Home may be required to contribute to the Brand Fund amounts that we periodically require that will not exceed $100 per month or a lump sum equivalent to $1,200 per calendar year. We may collect for deposit into the Brand Development Fund any advertising, marketing, or similar allowances paid to us by suppliers that instruct us to use the allowances for advertising or marketing purposes. We will deposit all non-compliance fines we collect from franchisees into the Brand Fund for the benefit of all franchisees and will not profit from the fines. Except as described in this paragraph, we have no obligation to expend any amounts on marketing in your Territory.

We will designate, direct, and have complete control over all advertising and marketing programs and other marketing activities. If we establish a Brand Fund, you will contribute to these efforts through your payment of Brand Fund Fees. The Brand Fund may pay for (i) preparing and producing video, audio, and written materials and electronic media, (ii) administering regional and multi-regional marketing and advertising programs including, without limitation, purchasing trade journal, direct mail, radio, and other media advertising and using advertising, promotion, marketing agencies, and other advisors to provide assistance, (iii) supporting public relations, market research, and other advertising, brand promotion, and marketing activities, (iv) development and improvements to our website, (v) research, development, and promotion for new services that may be offered by Homes, and (vi) research, development, and promotion to improve the System. The Brand Fund will advertise in whatever media we elect in our discretion. We or an advertising agency will produce all advertising and marketing materials.

If we establish a Brand Fund, we will administer the Brand Fund. We may be reimbursed from the Brand Fund for reasonable administrative costs, salaries, and overhead expenses related to the administration and operation of the Brand Fund and its programs including, without limitation, conducting market research, preparing marketing materials, social media, and other programs, and administrating, collecting, and accounting for Brand Fund Fee contributions. We may use in-house personnel to create written press releases, audio and direct mail advertising, and social media. We may self-reimburse for certain expenses including, without limitation, salaries for services we provide in connection with Brand Fund administration.

We intend for any Brand Fund we establish to maximize recognition of the Marks and patronage of Homes. The Brand Fund will be meant to develop and place advertising, marketing materials and programs that will benefit all Homes; however, we need not ensure that expenditures in any particular area are proportionate to or equivalent to contributions made to the Brand Fund by Homes in any particular area. We will not guarantee that any Home will benefit directly or in proportion to the Home's Brand Fund Fee contributions.

We may use collection agents and institute legal proceedings to collect unpaid Brand Fund Fees at the Brand Fund's expense. We may forgive, waive, settle, or compromise any claims by or against the Brand Fund. We assume no direct or indirect liability or obligation to you for collecting amounts due to, maintaining, directing, or administering the Brand Fund.

If we establish a Brand Fund, we may at any time commence, defer, increase, or reduce a franchisee's Brand Fund Fee. Upon 60 days' prior written notice, we may reduce or suspend Brand Fund operations for any length of time or terminate the Brand Fund entirely in our discretion. Any amounts remaining in a suspended Brand Fund will remain in the Brand Fund for future use in marketing endeavors. If we terminate the Brand Fund entirely, we will distribute all unspent amounts to franchisees, us, and our affiliates in proportion to the respective contributions made during the twelve-month period immediately preceding termination.

All electronic media advertisements must be approved by us. These advertisements will be placed either by us or by our third party vendor. We will use reasonable efforts to obtain favorable pricing based upon volume or aggregate purchase arrangements.

Restrictions on advertising apply to any information relating to us, you, or your Home that you plan to use on a website. You may maintain a website for your Home with our written approval. At our discretion, you will discontinue your use of any previously approved website and sign any documents, submit any information, or take any other type of action we reasonably require in connection with your website. If we determine that there is information on your website that we believe is incorrect, inaccurate, or misleading in our discretion, we may require you to correct or eliminate the information.

Advisory Council

We have not established an advisory council, but may do so in the future. We will receive input and feedback from the advisory council that will be comprised of franchisee representatives. If we establish an advisory council, advisory council members will be elected by a vote of our franchisees except for the first advisory council members who we will choose. The advisory council will serve in an advisory capacity only and will not have operational or decision-making power. We will not have the power to alter the function or composition of an existing advisory council.

Advertising Cooperatives

We do not intend to create either local or regional advertising cooperatives, but may do so in the future.

Computer System

You must use the Computer System we periodically designate for the operation of your Home. At present, you will need a laptop computer with a camera and microphone and at least two computer tablets. Software must be Windows 10 or Apple OS with wifi Internet access. We do not presently mandate any brand of laptop computer or computer tablet. You must own a color printer. If you need to purchase these items, we estimate that the cost will not exceed $5,000. Accounting functions must be run on QuickBooks Online version. We require that you own a smartphone, at present we do not mandate any brand. The Computer System will generate accounting, revenue, and expense information. We will have access to your accounting information at all times. You must obtain the Computer System, software licenses, maintenance and support services, and other services related to the Computer System from reliable suppliers. We do not currently designate the required suppliers. We may periodically modify or develop technical specifications or components of the Computer System in our discretion. Modifications or developments may require you to purchase, lease, license, or support new or modified computer hardware or software for the Computer System. Your Franchise Agreement does not limit the frequency or cost of these changes, upgrades, or updates. We have no obligation to reimburse you for any Computer System failure, upgrade, or related shipping costs. Within 60 days after you receive notice from us, you must obtain new components of the Computer System that we designate and ensure that the Computer System is functioning properly after modification. Any upgrades, updates, maintenance, or support during the initial years after you purchase your Computer System should be covered by the standard manufacturers' warranty.

You will have sole and complete responsibility for (i) the acquisition, operation, and maintenance of your Computer System, (ii) the manner in which your Computer System interfaces with our computer system and those of third parties, (iii) the installation, maintenance and support of your Computer System although we may from time to time require or recommend third parties to provide these functions, and (iv) any consequences that may arise if your Computer System is not properly operated, maintained, and upgraded. We charge a monthly technology fee of $300 that we directly debit from your account after your Home's operations commence. You may be required to pay additional monthly licensing fees to third parties for software and other technology-related services for the maintenance of your Computer System. These monthly fees should not exceed $150 per month. If we, our affiliates, or third parties license proprietary software to you or otherwise allow you to use similar technology, you may be required to sign a software license agreement.

The Payment Card Industry ("PCI") Data Security Standard ("DSS") is a comprehensive set of requirements that applies to all merchants that accept credit cards and is designed to ensure the safe handling of client cardholder data. Compliance with the PCI DSS is the responsibility of your Home. You must meet the PCI DSS requirements and maintain PCI compliance with the current version of PCI DSS. You have complete responsibility for using all required tools and vendors to complete the ongoing PCI requirements including, without limitation, quarterly external security scans and annual self-assessment questionnaires. You are responsible for all costs relating to PCI compliance and data security issues. You must alert us within 24 hours of a suspected or confirmed data security breach so that appropriate action can be taken to protect client data.

Cromwell Homes

Douglas Cromwell, our President, maintains an indirect ownership interest in five Homes (the "Cromwell Homes") through his ownership interest in DCEC. The Cromwell Homes were subsumed into the System in January, 2026 when we purchased Avendelle's assets. The Cromwell Homes may operate under terms and conditions that materially differ from those of standard Homes.

Client Television Access

Your Home must have at least one "smart" television for each bedroom and one "smart" television in the main common area for client use.

Training

If you are a business entity, you must designate one of your owners to serve as the "Principal Owner." The Principal Owner must hold at least 50% ownership interest in your business entity and successfully complete our initial training program. Before your Home begins operations, we will train up to two persons (typically the Principal Owner and a manager) to operate your Home. Our training program for non-conversion franchises lasts approximately ten days plus additional onsite training that may total two weeks. Your Principal Owner and any other management personnel we designate must complete the initial training program to our satisfaction and participate in all other activities we require before your Home commences operations. Your Home must have a Principal Owner or manager who is fully qualified and has completed our training curriculum. Although we do not charge you a separate fee for the initial training program, you will pay all travel and living expenses that training attendees incur. As of the date of this FDD, we provide the following training:

TRAINING PROGRAM

Subject	**Hours of Classroom or Self-Study Training**	**Hours of On-the-Job Training**	**Location**
Phase One – Branding and Marketing Training			
Getting to Know Your Market	8	0	Self-study
Training Videos	12	0	Self-study
Misson Vision Values	12	0	Gilbert, Arizona or as we determine
Marketing Your Home/Touring	7	0	Gilbert, Arizona or as we determine
Brand Software	4	0	Self-study
TOTAL HOURS	32	0	
Phase Two – Pre-Licensing Training			
Policy and Procedure State Manual	5	0	Self-study
Employee Handbook Sample	2	0	Self-study
Pre-Training Videos	5	0	Self-study
Staffing/Recruiting/ Scheduling/Compensation	8	0	Gilbert, Arizona or as we direct
Brand Software	8	0	Gilbert, Arizona or as we direct
TOTAL HOURS	28	0	
Phase Three – Pre-Operational Training			
Implementing Brand Software	0	7	Gilbert, Arizona or as we direct

Subject	Hours of Classroom or Self-Study Training	Hours of On-the-Job Training	Location
Brand Standards	2	0	Gilbert, Arizona or as we direct
Grand Opening	0	4	Your location
Pre-Training Videos	20	0	Self-study
TOTAL HOURS	22	11	
Phase Three – Pre-Operational Training Conversion Homes			
Brand Software	0	7	Gilbert, Arizona or as we direct
Brand Standards	2	0	Gilbert, or as we direct
Marketing and Touring	7	0	Gilbert, Arizona or as we direct
Pre-Training Videos	10	0	Self-study
TOTAL HOURS	19	7	
TOTAL HOURS (STANDARD)	**82**	**11**	
TOTAL HOURS (CONVERSION HOME)	**79**	**11**	

Our training program is conducted by Chuck Bongiovanni, Shannon McInnis, and Anthony Zerilli. Mr. Bongiovanni has in excess of 30 years of experience with the assessment and placement of residents into senior housing facilities. Ms. McInnis has over a decade of experience in this field. Mr. Zerilli has a combined over years of experience including as a residential assisted living home operator, an Arizona Certified Caregiver, and a Certified Dementia Practitioner.

We will conduct an additional 16-week continuing training program after your grand opening and weekly teleconferences during the first year of your Home's operations. We currently offer our initial training program as demand requires which has been approximately once each quarter to date. For classroom training, the training materials will consist of the Manual which is approximately 300 pages long. You will not be charged an additional fee for any of the training materials. If you are a conversion franchisee, you will be required to attend and successfully complete Phase 3 Training and attend and successfully complete Phase 2 Training in our discretion.

We conduct our franchisee training programs in Gilbert, Arizona, or at other locations as we designate in our discretion. If we determine that you cannot complete initial training to our satisfaction, we will require you or a designee we approve to attend additional training at your expense at a cost of $250 per person per day plus related travel expenses. We may terminate your Franchise Agreement if we determine that your Principal Owner cannot complete the initial training to our satisfaction. If we determine that you or your Principal Owner has failed to satisfactorily complete the training program, you agree to immediately hire a substitute attendee and promptly arrange for the substitute attendee to complete the training program to our satisfaction. You must pay the per diem additional training fee for training programs furnished to individuals who replace a manager or employee who previously attended the training program. You are responsible for all travel and living expenses.

There is no minimum period of time after you sign your Franchise Agreement or before opening that training must be completed, but you must successfully complete training before your Home begins operations. We may require you or your previously trained and experienced employees to attend up to four days of additional or refresher training courses each year and a two to three day annual meeting or convention each year at the times and locations we designate. We may charge a fee of up to $500 per franchisee for these courses, conventions and programs. You are responsible for all travel and living expenses.

Commencement of Operations

We estimate that it will be approximately 30 to 60 days from the date you sign your Franchise Agreement for your Home to begin operations if you have an existing building for your Home. If you construct a new building for your Home, you will have 365 days from the date you sign your Franchise Agreement to commence your Home's operations. Timing depends on a variety of factors including, without limitation: (i) initial training completion, (ii) required construction or modifications to your Home, (iii) obtaining insurance and all required licenses and permits, and (iv) compliance with local laws and regulations.

You may not commence operations of your Home until: (i) you and your designated personnel have completed pre-opening training to our satisfaction, (ii) you have paid all amounts due to us and our designated and approved vendors, (iii) you have obtained all required licenses and permits to operate your Home, and (iv) you have given us copies of all insurance policies with evidence of active coverage and premium payment. If a franchisee has been unable to open in the required time period due to these factors but is diligently attempting to comply with their obligations, it is our practice to grant additional time to open in our discretion.

ITEM 12
TERRITORY

Identification and Description of Territory

When you sign your Franchise Agreement or prior to the approval of your proposed Home location as applicable, we will determine and include a geographic territory (your "Territory") on Exhibit A of your Franchise Agreement. Your Territory will be twice the distance required by your local required minimum distance separating assisted care facilities from the location of your Home. If there is no local required minimum distance, your Territory will be a one-mile radius from the location of your Home. Your marketing efforts need not be focused solely within your

Territory. There is no exclusive territory other than what is required by state or local regulation for conversion franchises.

Protected Territorial Rights

As long as you comply with your Franchise Agreement, your Territory will be exclusive subject to the limitations described below. "Exclusive" means that neither we nor our affiliates will establish or grant rights to other persons to establish another Home with physical premises located within your Territory. You may open additional Homes within your Territory with our permission if they fall within the limitation of your applicable regulations and you sign a separate Franchise Agreement for each additional Home.

Limitations on Your Ability to Solicit Clients

You may solicit clients located outside your Territory as long as you are not in default of your Franchise Agreement or any other agreement with us or our affiliates.

Reserved Rights

We or any affiliate may engage in any activities we deem appropriate that are not expressly prohibited by your Franchise Agreement in our discretion. We may open additional company- or affiliate-owned Homes that operate under the Marks as long as they are not located within your Territory. Although we have no current plans to do so, we may establish and operate similar or competitive businesses and grant rights to others to establish and operate similar or competitive businesses on any terms and conditions we deem appropriate at any location including within your Territory if the businesses are not operating using the Marks. Currently, neither we nor any affiliate intends to operate or franchise another business under a different trademark that will offer services similar to the services offered by Homes, but may do so in the future.

We reserve the right to acquire or be acquired by businesses or chains that may offer competitive services. If we acquire a competitive business, the acquired business's locations may be converted into Homes operating under the Marks regardless of their location including within your Territory. If we are acquired by a competitive business, the acquiring business's locations may be located and operate within your Territory regardless of whether they operate under the Marks or under different trademarks.

Minimum Performance Requirements

In order to maintain the protection of your Territory, your monthly Gross Revenues per month after month 13 of your Home's operations must be a minimum of $15,000 per month. If you do not meet the minimum performance requirements, you will be in default of your Franchise Agreement and we may elect to terminate your Franchise Agreement in our discretion.

ITEM 13
TRADEMARKS

We were granted the following registered trademarks on the Principal Register of the United States Patent and Trademark Office (the "USPTO"):

Mark	Registration Number	Registration Date
Majestic Residences	6196278	November 10, 2020
Majestic Residences	6196279	November 10, 2020
Majestic Residences	6594752	December 21, 2021
Majestic Residences	6594623	December 21, 2021
WELCOME H.O.M.E. TO AGELESS POSSIBILITIES	6597500	December 21, 2021
Avendelle ASSISTED LIVING	5197426	May 2, 2017

All required affidavits have been filed. On October 20, 2020, a Trademark Assignment was recorded with the United States Patent and Trademark Office ("USPTO") assigning the Marks from Chuck Bongiovanni to Majestic IP. On October 21, 2020, we entered into an intellectual property license agreement with Majestic IP. Under the terms of the agreement, Majestic IP granted us the right to use the Marks and to sublicense the Marks to our franchisees. The license agreement automatically renews annually unless it is terminated in accordance with its terms. Majestic IP may terminate the license agreement only if we declare bankruptcy or become insolvent or if we and Majestic IP mutually agree to terminate the license agreement. If the license agreement is terminated, all sublicenses granted by us to our franchisees will continue in full force and effect until the expiration or termination of the applicable Franchise Agreement. Except as discussed above, no agreements limit our right to use or sublicense the use of the Marks.

You must follow our System Standards when you use the Marks. You may not use the Marks: (i) in your corporate or legal business name, (ii) with any prefix, suffix, or other modifying words, terms, designs, or symbols except for those we permit, (iii) to offer any unauthorized services, (iv) as part of any domain name, electronic address, metatag, or otherwise in connection with a website without our consent, or (v) in any other way we have not expressly authorized in writing.

There are no currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state, or any court and no pending infringement, opposition, or cancellation proceeding or material litigation involving our principal Marks. No agreement significantly limits our right to use or license the Marks. We do not know of either superior prior rights or infringing uses that could materially affect your use of the Marks.

You must notify us immediately of any actual or apparent infringement of or challenge to your use of any Mark or of any person's claim of any rights in the Marks. You may not communicate with any person other than us, our attorneys, and your attorneys regarding any infringement, challenge, or claim. We may take any action that we deem appropriate or no action and we will exclusively control the defense of any litigation, USPTO proceeding, or other administrative proceeding from an infringement, challenge, or claim or otherwise concerning the Marks. You must assist us in protecting and maintaining our interests in the Marks.

If it becomes advisable at any time for us to modify or discontinue using any of the Marks, you will comply with our directions within a reasonable time after receiving notice. We will not reimburse you for your expenses in complying with these directions including, without limitation, your costs to change signage, replace supplies, or for any loss of revenue due to any modified or discontinued Mark. We will reimburse you for all damages and expenses you incur in any trademark infringement proceeding disputing your authorized use of the Marks if you have timely notified us of the proceeding, strictly complied with your Franchise Agreement and the System Standards, and comply with our directions with respect to the proceeding. You must immediately stop using the Marks in any manner upon the expiration or termination of your Franchise Agreement for any reason.

ITEM 14
PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

No patents or patent applications are material to the franchise. We claim copyrights in the Manual, our advertising and promotional materials including posters and signs, and similar items used in connection with the operation or marketing of Homes. We also claim copyrights in the Marks, certain Computer System components, design elements of the interior of a Home, and certain other parts of the System. We have not registered these copyrights, but may do so in the future. You may use our intellectual property only as we specify and only while operating your Home. We own all rights to these copyrighted materials, even if you prepare them, and you may not use any adaptation or derivative of any copyrighted materials without our approval.

There currently are no effective adverse determinations of the USPTO, the Copyright Office (Library of Congress), or any court regarding the copyrighted materials. No agreement limits our right to use or allow others to use the copyrighted materials.

We need not protect or defend copyrights, although we intend to do so if in the System's best interest. We may control any litigation or administrative proceeding involving copyrights.

We need not participate in your defense or indemnify you for damages or expenses in a proceeding involving a copyright. We may require you to modify or discontinue using copyrighted materials and need not reimburse you for any costs you incur. Upon termination of your Franchise Agreement for any reason, you must stop using the copyrighted materials in any manner.

Our Manual and other materials contain elements of our confidential information. This information includes, without limitation: (i) methods, formats, specifications, standards, systems, business policies, procedures, sales and marketing techniques, knowledge, and experience used in developing and operating Homes, (ii) market research and advertising, marketing, and promotional programs for Homes, (iii) knowledge of specifications, suppliers, and methods of ordering for certain equipment, materials, and supplies, (iv) knowledge of the operating results and financial performance of Homes, (v) graphic designs and related intellectual property, (vii) any other information periodically collected by or contained within your Computer System, and (viii) any other information we designate as confidential or proprietary.

You may not use any confidential information in any other business or capacity during or after the term of your Franchise Agreement. You must keep all confidential information absolutely confidential during and after the term of your Franchise Agreement, may not use our confidential information in an unauthorized manner, and may not make any unauthorized copies of any confidential information. You may not sell, trade, or otherwise profit in any way from our confidential information except during your Franchise Agreement's term using methods we approve. You must take reasonable steps to prevent improper disclosure of our confidential information to others and use confidentiality agreements with those having access to our confidential information. We may regulate the form of confidentiality agreement that you use and we will be a third party beneficiary of the agreement with independent enforcement rights. Our current recommended form of confidentiality agreement is attached to this FDD as Exhibit H.

Confidential information does not include information, knowledge, or know-how that is or becomes generally known in the industry, that you learned from your previous business experience, or that you knew before you began franchise training or operating your Home. Any person making a claim for exclusion must prove the validity of the cause.

You must promptly disclose to us all ideas, concepts, techniques, or materials you create or develop relating to your Home or the System. They will become our property and you must sign the documents we request and otherwise help us obtain intellectual property rights in them.

ITEM 15
OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

If you are a business entity, you must designate one of your owners to serve as the "Principal Owner." The Principal Owner must hold at least 50% ownership interest in the franchise business entity and successfully complete our initial training program (see Item 11). Owners with

20% or more ownership must sign your Franchise Agreement. If you are an individual, you will be the Principal Owner.

With our permission and in our discretion, after a period of successful management, you may delegate to a general manager (the "Operations Manager") the ongoing management of your Home. A Principal Owner may serve as the Operations Manager, but we do not require that the Operations Manager have an ownership interest in the franchise. The Operations Manager will exert sufficient efforts to fulfill your obligations under your Franchise Agreement and will not directly or indirectly engage in any other business or other activity that requires any significant management responsibility or time commitments or may otherwise conflict with your obligations under your Franchise Agreement. If the relationship of the Operations Manager to you terminates or materially changes, you will promptly designate a replacement Operations Manager and the Principal Owner will assume the obligations of the Operations Manager during the interim transition period. Any Operations Manager must successfully complete our initial training program and any other training we require before engaging in any business activities pertaining to your Home. You must pay the charges that we establish for training programs furnished to any individual who replaces a previously trained Operations Manager. We may require the Operations Manager and other employees with access to our confidential information to sign confidentiality agreements. Any subsequent training required during the term of your Franchise Agreement must be completed successfully by the Operations Manager.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You may not offer or perform any services that we have not authorized. Our System Standards may regulate required and authorized services and service categories. We periodically may change required or authorized services and service categories to meet the needs of clients in your Territory and there are no limits on our right to do so. You may not sell any services through any channel of distribution outside of your Territory. You must discontinue selling and offering for sale any services that we at any time disapprove of in writing. We may establish maximum or minimum prices for services that your Home offers to the extent permitted by law and you will charge the prices we establish.

We currently support a program that enables you to offer residents of your Home the opportunity to travel with their families to the Dominican Republic and be housed on a temporary basis at the Home of one of our franchisees if availability exists. You will participate and advertise that opportunity as we direct. You will share revenues with the Dominican Republic franchisee while they are providing services to your residents. Details pertaining to the revenue split and royalty obligations between you and the Dominican franchisee are contained within our Manual.

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ITEM 17
RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

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

Provision	Section in Franchise Agreement	Summary
(a) Length of franchise term	Section 1.B	Commences on execution of your Franchise Agreement and ends five years after your Home opens.
(b) Renewal or extension of the term	Sections 13.A and 17.N	You may acquire up to three additional five-year successor terms under our then-current terms if you are in good standing and meet other requirements.
(c) Requirements for you to renew or extend	Sections 1.B, 13.A, 13.B, and 13.C	You must sign a general release, pay a successor fee, and sign our then-current Franchise Agreement that may contain materially different terms and conditions than your original Franchise Agreement. You may not renew or extend if we have given notice or our intent to withdraw from the market you service.
(d) Termination by you	Section 14	You may terminate only if we fail to cure a material default with the cure period.
(e) Termination by us without cause	Not applicable	Not applicable.
(f) Termination by us with cause	Section 14	We may terminate only if you or your owners default.
(g) "Cause" defined – curable defaults	Section 14	(i) You fail to comply with any mandatory system standard or pay any amounts due, (ii) you fail to complete mandatory training, (iii) your Home offers unapproved services or fails to offer required services, (iv) you lose possession of your Home's premises, (v) you violation any health, safety, or sanitation law or regulation, (vi) you fail to maintain required

Provision	Section in Franchise Agreement	Summary
		insurance, (vii) you fail to submit any required reports or other information, (viii) you fail to obtain and maintain required licensure, or (ix) you refuse to cooperate with our inspections or audits.
(h) “Cause” defined – non-curable defaults	Section 14	(i) You make a material or intentional misrepresentation in connection with the acquisition of your franchise or the operation of your Home, (ii) abandonment, (iii) felony conviction, (iv) unauthorized use or disclosure of confidential information, (v) intentional misuse of the Marks, (vi) non-payment of taxes, (vii) you understate Gross Revenues by more than 5%, (viii) you commit two defaults within twelve consecutive months, (ix) insolvency or bankruptcy, (x) unauthorized transfer, or (xi) you engage in conduct detrimental to the System.
(i) Your obligations on termination/non-renewal	Section 15	(i) Pay outstanding amounts due, (ii) de-identification, (iii) assign telephone numbers, Websites, and domain names, and (iv) return Manual and confidential information.
(j) Assignment of contract by us	Section 12	There is no restriction on our right to assign.
(k) “Transfer” by you – defined	Section 12.C	(i) Assignment of your Franchise Agreement by you, (ii) assignment of your Franchise Agreement by law, (ii) sale of your Home’s assets, or (iv) change of ownership of your franchisee entity.
(l) Our approval of transfer by you	Sections 12.C and 12.D	You may not transfer without our prior written consent.
(m) Conditions for our approval of transfer	Section 12.D	New franchisee and its owners must (i) meet our qualifications,

Provision	Section in Franchise Agreement	Summary
		(ii) complete training, (iii) sign the then-current Franchise Agreement and related documents, and (iv) bring your Home into compliance with current System Standards. You and your owners must (i) be in compliance with your Franchise Agreement, (ii) pay us and third party vendors all amounts due, (iii) sign a general release, (iv) pay a transfer fee, and (v) subordinate to us amounts due from purchaser to you.
(n) Our right of first refusal to acquire your business	Not applicable	Not applicable.
(o) Our option to purchase your business	Not applicable	Not applicable.
(p) Your death or disability	Section 12.F	Your Franchise Agreement or ownership interest in your franchisee entity must be assigned to an approved party within nine months.
(q) Non-competition covenants during the term of the franchise	Section 7	No diverting business and no owning interest in, loaning money to, or performing services for a competitive business.
(r) Non-competition covenants after the franchise is terminated or expires	Not applicable	Not applicable.
(s) Modification of the agreement	Sections 17.K and 17.L	No modifications to your Franchise Agreement without a signed written instrument. We may change the Manual and System Standards at any time. We may unilaterally reduce your non-competition covenants.
(t) Integration/merger clause	Section 17.K	Only the terms of your Franchise Agreement are binding subject to state law. Any representations or

Provision	Section in Franchise Agreement	Summary
		promises made outside of the FDD or your Franchise Agreement may not be enforceable.
(u) Dispute resolution by arbitration or mediation	Section 17.G	Except for certain claims, you must first mediate all disputes with us.
(v) Choice of forum	Section 17.H	All disputes must be brought in the county where our principal place of business is located at the time the dispute arises (currently Maricopa County, Arizona). If your state law prohibits us from restricting venue to a forum outside your state, then the parties may bring an action either in the county where our principal place of business is located or your home state subject to applicable state law.
(w) Choice of law	Section 17.A	Arizona law governs subject to applicable state law.

Applicable state law may require additional disclosures related to the information contained in this Item 17. These additional disclosures appear in Exhibit F.

ITEM 18
PUBLIC FIGURES

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

ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS

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

We do not make any representations about 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 us at 2053 East Sanoque Boulevard, Gilbert, Arizona 85298, (877) 777-7916, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
Systemwide Outlet Summary
For Years 2023 to 2025

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2023	7	10	+3
	2024	10	17	+7
	2025	17	32	+15
Company-Owned	2023	0	0	0
	2024	0	0	0
	2025	0	0	0
Total Outlets	2023	7	10	+3
	2024	10	17	+7
	2025	17	32	+15

Table No. 2
Transfers of Outlets From Franchisees to New Owners (Other Than the Franchisor)
For Years 2023 to 2025

State	Year	Number of Transfers
Arizona	2023	4
	2024	4
	2025	0

Table No. 3
Status of Franchised Outlets
For Years 2023 to 2025

State	Year	Outlets at Start of Year	Outlets Opened	Termina-tions	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of the Year
Arizona	2023	4	2	0	0	0	0	6
	2024	6	1	0	0	0	0	7
	2025	7	0	0	0	0	0	7

State	Year	Outlets at Start of Year	Outlets Opened	Termina-tions	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of the Year
Florida	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
	2025	1	0	0	0	0	0	1
Indiana	2023	1	0	0	0	0	1	0
	2024	0	0	0	0	0	0	0
	2025	0	0	0	0	0	0	0
Michigan	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
	2025	1	0	0	0	0	0	1
North Carolina	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	16	0	0	0	0	17
Oregon	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
	2025	1	0	0	0	0	0	1
Tennessee	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
	2025	1	0	0	0	0	0	1
Texas	2023	2	0	0	0	0	1	1
	2024	1	1	0	0	0	0	2
	2025	2	0	1	0	0	0	1
Wisconsin	2023	0	2	0	0	0	0	2
	2024	2	1	0	0	0	0	3
	2025	3	0	0	0	0	0	3
Total	2023	7	5	0	0	0	2	10
	2024	10	7	0	0	0	0	17
	2025	17	16	0	0	0	0	32

Table No. 4
Status of Company-Owned Outlets
For Years 2023 to 2025

State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total	2023	0	0	0	0	0	0
	2024	0	0	0	0	0	0
	2025	0	0	0	0	0	0

Table No. 5
Projected Openings as of December 31, 2025

State	Franchise Agreements Signed, But Outlets Not Opened	Projected New Franchised Outlets In the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Indiana	0	1	0
Maryland	0	1	0
Michigan	0	1	0
Virginia	0	1	0
Wisconsin	0	1	0
Total	**0**	**5**	**0**

The names, business addresses, and business telephone numbers of each franchisee as of the date of the FDD are are listed on Exhibit C. The names, cities, and current business telephone numbers or last-known home telephone numbers of all franchisees who have had a Home franchise terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under their Franchise Agreement and who has left the system during the most recently completed fiscal year or has not communicated with us within ten weeks of the date of the FDD are listed on Exhibit C.

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

During the last three fiscal years, some current or former franchisees have signed confidentiality clauses that may restrict them from discussing with you their experiences as a franchisee in our franchise system.

There are no trademark-specific franchisee organizations associated with the franchise system being offered that we have created, sponsored, or endorsed or independent franchisee organizations that have asked to be included in the FDD.

ITEM 21
FINANCIAL STATEMENTS

Attached to the FDD as Exhibit A are our audited financial statements as of December 31, 2023, December 31, 2024, and December 31, 2025, and our unaudited financial statements as of April 30, 2026. Our fiscal year end is December 31.

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ITEM 22
CONTRACTS

Attached to this FDD are copies of the following franchise and other contracts or agreements:

FDD:

Exhibit B	Majestic Residences Franchise Systems LLC, Franchise Agreement
Exhibit F	State-Specific Additional Disclosures and Riders
Exhibit G	Form of General Release
Exhibit H	Form of Confidentiality Agreement

Franchise Agreement:

Exhibit B	ACH Authorization Form
Exhibit C	Majestic Residences Franchise Systems, LLC Personal Guarantee

ITEM 23
RECEIPTS

On the last two pages of this FDD (Exhibit J), you will find two copies of the Receipt page. You must sign, date, and deliver the copy of the Receipt page labeled "to be returned to Majestic Residences Franchise Systems, LLC" to us for our records.

EXHIBIT A

FINANCIAL STATEMENTS

With respect to our unaudited financial statements as of April 30, 2026:

THESE FINANCIAL STATEMENTS HAVE BEEN PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED AN OPINION WITH REGARD TO THEIR CONTENT OR FORM.

Majestic Residences

WELCOME HOME TO AGELESS POSSIBILITIES

MAJESTIC RESIDENCES FRANCHISE SYSTEMS, LLC

FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT
AS OF DECEMBER 31, 2025

KEZOS & DUNLAVY
Certified Public Accountants
& Business Advisors

MAJESTIC RESIDENCES FRANCHISE SYSTEMS, LLC

Table of Contents

KEZOS & DUNLAVY
Certified Public Accountants
& Business Advisors

Independent Auditor's Report

To the Members
Majestic Residences Franchise Systems, LLC
Las Vegas, NV

Opinion

We have audited the accompanying financial statements of Majestic Residences Franchise Systems, LLC which comprise the balance sheet as of December 31, 2025 and the related statement of operations, members' equity, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Majestic Residences Franchise Systems, LLC as of December 31, 2025 and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Emphasis of Matter – Prior Year Auditor

The financial statements of Majestic Residences Franchise Systems, LLC as of December 31, 2024 and 2023 were audited by other auditors whose report dated April 25, 2025, expressed an unqualified opinion on those statements.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

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

Kezos & Dunlavy

St. George, Utah
May 19, 2026

MAJESTIC RESIDENCES FRANCHISE SYSTEMS, LLC
BALANCE SHEET
As of December 21, 2025

		2025
Assets		
Current assets		
Cash and cash equivalents	$	39,334
Accounts receivable, net		165,671
Due from related party		6,099
Inventory		984
Prepaid expenses		2,742
Total current assets		214,830
Long-term assets		
Trademarks		8,442
Total assets	$	223,272
Liabilities and Members' Interests		
Current liabilities		
Accounts payable and accrued liabilities	$	50,704
Deferred revenue - current		18,000
Total current liabilities		68,704
Long-term liabilities		
Members note payable		145,699
Deferred revenue - noncurrent		119,540
Total long-term liabilities		265,239
Total liabilities		333,943
Members' deficit		(110,671)
Total liabilities and members' deficit	$	223,272

The accompanying notes are an integral part of these financial statements

MAJESTIC RESIDENCES FRANCHISE SYSTEMS, LLC
STATEMENT OF OPERATIONS
For the year ended December 31, 2025

		2025
Operating revenues		
Franchise fees	$	106,335
Royalty fees		230,890
Technology and other revenue		47,631
Total operating revenues		384,856
Operating expenses		
Salaries and wages expense		125,370
General and administrative		201,809
Advertising		19,124
Professional fees		25,904
Total operating expenses		372,207
Net income	$	12,649

The accompanying notes are an integral part of these financial statements

MAJESTIC RESIDENCES FRANCHISE SYSTEMS, LLC
STATEMENT OF MEMBERS' INTERESTS
For the year ended December 31, 2025

		2025
Beginning members' deficit	$	(123,320)
Net income		12,649
Ending members' deficit	$	(110,671)

The accompanying notes are an integral part of these financial statements

MAJESTIC RESIDENCES FRANCHISE SYSTEMS, LLC
STATEMENT OF CASH FLOWS
For the year ended December 31, 2025

		2025
Cash flows used in operating activities:		
Net income	$	12,649
Change in operating assets and liabilities:		
Accounts receivable		(65,419)
Prepaid expenses		12,952
Contract asset		5,500
Accounts payable and accrued liabilities		14,229
Deferred revenue		(61,835)
Net cash provided (used) by operating activities		(81,924)
Cash flows from financing activities:		
Proceeds from member note payable		124,840
Repayments of member note payable		(21,307)
Advances from related parties		(2,384)
Net cash provided (used) by financing activities		101,149
Net change in cash and cash equivalents		19,225
Cash and cash equivalents at beginning of period		20,109
Cash and cash equivalents at end of period	$	39,334
Supplemental disclosures of cash flow		
Cash paid for interest and taxes	$	-

The accompanying notes are an integral part of these financial statements

MAJESTIC RESIDENCES FRANCHISE SYSTEMS, LLC
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025

(1) Nature of Business and Summary of Significant Accounting Policies

(a) Nature of Business

Majestic Residences Franchise Systems, LLC, (the "Company"), was organized under the laws of the state of Delaware on July 13, 2020. The Company offers franchises for the use of Majestic Residences Franchise Systems, LLC trademark, trade name, services mark and logos in the operation of franchises that deliver non-medical care in a group residential home setting that is performed by trained caregivers. The Company began selling franchises throughout the United States in January 2021

The Company uses the accrual basis of accounting, and their accounting period is the 12-month period ending December 31 of each year. The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the Unites States of America.

(b) Accounting Standards Codification

The Financial Accounting Standards Board ("FASB") has issued the FASB Accounting Standards Codification ("ASC") that became the single official source of authoritative U.S. generally accepted accounting principles ("GAAP"), other than guidance issued by the Securities and Exchange Commission ("SEC"), superseding existing FASB, American Institute of Certified Public Accountants, Emerging Issues Task Force and related literature. All other literature is not considered authoritative. The ASC does not change GAAP; it introduces a new structure that is organized in an accessible online research system.

(c) Use of Estimates

Preparation of the Company's financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of any contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(d) Cash and Cash Equivalents

Cash equivalents include all highly liquid investments with maturities of three months or less at the date of purchase.

(e) Accounts Receivable

Accounts receivable are recorded for amounts due based on the terms of executed franchise agreements for franchise sales, royalties and other sales transactions. These accounts receivable are carried at original invoice amount less an estimate made for doubtful receivables based on a review of outstanding amounts.

When determining the allowance for doubtful receivable, the Company has adopted ASC 326, *Financial Instruments—Credit Losses*. This standard requires that management utilize the Current Expected Credit Losses ("CECL") model to recognize the appropriate allowance for doubtful receivables. This model requires entities to estimate and recognize expected credit losses over the life of the financial instrument. For trade receivables, management has elected to apply a simplified approach, based on historical loss experience and adjustments for current and forecasted economic conditions. Management regularly evaluates individual customer receivables, considering their financial condition, credit history and current economic conditions. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded as income when received. As of December 31, 2025, the Company had a $9,000 allowance for uncollectible accounts.

(f) Intangible Assets

The Company has determined that its intangible assets are finite lived and recognizes finite lived intangible assets in accordance with ASC 350, Intangibles—Goodwill and Other. Finite lived intangible assets are identifiable non-monetary assets with a determinable useful life that are not physical in nature. The Company's finite lived intangible assets primarily consist of trademarks.

(g) Income Taxes

The Company has elected to be treated as partnership for income tax purposes. Accordingly, taxable income and losses of the Company are reported on the income tax returns of its members and no provision for federal or state income taxes has been recorded in the accompanying balance sheet.

The Company follows the guidance under ASC 740, *Accounting for Uncertainty in Income Taxes*. ASC 740 prescribes a more-likely-than-not measurement methodology to reflect the financial statement impact of uncertain tax positions taken or expected to be taken in the tax return. If taxing authorities were to disallow any tax positions taken by the Company, the additional income taxes, if any, would be imposed on the members rather than the Company. Accordingly, there would be no effect on the Company's financial statements. The Company's income tax returns are subject to examination by taxing authorities for a period of three years from the date they are filed. As of December 31, 2025, the 2024, 2023, and 2022 tax years are subject to examination.

(h) Revenue Recognition

The Company adopted ASC 606, Revenue from Contracts with Customers. ASC 606 provides that revenues are to be recognized when control of promised goods or services is transferred to a customer in an amount that reflects the considerations expected to be received for those goods or services. In implementing ASC 606, the Company evaluated all revenue sources using the five-step approach: identify the contract, identify the performance obligations, determine the transaction price, allocate the transaction price, and recognize revenue. For each franchised location, the Company enters into a formal franchise agreement that clearly outlines the various components of the transaction price and the Company's performance obligations.

The Company's revenues consist of initial franchise fees, royalties, technology fees and other service fees.

Royalties

Upon evaluation of the five-step process, the Company has determined that royalties are to be recognized in the same period as the underlying sales.

Technology fee and other revenues

The Company also charges its franchisees for technology and printed marketing materials. These revenues are recognized as the services are provided.

Initial franchise fees

The Company is required to allocate the transaction price associated with initial franchise fees between the franchise license and associated performance obligations. In identifying the associated performance obligations, the Company has elected to adopt the practical expedient for private company franchisors outlined in ASC 952-606, *Franchisors—Revenue from Contracts with Customers*. In addition, the practical expedient allows franchisors to account for pre-opening services as a single distinct performance obligation, which the Company has elected to adopt.

These pre-opening services include the following services (which the Company may or may not provide all of):

- Assistance in the selection of a site
- Assistance in obtaining facilities and preparing the facilities for their intended use, including related financing, architectural, and engineering services, and lease negotiation
- Training of the franchisee's personnel or the franchisee
- Preparation and distribution of manuals and similar material concerning operations, administration, and record keeping
- Bookkeeping, information technology, and advisory services, including setting up the franchisee's records and advising the franchisee about income, real estate, and other taxes about local regulations affecting the franchisee's business
- Inspection, testing, and other quality control programs

In determining the allocation of transaction price (the initial franchise fee) to either the license or to the pre-opening services, the Company has determined that the standalone selling price of it's pre-opening services exceeds the initial franchise fee received; as such, the Company allocates the entire initial franchise fees to those pre-opening services. The franchise fees are then recognized as revenue when those pre-opening services have been completed (which generally occurs upon completion of the training program). For area or master developer agreements, the Company has determined the entire fee is attributable to the license, accordingly the fees are amortized over the life of the agreements, which is usually ten years.

(i) Advertising Costs

The Company expenses advertising costs as incurred.

(j) Recently Issued Accounting Pronouncements

The Company reviewed recently issued accounting pronouncements and concluded that they were either not applicable or not expected to have a significant impact to the financial statements.

(2) Franchise Agreements

The Company's franchise agreements generally provide for a payment of initial flat franchise fee as well as continuing royalties paid to the Company based on a percentage of sales. Under the franchise agreement, franchisees are granted the right to operate a location using the Majestic Residences name and logo for a period of ten years. Under the Company's revenue recognition policy, the Company allocated the initial franchise fee to certain pre-opening services, which is recognized generally when the franchisee begins operations. In addition, the Company recognizes related contract costs such as broker commissions and referral fees pro-rata with the franchise fees, resulting in the deferral of contract costs (contract assets) to match the deferral of franchise revenue.

(3) Contract Balances

The Company's deferred commissions activity is as follows for the years ended December 31:

	2025
Beginning deferred commissions	$ 5,500
Additions	30,000
Expenses recognized	(35,500)
Ending deferred commissions	$ -

The Company's deferred revenue activity is as follows for the years ended December 31:

	2025
Beginning deferred revenue	$ 199,375
Additions	49,500
Revenue recognized from beginning deferred revenue	(61,835)
Revenue recognized from contracts executed in the current year	(49,500)
Ending deferred revenue	$ 137,540

Deferred revenue, current	$ 18,000
Deferred revenue, non-current	119,540
	$ 137,540

(4) Intangible assets

Intangible assets consist of the cost of its trademarks. Trademarks are reported at carrying value and are considered to have an indefinite life. Management assesses trademarks for impairment on an annual basis or whenever conditions or events exist that indicate their carrying value may not be recoverable.

(5) Related Party Transactions

Member note payable

In the ordinary course of business, the Company periodically advances funds to and receives funds from a related party. No interest is charged on these advances and such advances to and from these members are unsecured and have no specific repayment terms.

(6) Accrued expenses

Accrued expenses consist primarily of payroll-related benefits, and other operating expenses which have been incurred but not yet paid as of December 31, 2025.

(7) Commitments and Contingencies

(a) Litigation

The Company may be subject to various claims, legal actions and complaints arising in the ordinary course of business. In accounting for legal matters and other contingencies, the Company follows the guidance in ASC Topic 450 Contingencies, under which loss contingencies are accounted for based upon the likelihood of incurrence of a liability. If a loss contingency is “probable” and the amount of loss can be reasonably estimated, it is accrued. If a loss contingency is “probable” but the amount of loss cannot be reasonably estimated, disclosure is made. If a loss contingency is “reasonably possible,” disclosure is made, including the potential range of loss, if determinable. Loss contingencies that are “remote” are neither accounted for nor disclosed.

In the opinion of management, all matters are of such kind, or involve such amounts, that unfavorable disposition, if any, would not have a material effect on the financial position of the Company.

(8) Subsequent Events

Management has evaluated subsequent events through May 19, 2026, the date on which the financial statements were available to be issued.

MAJESTIC RESIDENCES FRANCHISE SYSTEMS, LLC
FINANCIAL STATEMENTS
DECEMBER 31, 2024, 2023 AND 2022

Schultz & Associates PLC
Certified Public Accountants
6900 N. Haggerty Road Canton, MI 48187 Phone (734) 354-2380 Fax (734) 414-6505 www.schultz-cpa.com

MAJESTIC RESIDENCES FRANCHISE SYSTEMS, LLC
FINANCIAL STATEMENTS
DECEMBER 31, 2024, 2023 AND 2022

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Management of
Majestic Residences Franchise Systems, LLC
Las Vegas, Nevada

Opinion

We have audited the accompanying financial statements of Majestic Residences Franchise Systems, LLC (a Delaware Limited Liability Company), which comprise the balance sheet as of December 31, 2024, and the related statements of income, members' equity and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the balance sheets of Majestic Residences Franchise Systems, LLC as of December 31, 2024 and the changes in its members' equity and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Other Matter

The financial statements of the Company for the years ended December 31, 2023, and 2022, were audited by another independent registered public accounting firm, whose report dated April 19, 2024 expressed an unmodified opinion on those statements.

Responsibilities of Management for the Financial Statements

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

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

Certified Public Accountants
6900 N. Haggerty Road - Canton, MI 48187 - Phone (734) 354-2380 - www.schultz-cpa.com

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Schultz & Associates, PLC

Certified Public Accountants

Canton, Michigan

April 25, 2025

Schultz & Associates PLC

MAJESTIC RESIDENCES FRANCHISE SYSTEMS, LLC
BALANCE SHEETS
DECEMBER 31, 2024, 2023 AND 2022

ASSETS

	2024	2023	2022
Current Assets			
Cash	$ 20,109	$ 3,833	$ 131,149
Accounts receivable, net	100,252	132,668	17,836
Prepaid expenses	3,694	7,172	4,175
Contract costs asset	5,500	14,667	16,667
Supplies inventory	984	984	1,615
Due from related entity	3,715	-	-
Total Current Assets	134,254	159,324	171,442
Other Assets			
Website, net	-	973	3,306
Trademarks	8,442	8,442	8,442
Work in process - book development	12,000	-	-
Total Other Assets	20,442	9,415	11,748
Total Assets	$ 154,696	$ 168,739	$ 183,190

LIABILITIES AND MEMBER'S EQUITY

	2024	2023	2022
Current Liabilities			
Accounts payable	$ 5,283	$ 5,218	$ -
Accrued liabilities	20,000	27,700	25,257
Accrued wages and payroll taxes	11,192	9,012	37,882
Due to related entity	-	3,850	-
Loan payable, member	42,166	29,225	-
Deferred revenue	199,375	161,200	73,733
Total Current Liabilities	278,016	236,205	136,872
Members' Equity (Deficit)	(123,320)	(67,466)	46,318
Total Liabilities and Members' Equity	$ 154,696	$ 168,739	$ 183,190

See Accompanying Independent Auditor's Report
See Accompanying Notes to Financial Statements

MAJESTIC RESIDENCES FRANCHISE SYSTEMS, LLC
STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022

	2024	2023	2022
Revenue, Net of Refunds	397,510	357,964	483,729
Operating Expenses			
Advertising	35,971	67,801	57,489
Amortization	973	2,333	2,122
Bad debt expense	-	12,847	-
Education	13,416	22,048	24,136
Franchise costs	63,350	47,449	50,462
Guaranteed payments	3,500	90,610	7,000
Insurance	12,969	10,531	11,243
Meals and entertainment	2,963	2,281	3,181
Office expenses	16,962	18,586	23,571
Professional services	38,689	49,768	43,734
Referral commissions	36,000	-	35,000
Rent and occupancy	24,000	12,920	-
Salaries and benefits	135,742	158,292	293,233
Supplies	1,821	631	-
Technology	45,665	35,611	40,356
Travel	1,579	40	2,138
Total Operating Expenses	433,600	531,748	593,665
Other Income and Losses			
Loss on settlement	(19,764)	-	-
Total Other Income and Losses	(19,764)	-	-
Net Loss	$ (55,854)	$ (173,784)	$ (109,936)

See Accompanying Independent Auditor's Report
See Accompanying Notes to Financial Statements

MAJESTIC RESIDENCES FRANCHISE SYSTEMS, LLC
STATEMENTS OF MEMBERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022

	2024		2023		2022	
Members' Equity (Deficit), beginning of the year	$	(67,466)	$	46,318	$	116,254
Member's contribution		-		60,000		40,000
Net loss		(55,854)		(173,784)		(109,936)
Less: member's distributions		-		-		-
Members' Equity (Deficit), end of the year	$	(123,320)	$	(67,466)	$	46,318

See Accompanying Independent Auditor's Report
See Accompanying Notes to Financial Statements

MAJESTIC RESIDENCES FRANCHISE SYSTEMS, LLC
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022

	2024	2023	2022
Cash Flow From Operating Activities			
Net loss	$ (55,854)	$ (173,784)	$ (109,936)
Adjustments to reconcile change in net loss to net cash provided by operating activities:			
Amortization	973	2,333	2,122
Change in allowance for doubtful accounts	(6,000)	11,500	-
Decrease (increase) in current assets:			
Accounts receivable	38,416	(126,332)	14,644
Prepaid expenses	3,478	(2,997)	22,500
Contract costs asset	9,167	2,000	6,186
Supplies inventory	-	631	30,333
Due from related entity	(3,715)	-	-
Increase (decrease) in current liabilities:			
Accounts payable	65	5,219	-
Accrued liabilities	(7,700)	2,443	(19,334)
Accrued wages and payroll taxes	2,180	(28,870)	15,575
Due to related entity	(3,850)	3,850	-
Deferred revenue	38,175	87,467	(55,267)
Net Cash Provided (Used) by Operating Activities	15,335	(216,540)	(93,177)
Cash Flows From Investing Activities			
Purchase of intangible assets	(12,000)	-	-
Cash Used by Investing Activities	(12,000)	-	-
Cash Flows From Financing Activities			
Proceeds from loan from member	56,083	73,578	-
Payments on loan from member	(43,142)	(44,354)	-
Members' capital contributions	-	60,000	40,000
Cash Provided by Financing Activities	12,941	89,224	40,000
Net Increase (Decrease) in Cash	16,276	(127,316)	(53,177)
Cash at Beginning of Period	3,833	131,149	184,326
Cash at End of Period	20,109	3,833	131,149

See Accompanying Independent Auditor's Report
See Accompanying Notes to Financial Statements

MAJESTIC RESIDENCES FRANCHISE SYSTEMS, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024, 2023 AND 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations
Majestic Residences Franchise Systems, LLC ("the Company") was organized under the laws of the state of Delaware on July 13, 2020. The company offers franchises for the use of Majestic Residences Franchise Systems, LLC trademark, trade name, services mark, and logos in the operation of franchises, which deliver non-medical care in a group residential home setting that is performed by trained caregivers. The Company began selling franchises throughout the United States in January 2021.

Basis of Accounting
The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (US GAAP).

Liquidity
Assets are presented in the accompanying balance sheets according to their nearness of conversion to cash and liabilities according to the nearness of their maturity and resulting use of cash.

Revenue and Cost Recognition
Revenue is recorded when: (i) a contract has been identified, (ii) the performance obligation(s) in the contract have been identified, (iii) the transaction price has been determined, (iv) the transaction price has been allocated to each performance obligation in the contract, and (v) the Company has satisfied the applicable performance obligation. Expenses directly related to such transactions are recorded as incurred and presented within expenses.

Primary revenue streams
Revenue consists primarily of initial franchise fees, area development agreements, monthly technology fees, monthly royalties, and periodic marketing fees. Initial franchise fees and area development agreement fees are received upfront, and are recognized as revenue when the underlying performance obligations have been met. Technology fee and royalty revenues are recognized and recorded when earned. Management has determined that these methods provide a faithful depiction of the transfer of services.

Revenue disaggregation
In accordance with current accounting standards, the Company disaggregates revenue from contracts into major revenue streams as presented on the income statement. Revenue is recognized over the performance obligation period applicable to each revenue stream.

See Accompanying Independent Auditor's Report

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue and Cost Recognition (continued)

Revenue disaggregation (continued)
The Company's primary performance obligation under the franchise agreement is granting certain rights to use the Company's intellectual property. All other services the Company provides under the franchise agreements, aside from services provided for opening, are considered earned when the franchisee has completed the training required to open the franchise. A portion of the franchise fee is allocated to the rights to use the Company's intellectual property, and are recognized over the term of the franchise agreement.

Under ASC 606, private companies may choose to use a practical expedient that allows a franchisor that has entered into a franchise agreement to treat certain preopening services provided to a franchisee as distinct from the franchise license. Those preopening services consist of the following activities:

- Assistance in the selection of a site.
- Training of the franchisee's personnel or the franchisee.
- Preparation and distribution of manuals and similar material concerning operations, administration, and record keeping.
- Information technology, and advisory services, including setting up the franchisee's records and advising the franchisee about regulations affecting the franchisee's business.
- Inspection, testing, and other quality control programs.

Royalties are based on a percentage of gross sales as reported by the franchisees and are recognized on a monthly basis as they are earned by the Company.

Inventory sales, technology fees, and marketing fees are recognized when the performance obligations are satisfied.

Contract balances
The timing of revenue recognition, billings and cash collections results in contract assets, receivables and contract liabilities. Contract assets would exist when the Company has a contract with a customer for which revenue has been recognized but customer payment is contingent on a future event. The Company's revenue is based on franchise and area development fees that are paid by the customer up front, and are generally limited to amounts that are not contingent on future events, therefore, not resulting in a contract asset being recorded. The Company records receivables when the right to consideration becomes unconditional and are presented separately on the balance sheet. Contract liabilities may include advances and unearned revenue when the Company receives payments from customers before the revenue is recognized and are presented separately on the balance sheet.

See Accompanying Independent Auditor's Report

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue and Cost Recognition (continued)

Contract balances (continued)
Accounts receivable was $100,252, $132,668 and $17,836 for the years ending December 31, 2024, 2023 and 2022, respectively. Contract liabilities, consisting of deferred revenue arising from initial franchise fees and area development fees, were $199,375, $161,200 and $73,733 for the years ending December 31, 2024, 2023 and 2022, respectively.

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

Cash and Cash Equivalents
Cash and cash equivalents are defined as cash on hand and demand deposits in banks plus short-term investments that are readily convertible to cash as well as investments with original maturities of three months or less.

Concentration of Credit Risk
The Company maintains cash balances at high credit qualified financial institutions. At times, the amount of cash and cash equivalents may be in excess of the Federal Deposit Insurance Corporation insurance limit of $250,000. The Company has not experienced any losses in such accounts, and management believes the Company is not exposed to any unusual credit risk on cash and cash equivalents. As of December 31, 2024, 2023 and 2022, the uninsured balances of cash at a qualified financial institution were $0, $0 and $0, respectively.

Property and Equipment
Property and equipment are recorded at cost. Maintenance and repairs are expensed as incurred; major renewals and betterments are capitalized. When items of property or equipment are sold or retired, the related costs and accumulated depreciation are removed from the accounts and any gain or loss is included in income. The Company's fixed assets are comprised of leasehold improvements and are depreciated over their estimated useful lives, five to fifteen years, using the straight-line method.

Advertising Costs
Advertising and promotion costs are expensed as incurred. Advertising costs for the years ended December 31, 2024, 2023 and 2022 were $35,971, $67,801 and $57,489, respectively.

See Accompanying Independent Auditor's Report

MAJESTIC RESIDENCES FRANCHISE SYSTEMS, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024, 2023 AND 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounts Receivable
Accounts receivable consists primarily of royalty payments due. The Company determines the allowance for uncollectable accounts receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectable. On December 31, 2024, 2023 and 2022, accounts receivable balances were $100,252, $132,668 and $17,836, respectively, net of an allowance of $5,000, $16,500, and $5,000, respectively.

Inventory
Inventory consists of sundries available for sale to the franchisees and are valued at the lower of cost (using the first in, first out method) or net realizable value.

Contract Costs Asset
Contract costs asset consists of commissions paid on contracts that have unsatisfied performance obligations. The costs are reclassified to operating expenses as the performance obligations are satisfied.

Intangible Assets
Intangible assets consists of trademarks, website development, and book development costs. Amortizable intangible assets with a definite life are amortized on a straight-line basis over the life of the asset. The periodic costs to renew the intangible assets are expensed as incurred. Intangible assets with indefinite lives are not amortized but are subject to periodic tests for impairment by management.

Date of Management's Review
Management has evaluated subsequent events through April 25, 2025, the date on which the financial statements were available to be issued.

NOTE 2 – TAX STATUS

The company is organized as a limited liability company and has elected to be treated as a partnership. For U.S. federal and state income tax purposes, taxes related to income earned by the Company represent obligations of the members.

NOTE 3 – RELATED PARTY TRANSACTIONS

The Company entered into a month-to-month lease with a related entity with common ownership in July 2023. Monthly lease payments are $2,000 per month. Rent expense for the years ending December 31, 2024, 2023, and 2022 was $24,000, $12,000, and $0 respectively. Amounts payable to the related entity at December 31, 2024, 2023, and 2022 were $8,000, $3,850, and $0 respectively.

See Accompanying Independent Auditor's Report

NOTE 3 – RELATED PARTY TRANSACTIONS (continued)

The Company made payments on behalf of a related entity with common ownership. Total amounts due from the related entity at December 31, 2024, 2023, and 2022 were $3,715, $0, and $0 respectively.

NOTE 4 – ACCOUNTS RECEIVABLE

Accounts receivable consists of the following:

	2024	2023	2022
Accounts receivable	$ 90,252	$ 79,168	$ 22,836
Franchise fee receivable	15,000	70,000	-
Less allowance for doubtful accounts	(5,000)	(16,500)	(5,000)
Balance	$ 100,252	$ 132,668	$ 17,836

The summary of the allowance for doubtful accounts is as follows:

	2024	2023	2022
Balance, beginning of year	$ 16,500	$ 5,000	$ 5,000
Change for the year	(11,500)	11,500	-
Balance, end of year	$ 5,000	$ 16,500	$ 5,000

NOTE 5 – INTANGIBLE ASSETS

The Company recognizes intangible assets for trademarks, the website, and book development costs. Trademarks are reported at carrying value and are considered to have an indefinite life; therefore, they are not amortized. However, management assesses trademarks for impairment on an annual basis, or whenever conditions or events exist that indicate their carrying value may not be recoverable. In connection with the Company's impairment review in 2024, 2023, and 2022, no fair-value adjustments were required.

Book development costs relate to the development of a book that is intended to be distributed to the franchisees. This book was published in 2025; therefore, no amortization was recognized in the year ending December 31, 2024.
A summary of the intangible asset for the website is as follows:

	2024	2023	2022
Website	$ 7,000	$ 7,000	$ 7,000
Less accumulated amortization	(7,000)	(6,027)	(3,694)
Total website	$ -	$ 973	$ 3,306

See Accompanying Independent Auditor's Report

MAJESTIC RESIDENCES FRANCHISE SYSTEMS, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024, 2023 AND 2022

NOTE 6 – DEFERRED REVENUE

Deferred revenue represents the Company's obligations to transfer goods or services to their franchisees. The amount of deferred revenue at December 31, was:

	2024	2023	2022
Beginning of year	$ 161,200	$ 73,733	$ 129,000
Change for the year	38,175	87,467	(55,267)
End of year	$ 199,375	$ 161,200	$ 73,733

NOTE 7 – DISAGGREGATION OF REVENUE

The Company recognizes revenue by the nature and type of the performance obligation. Revenue by nature at type consisted of the following at December 31:

	2024	2023	2022
Master franchise agreements	$ 18,000	$ 17,500	$ -
Initial franchise fees	127,325	149,033	367,767
Royalties	207,105	127,726	110,047
Technology fees	35,350	16,650	17,500
Transfer fees	-	40,000	-
Other revenue	9,729	8,555	3,415
	397,509	358,964	498,729
Less refunds	-	(1,000)	(15,000)
Total Revenue	$ 397,509	$ 357,964	$ 483,729

NOTE 8 - LIQUIDITY

The Company's financial assets available within one year of the balance sheet date for general expenditure total $131,625. This consists of cash and cash equivalents of $20,109 and collectible receivables of $111,516. None of the financial assets are subject to contractual restrictions. Accordingly, all such funds are available to meet the cash needs of the Company in the next 12 months. As part of Company's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

See Accompanying Independent Auditor's Report

MAJESTIC RESIDENCES FRANCHISE SYSTEMS, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024, 2023 AND 2022

NOTE 9 – FRANCHISE AND MASTER FRANCHISE AGREEMENTS

The terms of the Company's franchise agreements are as follows:

A. The Company grants franchises for residential assisted living homes that operate under the name "Majestic Residences" and offers services relating to either real estate conversion or acquisition and development services, all to design an operational home for the provision on non-medical services for residential group living.
B. The franchisee must pay a non-refundable initial franchise fee.
C. The franchisee is also obligated to pay the franchisor the following fees:
    a. Continuing royalty fees based on the franchisee's agreement
    b. Brand development monthly fee
    c. Technology monthly fee
    d. Advertising monthly fee
    e. Conference registration fee
    f. Inventory
    g. On-site assistance fee
    h. Additional fees specified in the franchise agreement
D. Term of the franchise is for five years. Franchisees in good standing may acquire up to three successor franchise terms of five years.

The following is a summary of the Majestic Residences Franchise Systems, LLC's open and operating franchises as of December 31:

	2024	2023	2022
Beginning of year	10	7	6
Franchises opened	7	3	1
Terminations	(1)	-	-
End of year	16	10	7

In addition, franchise agreements signed but the outlets were not opened for the years ended December 31, 2024, 2023, and 2022 were 7, 14 and 22, respectively.

There were no Company owned franchises for the years December 31, 2024, 2023 and 2022.

The Company also enters into Master Franchise Agreements, where Majestic Residence Franchise Systems, LLC grants the right to the Master Developer to own, develop and operate Majestic Residences solely within the territory, and/or offer, sell, service and support franchisees and a license to use the marks solely in connection with the activities contemplated by the agreement, including the sublicensing of the marks pursuant to the terms and conditions of the standard Franchise Agreement for a period of ten years.

As of December 31, 2024, the Company entered into two Master Franchise Agreements.

See Accompanying Independent Auditor's Report

NOTE 10 – ACCOUNTING STANDARDS UPDATE

Measurement of Credit Losses on Financial Instruments
In June 2016, the Financial Accounting Standards Board issued Accounting Standards Update ("ASU") 2016-13, Measurement of Credit Losses on Financial Instruments. ASU 2016-13 replaces the previous incurred loss impairment methodology for financial instruments, including accounts and notes receivable, with a methodology that reflects expected credit losses. Under ASU 2016-13, consideration of a broader range of reasonable and supportable information, including forecasts, are required to develop credit loss estimates (previously the allowance for doubtful accounts). The new methodology measures impairment of financial instruments, including accounts and notes receivable, and may result in earlier recognition of credit losses than under previous accounting. ASU 2016-13 is effective for fiscal years beginning after December 15, 2022.

The Company adopted ASU 2016-13 as of January 1, 2023. There was no impact to net assets as of January 1, 2023, or to revenue for the year ended December 31, 2023, as estimated credit losses did not change as a result of adopting/implementing the new standard.

Majestic Residences Franchise Systems LLC
Balance Sheet
As of April 30, 2026

	Apr 30, 26
ASSETS	
Current Assets	
Checking/Savings	
Chase - Checking - 9357	23,951.56
Total Checking/Savings	23,951.56
Accounts Receivable	
Accounts Receivable	170,500.23
Total Accounts Receivable	170,500.23
Other Current Assets	
Due to/from Majestic Funding Pa	6,099.24
Inventory	984.00
PrePaid Expense	1,045.00
Allowance for Doubtful Accounts	-9,000.00
Total Other Current Assets	-871.76
Total Current Assets	193,580.03
Fixed Assets	
Trademarks	8,442.00
Website Asset	7,000.00
Accumulated Amortization	-7,000.00
Total Fixed Assets	8,442.00
TOTAL ASSETS	**202,022.03**
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
Accrued Payroll	5,518.54
Contract Liability	90,175.00
Deferred Revenue	106,865.00
Rent Payable	14,000.00
Total Other Current Liabilities	216,558.54
Total Current Liabilities	216,558.54
Long Term Liabilities	
Partner Loans Payable	
C. Bongiovanni Loan Payable	134,899.43
RAL Academy LLC Loan Payable	30,000.00
Total Partner Loans Payable	164,899.43
Total Long Term Liabilities	164,899.43
Total Liabilities	381,457.97
Equity	
Partner's Capital	
C. Bongiovanni	-61,659.81
E. Guarino	-61,658.51
Total Partner's Capital	-123,318.32
Retained Earnings	12,645.85
Net Income	-68,763.47
Total Equity	-179,435.94
TOTAL LIABILITIES & EQUITY	**202,022.03**

Majestic Residences Franchise Systems LLC
Profit & Loss
January through April 2026

	Jan 26	Feb 26	Mar 26	Apr 26	TOTAL
Ordinary Income/Expense					
Income					
Operating Income					
Deferred Royalties	0.00	0.00	1,356.00	1,357.00	2,713.00
Grand Opening Fee	0.00	0.00	5,000.00	0.00	5,000.00
Royalties	2,177.80	6,508.80	19,504.57	19,770.54	47,961.71
Scent Machine Income	277.00	0.00	55.00	0.00	332.00
Technology Fee	-250.00	1,050.00	1,300.00	550.00	2,650.00
Total Operating Income	2,204.80	7,558.80	27,215.57	21,677.54	58,656.71
Total Income	2,204.80	7,558.80	27,215.57	21,677.54	58,656.71
Cost of Goods Sold					
Grand Opening	0.00	0.00	0.00	2,407.18	2,407.18
Merchant Fee	39.90	11.97	47.88	27.93	127.68
Scent Machine Supplies	0.00	298.75	0.00	0.00	298.75
Total COGS	39.90	310.72	47.88	2,435.11	2,833.61
Gross Profit	2,164.90	7,248.08	27,167.69	19,242.43	55,823.10
Expense					
Franchise Expense					
Marketing	223.00	223.00	223.00	223.00	892.00
Referral Commissions	-17,500.00	17,500.00	10.00	0.00	10.00
Software/CRM	3,278.12	3,211.80	3,381.82	2,917.76	12,789.50
Travel	0.00	0.00	0.00	1,613.46	1,613.46
Total Franchise Expense	-13,998.88	20,934.80	3,614.82	4,754.22	15,304.96
Operating Expenses					
Salaries/Benefits					
Salaries					
Administration	10,166.66	10,166.66	10,166.66	15,705.10	46,205.08
Salaries - Other	-1,634.00	0.00	0.00	0.00	-1,634.00
Total Salaries	8,532.66	10,166.66	10,166.66	15,705.10	44,571.08
Benefits/Processing					
Payroll Processing	249.59	300.87	260.03	406.75	1,217.24
Payroll Taxes	870.42	819.41	777.76	1,417.46	3,885.05
Total Benefits/Processing	1,120.01	1,120.28	1,037.79	1,824.21	5,102.29
Contract Labor					
General	0.00	0.00	0.00	7,000.00	7,000.00
Total Contract Labor	0.00	0.00	0.00	7,000.00	7,000.00

Majestic Residences Franchise Systems LLC
Profit & Loss
January through April 2026

	Jan 26	Feb 26	Mar 26	Apr 26	TOTAL
Total Salaries/Benefits	9,652.67	11,286.94	11,204.45	24,529.31	56,673.37
Lead Generation					
General Advertising					
Advertising/Marketing	119.40	0.00	0.00	0.00	119.40
Franchise Sale	998.75	0.00	998.75	0.00	1,997.50
Franchise Sales CRM Software	390.97	390.97	390.97	390.97	1,563.88
Internet Lead Generation	1,039.55	0.00	0.00	0.00	1,039.55
Photography	39.00	39.00	39.00	39.00	156.00
Print/Direct Mail	90.47	130.00	1,088.36	145.10	1,453.93
Total General Advertising	2,678.14	559.97	2,517.08	575.07	6,330.26
Entertainment/Other					
Meals	52.66	152.07	0.00	632.85	837.58
Total Entertainment/Other	52.66	152.07	0.00	632.85	837.58
Total Lead Generation	2,730.80	712.04	2,517.08	1,207.92	7,167.84
Occupancy					
Repair/Maintenance	3.00	0.00	0.00	0.00	3.00
Total Occupancy	3.00	0.00	0.00	0.00	3.00
Communication/Technology					
Internet/Hosting/Email	617.69	591.85	982.80	1,087.50	3,279.84
Telephone Services	637.89	637.17	1,104.97	1,501.20	3,881.23
Website Maintenance/Software	1,477.74	1,665.94	2,925.65	2,215.10	8,284.43
Website Creation	250.00	250.00	940.90	6,784.00	8,224.90
Total Communication/Technology	2,983.32	3,144.96	5,954.32	11,587.80	23,670.40
Education/Dues					
Books/Audio-Visual/Subscription	21.66	21.66	21.66	21.66	86.64
Education/Training	695.00	695.00	695.00	695.00	2,780.00
Travel	653.02	448.89	0.00	0.00	1,101.91
Total Education/Dues	1,369.68	1,165.55	716.66	716.66	3,968.55
Automobile					
Gas	73.10	98.30	0.00	0.00	171.40
Parking/Tolls/Taxis	0.00	111.99	0.00	0.00	111.99
Total Automobile	73.10	210.29	0.00	0.00	283.39
Insurance					
Property/Liability	837.16	838.16	838.17	838.17	3,351.66
Worker's Compensation	46.70	108.77	157.98	46.62	360.07

Majestic Residences Franchise Systems LLC
Profit & Loss
January through April 2026

	Jan 26	Feb 26	Mar 26	Apr 26	TOTAL
Total Insurance	883.86	946.93	996.15	884.79	3,711.73
Supplies/Office Expense					
Banking Charges	163.59	95.60	99.72	171.59	530.50
Office Operations	0.00	0.00	94.79	0.00	94.79
Office Supplies (consumables)	204.63	230.17	200.00	200.00	834.80
Recruiting	556.35	0.00	1,072.18	487.35	2,115.88
Total Supplies/Office Expense	924.57	325.77	1,466.69	858.94	3,575.97
Professional Services					
Accounting & Tax Preparation	350.00	3,085.00	250.00	1,990.00	5,675.00
Information Technology	0.00	0.00	128.66	0.00	128.66
Legal	2,135.53	1,000.00	1,845.80	8,895.00	13,876.33
Total Professional Services	2,485.53	4,085.00	2,224.46	10,885.00	19,679.99
Total Operating Expenses	21,106.53	21,877.48	25,079.81	50,670.42	118,734.24
Total Expense	7,107.65	42,812.28	28,694.63	55,424.64	134,039.20
Net Ordinary Income	-4,942.75	-35,564.20	-1,526.94	-36,182.21	-78,216.10
Other Income/Expense					
Other Income					
Tax Refunds	0.00	0.00	9,452.63	0.00	9,452.63
Total Other Income	0.00	0.00	9,452.63	0.00	9,452.63
Net Other Income	0.00	0.00	9,452.63	0.00	9,452.63
Net Income	**-4,942.75**	**-35,564.20**	**7,925.69**	**-36,182.21**	**-68,763.47**

EXHIBIT B

MAJESTIC RESIDENCES FRANCHISE SYSTEMS, LLC
FRANCHISE AGREEMENT

MAJESTIC RESIDENCES FRANCHISE SYSTEMS, LLC
FRANCHISE AGREEMENT

____
FRANCHISEE

____
AGREEMENT DATE

____
MAJESTIC BUSINESS ADDRESS

TABLE OF CONTENTS

EXHIBITS

MAJESTIC RESIDENCES FRANCHISE SYSTEMS, LLC
FRANCHISE AGREEMENT

This MAJESTIC RESIDENCES FRANCHISE SYSTEMS, LLC FRANCHISE AGREEMENT (the "**Agreement**") is effective as of _______________ (the "**Effective Date**"), and made by and between MAJESTIC RESIDENCES FRANCHISE SYSTEMS, LLC, a Delaware limited liability company located at 460 South Greenfield Road, Suite 5, Mesa, Arizona 85206 ("**Majestic**"), and _______________, a _______________ located at _______________ ("**Franchisee**"). Franchisee and Majestic will sometimes be referred to individually as a "**Party**" and collectively as the "**Parties**."

1. PREAMBLES, ACKNOWLEDGEMENTS, AND GRANT OF FRANCHISE.

A. PREAMBLES.

(1) Majestic and its affiliates have designed and developed valuable and proprietary formats and systems for the development and operation of residential assisted living homes and related services under the name "Majestic Residences" (each, a "**Majestic Business**").

(2) Majestic has developed and uses, promotes, and licenses certain trademarks, service marks, other commercial symbols, and trade dress for use in the operation of Majestic Businesses (collectively, the "**Marks**"). The Marks also include any future trademarks, service marks, commercial symbols, and trade dress developed by Majestic in the future.

(3) Majestic has developed and licenses certain works and materials for which Majestic has secured common law or registered copyright protection that Majestic allow franchisees to use, sell, or display in connection with the marketing or operation of a Majestic Business (collectively, the "**Copyrights**"). The Copyrights also include any future works and materials developed by Majestic in the future.

(4) Majestic offers franchisees that meet Majestic's minimum standards for character, skill, aptitude, attitude, English language proficiency (to ensure effective communication with staff, clients, and Majestic), business ability, and financial capacity the right to own and operate a Majestic Business offering only the services Majestic authorizes using Majestic's business system, business formats, methods, procedures, signs, designs, layouts, standards, specifications, Marks, and Copyrights, all of which Majestic may improve, further develop, or otherwise modify from time to time (collectively, the "**Franchise System**").

(5) Franchisee has applied for a franchise to own and operate a Majestic Business and Majestic has approved Franchisee's application relying on all of Franchisee's representations, warranties, and acknowledgments contained in the application and the Agreement.

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B. GRANT OF FRANCHISE, INITIAL TERM, AND SUCCESSOR TERMS.

Franchisee has applied for a franchise to own and operate a Majestic Business (the "**Home**") within the geographic area determined by Majestic (the "**Territory**"). The approximate size and shape of the Territory will be twice the state or local required minimum distance separating assisted care facilities from the location of the Home. The Territory will take into consideration the specific market variables of Franchisee's location including, without limitation, population density, market trends, traffic flow, the location of other Majestic Businesses, and natural or man-made boundaries. The Territory is described on Exhibit A by street map landmarks or ZIP codes. Unless the Territory is defined on Exhibit A when Franchisee signs the Agreement, the Territory will be determined after the Effective Date, but prior to Majestic's approval of a proposed location within the Territory for the Home. The Parties will work together to identify a mutually agreeable Territory. Majestic may unilaterally determine the Territory if the Parties cannot agree on the Territory. After the Territory is determined, Exhibit A will be modified to identify the exact geographic area comprising the Territory. Subject to the terms of the agreement, Majestic grants Franchisee a franchise (the "**Franchise**") to operate the Home at the site of the approved location and to use the Franchise System in the Home's operation for a term beginning on the Effective Date and expiring five years from the date Franchisee commences operations of the Home (the "**Initial Term**"). Franchisee may request up to three successive five-year terms subject to Majestic's approval in Majestic's sole discretion. Franchisee may not relocate the Home to a different site without Majestic's prior written approval which will not be unreasonably withheld provided Franchisee complies with Majestic's then-current location standards.

C. RIGHTS RESERVED BY MAJESTIC.

Majestic and any affiliates has the right to engage in any activities Majestic deems appropriate that are not expressly prohibited by the Agreement whenever and wherever Majestic deems necessary including, without limitation:

(i) Establishing and operating Majestic Businesses and granting rights to other entities to establish and operate Majestic Businesses on any terms and conditions Majestic deems appropriate at any locations other than within the Territory;

(ii) Providing and granting rights to other entities to provide services similar to or competitive with those provided at Majestic Businesses located within the Territory identified by other trademarks and service marks than the Marks;

(iii) Acquiring the assets or ownership interests of one or more businesses providing services similar to those provided at Majestic Businesses and franchising, licensing, or creating similar arrangements with respect to these businesses once acquired wherever the businesses or the franchisees or licensees of the businesses are located or operating including, without limitation, within the Territory; and

(iv) Being acquired without regard to the form of transaction by a business providing services similar to those provided at Majestic Businesses or by another business even if the business operates, franchises, or licenses competitive businesses within the Territory.

With respect to the acquisitions referenced in items (iii) and (iv) above, Franchisee acknowledges and agrees that the competitive businesses that are acquired or that are operated by a company that acquires Majestic may be converted into Majestic Businesses operating under the Marks without regard to location including, without limitation, competitive businesses located within the Territory on the acquisition date.

2. SITE SELECTION, DEVELOPMENT, COMPUTER SYSTEM, AND HOME OPENING.

A. SITE SELECTION.

Franchisee is required to own or lease space from which to operate the Home. Majestic Businesses typically have at least 2,500 square feet. The Home must have a street address.

Majestic does not select the site of the Home. Majestic must approve the site of the Home before the Home begins operations. The approved site of the Home is described on Exhibit A. Franchisee may relocate the Home provided the new site is within the Territory subject to Majestic's prior written approval which will not be unreasonably withheld. Majestic considers all of the factors that are considered in the evaluation of the initial site of the Home for a proposed relocation. Before the Home commences operations, the Home must meet Majestic's standards as specified in the confidential operations manual (the "**Manual**") and comply with all pertinent state and local regulations and ordinances necessary for the lawful operation of the Home which may include acquisition of certain licenses including, without limitation, a food handler's permit. Majestic intends to procure nationwide contracts for the delivery of necessary services for the Home's clients that Franchisee will be required to enter. These contracts with third party vendors will be specified in the Manual and may be revised from time to time via amendments to the Manual in any format.

Franchisee must maintain the Home in good condition at Franchisee's expense including, without limitation, cleaning, repainting, or redecorating on an as-needed basis, and repairing or replacing worn-out or obsolete equipment.

B. DEVELOPMENT.

Majestic will impose specific construction or design standards that will be provided in the Manual. The Home must comply with the Franchise System requirements and state and local laws and ordinances governing assisted living facilities at all times.

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C. COMPUTER SYSTEM.

Franchisee will use the computer equipment, operating software, and communications equipment (collectively, the "**Computer System**") that Majestic specifies from time to time. Franchisee will comply with the policies relating to the Computer System that Majestic specifies from time to time including, without limitation, information technology and privacy policies. Franchisee will obtain the Computer System, software licenses, maintenance and support services, and other services related to the Computer System from the suppliers Majestic specifies which may be limited to Majestic or Majestic's affiliates. Majestic may periodically modify specifications for components of the Computer System. These modifications or other technological developments or events may require Franchisee to (i) purchase, lease, or license new or modified computer hardware or software, or (ii) obtain third party service and support for the Computer System at Franchisee's sole expense. Majestic has no obligation to reimburse Franchisee for any Computer System costs. Franchisee will obtain the components of the Computer System that Majestic designates and ensure that the Computer System as modified is functioning properly within 60 days after Franchisee receives notice from Majestic of additional Computer System requirements. The specifications for the Computer System and required software will be contained in the Manual and updated as necessary.

Majestic will charge Franchisee a monthly $300 technology fee that will be directly debited on the tenth day of each month of the Home's operation. Majestic may enter into a license agreement with a third party licensor of software and then sublicense the software to Franchisee. Franchisee will sign any software license agreement or similar document that Majestic prescribes if Majestic licenses proprietary software, sublicenses other software, or otherwise allows Franchisee to use similar technology Majestic develops, maintains, or sublicenses. Franchisee will regulate Franchisee's use of the software and pay any associated required licensing fees.

Franchisee will have sole and complete responsibility for (i) the acquisition, operation, maintenance, and upgrading of Franchisee's Computer System that Majestic periodically requires, (ii) the manner in which Franchisee's Computer System interfaces with Majestic's computer systems and those of third parties, (iii) the installation, maintenance, and support of Franchisee's Computer System, and (iv) any consequences that may arise if Franchisee's Computer System is not properly operated, maintained, and upgraded including, without limitation, virus and spyware issues.

D. OPENING.

If Franchisee is converting an existing residential care home to a Majestic Business, Franchisee must open the Home for business utilizing the Franchise System within 60 days after the Effective Date. If Franchisee re-designs an approved existing location to become a Majestic Business, Franchisee must complete any required modifications and open for business within 180 days after the Effective Date. If Franchisee constructs a new Majestic Business, Franchisee must open the Home for business within 365 days after the Effective Date. Franchisee may not open the Home for business until (i) the pre-opening training described in Section 4.A has been completed to Majestic's reasonable satisfaction, (ii) Franchisee has paid all amounts due to Majestic, Majestic's affiliates, and Majestic's designated and approved vendors, (iii) Franchisee has satisfied all bonding, licensing, and other legal requirements for the lawful operation of the Home and given Majestic satisfactory evidence of compliance, and (iv) Majestic has received satisfactory evidence that Franchisee has obtained the insurance required by the Agreement.

BY COMMENCING OPERATION OF THE HOME, FRANCHISEE ACKNOWLEDGES THAT MAJESTIC HAS FULFILLED ALL OBLIGATIONS TO FRANCHISEE THAT MAJESTIC IS REQUIRED TO FULFILL PRIOR TO THE OPENING OF THE HOME FOR BUSINESS.

E. GRAND OPENING MARKETING PROGRAM.

At Franchisee's sole expense and with Majestic's prior written approval, Franchisee will conduct a grand opening marketing program for the home in accordance with the mandatory or suggested specifications, standards, operating procedures, and rules that Majestic periodically prescribes for the operation of a Majestic Business (the "**System Standards**") for the grand openings of Majestic Businesses in varying market conditions. Franchisee will pay Majestic a $5,000 "Majestic Moments" package fee (the "**Grand Opening Marketing Fee**") upon execution of the Agreement. Franchisee will use only the media, materials, methods, and formats Majestic develops or approves according to Section 9. Franchisee's initial launch marketing will comply with the strategies and materials Majestic suggests or approves and be consistent with guidelines specified in the Manual. The Grand Opening Marketing Fee is not refundable.

3. <u>FEES</u>.

A. INITIAL FRANCHISE FEE.

Franchisee will pay Majestic a non-recurring initial fee for the Franchise (the "**Initial Franchise Fee**") upon execution of the Agreement. The Initial Franchise Fee varies by the type of Majestic Business Franchisee will operate as follows:

(1) <u>Conversion</u>: if Franchisee is converting an existing, currently licensed, operating residential assisted living home to a Majestic Residence Business, the Initial Franchise Fee is $10,000 paid in one lump sum. For the Home to be considered a conversion, the Home must be currently operating and licensed. Franchisee must have been the owner of the current business for the last twelve consecutive months.

(2) <u>New Construction</u>: if Franchisee is acquiring or constructing a new Majestic Business, the Initial Franchise Fee is $49,500. Notwithstanding the foregoing, if Franchisee is a Platinum student of the RAL Academy ("**RALA**") and has fully paid RALA's $30,000 tuition, Franchisee's Initial Franchise Fee will be $19,500 for Franchisee's first Majestic Business. If Franchisee is a Gold student of RALA and has fully paid RALA's $15,000 tuition, Franchisee's Initial Franchise Fee will be $34,500 for Franchisee's first Majestic Business.

At Majestic's discretion, Majestic may offer qualified candidates the option to purchase more than one Franchise. If Franchisee is an existing franchisee with at least one Majestic Business open and operating in full compliance for at least six consecutive months or is entering the Franchise System with more than one fully licensed residential assisted living home, Franchisee may request to be initially approved for an additional Franchise. Franchisee will be required to sign the then-current Franchise Agreement for each additional Franchise. The fee per Franchise will range from $5,000 to $39,500 as indicated below and be dependent on the level of training requested. Majestic retains the right to determine the level of training required.

ADDITIONAL FRANCHISE FEE SCHEDULE (COST PER FRANCHISE)	
All training Phases	$39,500
Phases 1 and 2 only	$25,000
Grand opening services and Phase 3	$10,000
Phase 3 only	$5,000

Except as described in this Section 3.A, the Initial Franchise Fee is uniform, payable when Franchisee signs Franchisee's Franchise Agreement, deemed fully earned by Majestic when Franchisee signs Franchisee's Franchise Agreement, and not refundable under any circumstances.

B. ROYALTY.

Franchisee will pay Majestic a monthly royalty fee (the "**Royalty**") on the tenth day of each month ("**Payment Day**"). For the first twelve months of operation, the Royalty will be 6% of the total of all revenue and receipts derived from the Home's operation including, without limitation, all amounts received at or away from the site of the Home, or through or by means of business conducted at the Home regardless of the type of tender or services exchanged (the "**Gross Revenues**"). Gross Revenues include fees from resident clients and from day care services performed for non-resident clients. Gross Revenues exclude sales taxes collected from clients and commissions paid to placement agents.

Collection of Royalties will commence on the Home's second month of operation. Commencing on the Home's 13th month of operation, the Royalty will be the greater of (i) 66% of Gross Revenues, or (ii) $900. If the Home does not commence operations within one year after the Effective Date, Franchisee will pay a $500 Royalty each month by direct debit on or about the tenth of each month until the Home commences operations.

Franchisee will execute an ACH Authorization Form allowing Majestic to electronically debit a banking account Franchisee designates (the "**Account**") for (i) all fees payable to Majestic under the Agreement, and (ii) any amounts that Franchisee owes to Majestic or any affiliate. The current form of ACH Authorization Form is attached as Exhibit B. Franchisee will sign and deliver any other documents that Majestic or the financial institution holding the Account may require to authorize Majestic to debit the Account. Franchisee will deposit all Gross Revenues into the Account. Majestic will debit the Account for the Royalty on or after the Payment Day based on Gross Revenues for the previous month. Franchisee will make adequate funds available in the

Account for withdrawal by electronic transfer before each Payment Date or other due date as applicable. If Franchisee fails to report Gross Revenues for any month, Majestic may debit the Account for 120% of the Royalty debited for the previous month. If the Royalty debited from the Account is less than the Royalty actually owed after the Parties have determined the true and correct Gross Revenues for the month, Majestic will debit the Account for the balance of the Royalty due on the day Majestic specifies. If the Royalty debited from the Account is greater than the Royalty actually owed for the month after the Parties have determined the true and correct Gross Revenues for the month, Majestic will credit the excess against the Royalty Majestic would otherwise debit from the Account the following month without interest.

C. TECHNOLOGY FEE.

Majestic will charge Franchisee a monthly $300 fee for software that Majestic, its affiliates, or third parties licenses to Franchisee or for other Computer System maintenance and support services (the "**Technology Fee**") commencing when the Home begins operation. The Technology Fee will be debited on the tenth day of every month of the Home's operation. Franchisee will need to sign a software license agreement if Majestic, an affiliate, or third parties license proprietary software to Franchisee or otherwise allow Franchisee to use similar technology.

D. MINIMUM PERFORMANCE REQUIREMENTS.

Franchisee will meet or exceed $15,000 in Gross Revenues each month (the "**Minimum Performance**") beginning on the 13th month of the Home's operation. Majestic may terminate Franchisee's Franchise Agreement if the Minimum Performance is not met.

E. INTEREST ON LATE PAYMENTS AND DISHONORED CHECKS.

Any amounts Franchisee owes Majestic Residence that remain unpaid on the applicable due date will bear interest at the lesser of (i) 15% per annum, or (ii) the highest commercial contract interest rate permitted by applicable law. Majestic will calculate the interest charged on the basis of monthly compounding and the actual number of days elapsed divided by 365. Franchisee will pay Majestic a $25 fee each time a check or EFT withdrawal is dishonored for insufficient funds. This Section 3.D does not constitute an agreement by Majestic to accept any payments after they are due or a commitment to extend credit to or otherwise finance the Home's operation. Franchisee's failure to pay any amounts due and owing in a timely manner constitutes grounds for termination of the Agreement pursuant to Section 14.

F. APPLICATION OF PAYMENTS AND RIGHT OF SET-OFF.

Majestic may apply any payment by Franchisee to any of Franchisee's past due indebtedness notwithstanding any designation by Franchisee. Majestic may set off any amounts owed by Franchisee against any amounts Majestic owes to Franchisee.

G. SUCCESSOR FEE.

Franchisee will pay Majestic a non-recurring $5,000 fee (the "**Successor Fee**") if Franchisee acquires an additional five-year term. The Successor Fee is due when Franchisee signs a successor Franchise Agreement, not refundable, and fully earned by Majestic when Franchisee signs the successor Franchise Agreement.

H. PROFESSIONAL ASSOCIATION MEMBERSHIP.

Franchisee will obtain and maintain membership in a professional association. The Parties will cooperate to determine the most beneficial professional association.

I. ADDITIONAL EMAIL ADDRESS FEE.

Majestic will provide Franchisee with two email addresses at no charge. Franchisee will $15 per month per additional email address that will be directly debited from the Account.

4. TRAINING AND ASSISTANCE.

A. TRAINING.

Majestic will provide sufficient training to Franchisee or Franchisee's designated owner who holds at least a 50% ownership interest in the Franchise (the "**Principal Owner**") before the Home opens for business. The initial training program will include both classroom training at Majestic's corporate headquarters or another location Majestic designates and approximately five days of on-site training at the Home. Franchisee's Principal Owner and one additional person must complete the initial training program to Majestic's satisfaction and participate in any other activities Majestic requires before the Home opens for business. Franchisee may designate a manager to oversee the Home's day-to-day operations (the "**Operations Manager**). Any Operations Manager must complete the initial training program to Majestic's satisfaction. Franchisee will pay all travel and living expenses incurred by Franchisee's personnel in connection with attending the initial training program.

If Franchisee's Principal Owner fails to satisfactorily complete and pass the initial training program, Majestic may require Franchisee's Principal Owner or a successor Principal Owner that Franchisee appoints with Majestic's approval to attend additional training. Majestic will charge Franchisee a daily $500 training fee per person (the "**Additional Training Fee**"). If Franchisee's Principal Owner is unable to satisfactorily complete and pass the initial training program, Majestic may terminate the Agreement in Majestic's discretion without refunding any amounts paid by Franchisee. If Franchisee's Operations Manager or any of Franchisee's employees fails to satisfactorily complete the initial training program, Franchisee will immediately hire a substitute and promptly arrange for the person to complete the initial training program to Majestic's satisfaction. Franchisee will pay the Additional Training Fee for training programs furnished to any individual who replaces an employee who has previously attended the initial training program.

Franchisee will pay all travel and living expenses incurred by Franchisee's replacement personnel in connection with attending a training program in addition to the Additional Training Fee.

Majestic may require Franchisee, Franchisee's Principal Owner, Franchisee's Operations Manager, or Franchisee's previously trained and experienced employees to attend up to four days of additional or refresher training courses each year at the times and locations Majestic designates. Majestic may charge a daily $300 fee per person (the "**Ongoing Training Fee**") for these courses and programs. Franchisee will pay all travel and living expenses incurred by Franchisee's personnel in connection with attending an additional or refresher training course in addition to the Ongoing Training Fee.

Majestic may require Franchisee, Franchisee's Principal Owner, Franchisee's Operations Manager, or Franchisee's previously trained and experienced employees to an annual conference at the time and location Majestic designates. Majestic may charge a $500 fee per person (the "**Conference Registration Fee**") for these conferences. If Franchisee fails to attend the annual conference, Majestic may charge up to $300 per person per day for the duration of the annual conference. Franchisee will pay all travel and living expenses incurred by Franchisee's personnel in connection with attending any conference in addition to the Conference Registration Fee.

B. ON-SITE ASSISTANCE.

Majestic may provide additional on-site advice, guidance, and support in connection with the opening and initial operations of the Home in Majestic's discretion if Majestic determines that additional on-site assistance is necessary or beneficial, Majestic may provide the additional on-site assistance and Franchisee will pay all travel and living expenses incurred by Majestic's personnel in connection with the additional on-site assistance.

C. GENERAL GUIDANCE.

Majestic will advise Franchisee from time to time regarding the Home's operation based on Franchisee's reports or Majestic's inspections. Majestic will provide guidance to Franchisee in the Manual, in bulletins or other written materials, by electronic media, by telephone consultation, or in person at Majestic's office or the Home. If Franchisee requests and Majestic agrees to provide additional or special guidance, assistance, or training, Franchisee will pay Majestic's then-applicable charges and any reasonable travel and living expenses incurred by Majestic's personnel.

D. PLACEMENT AGREEMENTS.

Majestic will negotiate and administer placement agreements with reputable third parties on Franchisee's behalf to assist marketing efforts to identify potential residents for the Home. If Franchisee requests and Majestic agrees to provide additional or special guidance, assistance or training, Franchisee will pay Majestic's then-applicable charges including, without limitation, Majestic's personnel per diem charges and any reasonable travel and living expenses.

E. CONFIDENTIAL OPERATIONS MANUAL.

Majestic will loan Franchisee one copy of the Manual electronically. The Manual contains the System Standards and information regarding Franchisee's obligations under the Agreement. The Manual is incorporated by reference into the Agreement and is a binding part of the Agreement. Majestic may modify the Manual periodically to reflect changes in System Standards. Franchisee will keep Franchisee's copy of the Manual current and in a secure location at the Home. Majestic's master copy of the Manual will prevail if there is a dispute between the Parties regarding the contents of the Manual. The contents of the Manual are confidential and Franchisee will not disclose the Manual to any person other than Franchisee's employees who need to know the Manual's contents. Franchisee may not copy, duplicate, record, or otherwise reproduce any part of the Manual. Personnel policies or procedures made available in the Manual are for Franchisee's optional use and not mandatory; Franchisee will determine to the extent the personnel policies and procedures may be applicable to the Home's operations in Franchisee's jurisdiction. The Parties acknowledge that Majestic neither dictates nor controls labor and employment matters for Franchisee and Franchisee's employees.

F. DELEGATION OF PERFORMANCE.

Majestic may delegate the performance of all or part of any obligation under the Agreement to third party designees.

5. <u>MARKS AND COPYRIGHTS</u>.

A. OWNERSHIP AND GOODWILL OF MARKS AND COPYRIGHTS.

Franchisee's right to use the Marks and Copyrights is derived only from the Agreement and limited to the operation of the Home according to the Agreement and the System Standards prescribed during the term of the Agreement. Unauthorized use of the Marks or Copyrights is a breach of the Agreement. Franchisee's use of the Marks, Copyrights, and any goodwill established by that use are for Majestic's exclusive benefit. The Agreement does not confer any goodwill or other interests in the Marks or Copyrights to Franchisee other than the right to operate the Home. All provisions of the Agreement relating to the Marks and Copyrights apply to any additional or substitute trademarks and additional copyrights authorized by Majestic for Franchisee's use.

B. LIMITATIONS ON FRANCHISEE'S USE OF MARKS AND COPYRIGHTS.

Franchisee will use the Marks as the sole identification of the Home subject to the notices of independent ownership Majestic designates. Franchisee may not use any Mark (i) as part of any corporate or legal business name, (ii) with any prefix, suffix, or other modifying words, terms, designs, or symbols, (iii) providing any unauthorized services, (iv) as part of any domain name, electronic address, or search engine Franchisee maintains on any interactive electronic document, social media page, or Internet presence contained in or utilizing a network of computers linked by communications software including, without limitation, the Internet, World Wide Web, or any similar successor technology including texting, social media promotions, postings, or sites like Facebook, Twitter, Google, Truth Social (each, a "**Website**") without Majestic's consent, or (v) in any other manner Majestic has not expressly authorized in writing. Franchisee may not use any Mark to advertise the transfer, sale, or other disposition of the Franchise or an ownership interest Franchisee without Majestic's prior written consent which consent will not be unreasonably withheld. Franchisee will prominently display the Marks at the Home in the manner Majestic prescribes and on forms, advertising, supplies, employee uniforms, or other materials Majestic designates. Franchisee will give the notices of trademark and service mark registrations that Majestic specifies and obtain any fictitious or assumed name registrations required under applicable law. Franchisee may not use the Copyrights in any manner that Majestic has not approved.

C. NOTIFICATION OF INFRINGEMENTS AND CLAIMS.

Franchisee will notify Majestic immediately of any apparent infringement of or challenge to Franchisee's use of any Mark or Copyright or of any person's claim of any rights in any Mark or Copyright. Franchisee will not communicate with any person other than Majestic, its attorneys, and Franchisee's attorneys regarding any alleged infringement, challenge, or claim. Majestic may take no action or any action Majestic deems appropriate. Majestic will exclusively control any litigation, U.S. Patent and Trademark Office (the "**USPTO**") proceeding, or other administrative proceeding arising from any alleged infringement, challenge, or claim concerning any Mark or Copyright. Franchisee will sign any documents and take any actions that Majestic or its attorneys deems necessary or advisable to protect and maintain Majestic's interests in any litigation, USPTO proceeding, or other similar proceeding to protect and maintain Majestic's interests in the Marks and Copyrights.

D. DISCONTINUANCE OF USE OF MARKS OR COPYRIGHTS.

If Majestic believes at any time that it is advisable to modify or discontinue using any Mark or Copyright or use one or more additional or substitute trademarks, service marks, or copyrights, Franchisee will comply with Majestic's directions within a reasonable time after receiving notice. Majestic will not reimburse Franchisee for (i) Franchisee's expenses incurred to comply with these directions, (ii) any loss of revenue due to any modified or discontinued Mark, or (iii) Franchisee's expenses incurred to promote a modified or substitute trademark or service mark.

E. INDEMNIFICATION FOR USE OF MARKS.

Majestic will reimburse Franchisee for any damages and expenses (excluding consequential and punitive damages) Franchisee incurs in connection with any trademark infringement proceeding disputing Franchisee's authorized use of any Mark under the Agreement if Franchisee timely notifies Majestic of the proceeding, has complied with the Agreement, and complies with Majestic's directions to respond to the proceeding. Majestic may defend and control the defense of any proceeding relating to any Mark in Majestic's discretion.

6. <u>CONFIDENTIAL INFORMATION</u>.

Majestic possesses and will acquire in the future certain confidential information relating to the development and operation of Majestic Businesses (the "**Confidential Information**"). Confidential Information does not include information, knowledge, or know-how that is or becomes generally known in the residential care home business, that Franchisee knew from previous business experience before Majestic directly or indirectly provided the information to Franchisee, or before Franchisee began training or operating the Home. Confidential Information includes, without limitation:

(i) Methods, formats, specifications, standards, systems, business policies, procedures, sales and marketing techniques, knowledge, and experience used in developing and operating Majestic Businesses;

(ii) Marketing research, promotional, marketing, and advertising programs for Majestic Businesses;

(iii) Knowledge of specifications for and suppliers of certain items that Majestic Businesses use;

(iv) Knowledge of the operating results and financial performance of Majestic Businesses other than the Home;

(v) Client communication programs, retention programs, and data used or generated in connection with the programs;

(vi) Graphic designs and related intellectual property;

(vii) Information generated by or used or developed in the Home's operation including, without limitation, client names, addresses, telephone numbers and related information contained in Franchisee's Computer System; and

(viii) Any other information designated as confidential or proprietary by Majestic.

Franchisee will not acquire any interest in the Confidential Information other than the right to use certain Confidential Information to operate the Home during the Agreement's term according to the System Standards and the Agreement's other terms and conditions. Franchisee's use of any Confidential Information in any other business would constitute an unfair method of competition with Majestic and Majestic's franchisees. The Confidential Information is proprietary, includes trade secrets, and is disclosed to Franchisee only on the condition that Franchisee:

(i) Will not use any Confidential Information in any other business or capacity;

(ii) Will keep the Confidential Information absolutely confidential during and after the Agreement's term;

(iii) Will not make unauthorized copies of any Confidential Information in electronic, written, or any other form;

(iv) Will adopt and implement all reasonable procedures that Majestic periodically prescribes to prevent the unauthorized use or disclosure of Confidential Information including, without limitation, restricting disclosure to Franchisee's personnel and others needing to know the Confidential Information to operate the Home using confidentiality and non-disclosure agreements with those having access to the Confidential Information. Majestic may regulate the form of agreement used by Franchisee and to be a third party beneficiary of any agreement with independent enforcement rights; and

(v) Will not sell, trade, or otherwise profit in any way from the Confidential Information except using methods approved by Majestic.

If Majestic deems any information to be Confidential Information, any party claiming the information is not Confidential Information must prove the validity of the exclusion claim.

7. <u>EXCLUSIVE RELATIONSHIP</u>.

Majestic has granted the Franchise to Franchisee in consideration of and in reliance upon Franchisee's agreement to deal exclusively with Majestic in connection with the group residential assisted living home industry. During the Agreement's term, Franchisee, any of Franchisee's interest holders, and any member of Franchisee's or Franchisee's interest holders' immediate family will not:

(i) Have any direct, indirect, controlling, or non-controlling interest as an owner (whether of record, beneficial, or otherwise) in any business that derives any revenue from the development, construction, or operation of a group residential assisted living home (a "**Competitive Business**") wherever located or operating;

(ii) perform services as a director, officer, manager, employee, consultant, representative or agent, or in any other capacity, for a Competitive Business, wherever located or operating;

(iii) Directly or indirectly loan any money or other services of value to, or guarantee any other person's loan to, any Competitive Business or any owner, director, officer, manager, employee, or agent of any Competitive Business, wherever located or operating;

(iv) Employ, seek to employ, or otherwise directly or indirectly induce any person who is currently or within six months of employment or solicitation was an employee of Majestic, an affiliate, a Majestic franchisee, or a Majestic licensee to leave employment without obtaining the employer's prior written permission; or

(v) Divert or attempt to divert any actual or potential business or client of the Home to a Competitive Business.

8. <u>OPERATION AND SYSTEM STANDARDS FOR MAJESTIC BUSINESSES</u>.

A. PRINCIPAL OWNER AND OPERATIONS MANAGER.

Concurrently with the execution of the Agreement, Franchisee will designate one of Franchisee's owners to serve as the Principal Owner if Franchisee is an entity. Franchisee's Principal Owner must successfully complete the initial training program before the Home is open for business. Any substitute Principal Owner must also complete the initial training program.

Franchisee may request that Majestic approve an Operations Manager if Franchisee's Principal Owner does not intend to devote full-time efforts to the management of the Home. The Operations Manager will exert sufficient efforts to fulfill Franchisee's obligations under the Agreement and will not directly or indirectly engage in any other business or other activity, directly or indirectly, that requires any significant management responsibility or time commitments, or that may otherwise conflict with Franchisee's obligations under the Agreement. The Principal Owner is ultimately responsible for supervising all activities of the Operations Manager. If the relationship of the Operations Manager to Franchisee terminates or materially changes, Franchisee will promptly designate a replacement Operations Manager. any Operations Manager must successfully complete the initial training program before assuming an active management role in the Home's operations. Any replacement Operations Manager must also complete the initial training program.

B. CONDITION AND APPEARANCE OF THE HOME.

Franchisee will not use any part of the Home for any purpose other than operating the Home in compliance with the Agreement. Franchisee will place or display at the Home only those signs, emblems, designs, artwork, lettering, logos, and display and advertising materials that Majestic approves. Franchisee will maintain the condition and appearance of the Home in accordance with the System Standards and consistent with the image of a Majestic Business as a professionally operated business offering high quality services observing the highest standards of professionalism, cleanliness, and courteous service. Without limitation, Franchisee will take the following actions during the Agreement's term at Franchisee's expense:

(i) Thorough cleaning, repainting, and redecorating of the interior and exterior of the Home at intervals that Majestic prescribes which may be as often as annually;

(ii) Interior and exterior Home repair as needed; and

(iii) Repairing or replacing damaged, worn-out, or obsolete equipment at intervals that Majestic prescribes;

(iv) Modifying the Home as required by any state or local law or regulation pertaining to the operation of the Home. Should Majestic's requirements conflict with state or local laws or regulations, Franchisee will provide Majestic with relevant information relating the local regulatory requirements. The local law or regulation will control if any conflict arises.

In addition to the obligations described above, Majestic may periodically require Franchisee to substantially alter the Home's appearance including, without limitation, furniture changes, signage layout or design modifications, or replacing a material portion of the Home's equipment to meet Majestic's then-current requirements for new Majestic Businesses. Any capital expenditures required to comply with Franchisee's obligations and System Standard requirements will be at Franchisee's expense. Nothing in this Section 8.B limits Franchisee's obligation to comply with all mandatory System Standards in any manner.

C. SERVICES THE HOME OFFERS.

The Home will offer all services that Majestic periodically specifies. Franchisee will not offer, sell, give away, or otherwise provide any unauthorized services at any location. Franchisee will not sell or market any services using any channel of distribution other than approved channels of distribution. Franchisee will not perform residential care home services from any location other than the Home. Franchisee will discontinue selling and offering for sale any approved services that Majestic subsequently disapproves in writing.

Majestic currently offers a program that enables franchisees to offer clients of Majestic Residence Businesses the opportunity to travel with their family to the Dominican Republic to be housed on a temporary basis at a Majestic Residence Business operated by a franchisee in the Dominican Republic subject to availability. Franchisee will participate and advertise the opportunity as directed. Franchisee will share revenues with the Dominican Republic franchisees during the period that services are provided to Franchisee's clients. The revenue split and royalty obligations between Franchisee and the Dominican franchisee will be described in the Manual.

Franchisee may offer day care services to non-resident clients utilizing a fee schedule that Majestic has approved prior to initiation of the services.

D. APPROVED DISTRIBUTORS AND SUPPLIERS.

Majestic may periodically designate and approve standards, specifications, suppliers, or distributors for support services Majestic authorizes or requires for use at the Home. Franchisee will acquire all support services for the Home only in accordance with Majestic's standards and specifications only from suppliers or distributors that Majestic designates or approves. Approved suppliers or distributors may include or be limited to Majestic or an affiliate. Majestic Residence or its affiliates may derive revenue based on Franchisee's purchases and leases including, without limitation, revenue derived from charging Franchisee for services Majestic or an affiliate provide to Franchisee and from promotional allowances, volume discounts, or other payments made to Majestic by suppliers that Majestic designates or approves for some or all franchisees. Franchisee will receive a list of currently approved vendors that might include a sole approved supplier or vendor for a specific service or product. Majestic may alter or discontinue utilizing various vendors and Franchisee will comply immediately upon notification. All business transactions between Franchisee and designated suppliers or vendors are between Franchisee and the supplier or vendor. Addressing any issues with suppliers and vendors is Franchisee's sole responsibility.

If Franchisee wants to use any support services that Majestic has not yet evaluated or purchase any item from a supplier or distributor that Majestic has not yet approved for items that Franchisee must purchase from designated or approved suppliers or distributors, Franchisee will first submit sufficient information, specifications, and samples for Majestic to determine whether the item complies with the System Standards and whether the proposed supplier or distributor meets Majestic's criteria. Majestic may condition approval of a supplier or distributor on requirements relating to product quality, price, consistency, warranty, reliability, financial capability, labor relations, client relations, frequency of delivery, concentration of purchases, standards of service, or other criteria deemed relevant. Majestic has the right to inspect a proposed supplier's or distributor's facilities or require the proposed supplier or distributor to deliver product samples or items directly to Majestic. Majestic may periodically reinspect the facilities of any approved supplier or distributor and revoke approval if the supplier or distributor does not continue to meet Majestic's criteria.

E. COMPLIANCE WITH LAWS, GOOD BUSINESS PRACTICES, AND BRAND PROTECTION.

It is Franchisee's sole and absolute obligation to research all applicable federal, state, and local laws and regulations governing the operation of the Home to ensure the operation does not violate any federal, state, or local law or regulation. Franchisee will secure and maintain in force all required licenses, permits and certificates relating to the Home's operation and operate the Home in full compliance with all applicable laws and regulations pertaining to residential assisted living facilities and maintain all required licenses at all times. Franchisee and Franchisee's employees must adhere to the highest standards of honesty, integrity, fair dealing, and ethical conduct. Franchisee will refrain from any business or advertising practice that might injure Majestic, the goodwill associated with the Marks, or other Majestic Businesses. Franchisee will notify Majestic in writing within five days of (i) the commencement of any action, suit, or proceeding relating to the Home, (ii) the issuance of any order, writ, injunction, award, or decree of any court, agency, or other governmental instrumentality that might adversely affect the operation or financial condition of the Home including, without limitation, the revocation or threatened revocation of any license, permit, or certification applicable to the Home, and (iii) any notice of violation of any law or regulation relating to the Home.

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F. INSURANCE.

Franchisee will procure and maintain in full force and effect insurance policies at or above the minimum amounts required below at Franchisee's sole expense at all times during the Agreement's term. Franchisee will provide Majestic with proof of coverage when the policies go into force and upon Majestic's request.

(1) Insurance Policies. Franchisee will maintain the following insurance policies issued by carriers approved by Majestic:

(i) Comprehensive general liability insurance and umbrella insurance against claims for bodily and personal injury, death, and property damage caused by or occurring in conjunction with the operation of the Home containing minimum liability protection of $1,000,000 combined single limit per occurrence and $2,000,000 in the aggregate unless greater amounts are required by Franchisee's landlord or a governmental authority with a maximum deductible of $1,000 per claim;

(ii) Worker's compensation insurance and employer's liability insurance as required by law;

(iii) Automobile liability and property damage insurance covering all loss, liability, claim, or expense of any kind whatsoever resulting from the use, operation, or maintenance of any automobiles or motor vehicles, owned, leased, or used by Franchisee or Franchisee's officers, directors, employees, partners, or agents in the Home's operations containing minimum liability protection of $1,000,000 per claim;

(iv) Professional liability insurance coverage liability due to errors or omissions in the performance of services under the Agreement with limits not less than $1,000,000 per claim and $3,000,000 annual aggregate; and

(v) Any other insurance policies specified in the Manual or otherwise from time to time.

(2) Carriers. All insurance policies will be issued by insurance carriers rated A-VIII or better by Alfred M. Best and Company, Inc. or similar criteria Majestic periodically specifies. All carriers must be licensed and approved in the state in which the Home is located. Majestic may approve or deny a specific carrier or require Franchisee to obtain required insurance with a carrier Majestic designates.

(3) Waiver of Subrogation and Notification by Carrier. All insurance policies required in this Section F will name Majestic and its members, officers, directors, and employees as additional insureds, contain a waiver by the insurance carrier of all subrogation rights against Majestic, and provide that Majestic receives at least 30 days' prior written notice of termination, expiration, cancellation, or modification of any insurance policy. If any of Franchisee's insurance

companies fails to give Majestic notice as required, then the applicable insurance policy may be subsequently disapproved by Majestic. Franchisee will be required to immediately find additional coverage satisfactory to Majestic with an alternative carrier if an approved insurance policy is subsequently disapproved.

(4) Modification of Coverage by Majestic. Upon ten days' notice, Majestic may increase the minimum protection requirement as of the renewal date of any insurance policy or require different or additional types of insurance at any time including, without limitation, excess liability (umbrella) insurance to reflect inflation, identification of special risks, changes in law or standards or liability, higher damage awards, or other relevant changes in the applicable circumstances.

(5) Certificate of Insurance and Coverage by Majestic. Franchisee will annually furnish to Majestic a copy of a certificate of insurance or other evidence of the renewal or extension of each insurance policy. If Franchisee fails or refuses at any time to maintain in effect any required insurance coverage or furnish satisfactory evidence of required insurance coverage, at Majestic's option and in addition to Majestic's other rights and remedies under the Agreement, Majestic may obtain insurance coverage on behalf of Franchisee and Franchisee will promptly execute any applications or other forms or instruments required to obtain the insurance. Franchisee will pay Majestic any costs or premiums incurred by Majestic on demand or Majestic will debit the Account for the amount of the costs or premiums. Franchisee's failure to obtain required insurance coverage will be a default of the Agreement. Franchisee's obligation to obtain and maintain the insurance described in this Section F will not be limited in any way by reason of any insurance maintained by Majestic. Franchisee's performance of the insurance obligations will not relieve Franchisee of any indemnification obligations contained in the Agreement.

If Franchisee rents the Home's premises, Franchisee will use best efforts to have the landlord's insurance company provide Majestic with a Certificate of Insurance indicating the required insurance coverages are in force and giving Majestic 30 days' notice of any termination, expiration, cancellation, or modification of the landlord's policy.

G. COMPLIANCE WITH SYSTEM STANDARDS.

Compliance with the entirety of the System Standards is essential for the success of the Home and the preservation of the goodwill of the Marks and all Majestic Businesses. Franchisee will operate and maintain the Home according to the System Standards as periodically modified and supplemented at all times. The System Standards may regulate any aspect of the operation and maintenance of the Home including, without limitation, any one or more of the following:

(i) Sales, marketing, advertising, and promotional programs and materials and media used in the programs;

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(ii) Staffing levels for the Home and dress and appearance for Franchisee's employees although Franchisee has sole responsibility and authority for Franchisee's employees' terms and conditions of employment;

(iii) Minimum licensing, certifications, educational background, credentials, and skill levels for the performance of services at the Home;

(iv) Specifications of required and authorized services;

(v) The use and display of the Marks;

(vi) The Home's days and hours of operation;

(vii) The dedicated phone line that is answered with a greeting referring to Majestic;

(viii) Client service standards and policies;

(ix) Participation in market research, testing, and product and service development programs;

(x) Credit and debit cards, other payment systems, and check verification services;

(xi) Bookkeeping, accounting, data processing, and recordkeeping systems and forms;

(xii) Formats, content, and frequency of reports to Majestic of sales, revenue, and financial condition including, without limitation, tax returns; and

(xiii) Any other aspects of operating and maintaining the Home that Majestic deems useful to preserve or enhance the efficient operation, image, or goodwill of the Marks and Majestic Businesses.

All mandatory System Standards prescribed in the Manual or otherwise communicated to Franchisee in writing or another form are part of the Agreement. All references to the Agreement include all mandatory System Standards as periodically modified. Majestic's periodic modification of the System Standards may obligate Franchisee to invest additional capital in the Franchise or incur higher operating costs. Franchisee will comply with those obligations within the time period Majestic specifies. If Majestic notifies Franchisee of a failure to comply with the System Standards and Franchisee fails to correct the non-compliance within the period of time that Majestic requires, Majestic may impose a fee of up to $500 (the "**Non-compliance Fee**") per occurrence in addition to any other remedies available to Majestic under the Agreement including, without limitation, termination of the Agreement. Collection of the Non-compliance Fee for an uncured default of any System Standard will not preclude Majestic from subsequently terminating the Agreement at any time if the default remains uncured.

H. ANTI-TERRORISM AND ANTI-CORRUPTION LAWS.

Franchisee represents and warrants to Majestic that neither Franchisee nor any of Franchisee's employees (i) are identified by name, alias, pseudonym, or nickname on the lists of "Specially Designated Nationals" or "Blocked Persons" maintained by the U.S. Treasury Department's Office of Foreign Assets Control (www.treas.gov/offices/enforcement/ofac), or (ii) have violated any law in effect now or that may become effective in the future prohibiting corrupt business practices, money laundering, or the aid or support of persons or entities who conspire to commit acts of terror against any person or government including, without limitation, acts prohibited by the U.S. Patriot Act (http://www.epic.org/privacv/terrorism/hr3162.html), U.S. Executive Order 13224 (http://www.treasury.gov/resource-center/sanctions/Documents), or any similar law. Neither Franchisee nor of Franchisee's employees will violate any of these laws. The foregoing constitutes continuing representations and warranties and Franchisee will notify Majestic immediately in writing of the occurrence of any event or the development of any circumstance that might render any of the foregoing representations and warranties false, inaccurate, or misleading. It is Franchisee's responsibility to ascertain what actions Franchisee must take to comply with the referenced laws.

9. MARKETING.

A. BY FRANCHISEE.

Franchisee's advertising, promotion, and marketing will be clear, factual, not misleading, and in conformance with the highest standards of ethical advertising and marketing and the advertising and marketing policies that Majestic prescribes from time to time. Franchisee must send Majestic samples of all proposed advertising, promotional, or marketing materials before use that Majestic has not prepared or previously approved during the last twelve months. If Majestic does not disapprove the materials within five days of receipt, the materials will be deemed approved. Franchisee may not use any advertising, promotional, or marketing materials that Majestic has disapproved.

B. BRAND FUND.

Majestic may establish a brand development fund (the "**Brand Fund**") to pay for advertising, marketing, marketing materials, public relations programs, research and development, and any other Franchise System development programs and activities that Majestic deems appropriate. If a Brand Fund is established, Franchisee will contribute the amounts that Majestic periodically prescribes to the Brand Fund. Brand Fund contributions will not to exceed $100 per month and will be payable in the same manner as the Royalty or in any other manner Majestic prescribes. Majestic will advise Franchisee in writing at least 60 days in advance of the commencement of a required Brand Fund contribution. Majestic will deposit all Non-compliance Fees paid by Franchisee and other franchisees into the Brand Fund.

Majestic will designate, direct, and have complete control over all advertising and marketing programs including, without limitation, the creative concepts, materials, endorsements, and media used, the geographic, market, media placement, and allocation of the programs, and all other marketing activities. The Brand Fund may pay for (i) preparing and producing video, audio, and written materials and electronic media, (ii) administering regional and multi-regional marketing and advertising programs including, without limitation, marketing contests, purchasing trade journal, direct mail, radio, and other media advertising using advertising, promotion, marketing agencies, and other advisors to provide assistance, (iii) supporting public relations, market research, and other advertising, brand promotion, and marketing activities, (iv) development and improvements to Majestic's Website, (v) research, development, and promotion for new services that may be offered at or for Majestic Businesses, and (vi) research, development, and promotion to improve the System Standards, client loyalty, and the Franchise System. The Brand Fund will periodically give Franchisee samples of advertising, marketing, and promotional formats and materials at no cost and sell Franchisee multiple copies of these materials for the direct cost of producing them plus any related shipping, handling, and storage charges.

Majestic will account for the Brand Fund separately from other funds and will not use the Brand Fund for any of general operating expenses except to compensate Majestic for the reasonable salaries, administrative costs, travel expenses, and overhead incurred in administering the Brand Fund and its activities. The Brand Fund will not be Majestic's asset. The Brand Fund will not be a trust and Majestic will not owe Franchisee fiduciary obligations in connection with the Brand Fund. The Brand Fund may spend more or less than the total of all Brand Fund contributions in any fiscal year, borrow from Majestic or others with reasonable interest to cover deficits, or invest any surplus for future use. Majestic will use all interest earned by the Brand Fund to pay costs before using the Brand Fund's other assets. Majestic will provide Franchisee with an annual, unaudited statement of Brand Fund contributions and expenses upon Franchisee's written request. Majestic may incorporate the Brand Fund or operate it through a separate entity. Any successor entity will have all of the rights and duties specified in this Section 9.B.

The Brand Fund will maximize recognition of the Marks and patronage of Majestic Businesses. Majestic need not ensure that Brand Fund expenditures in or affecting any geographic area are proportionate or equivalent to the Brand Fund contributions by Majestic Businesses operating within that geographic area or that any Majestic Business benefits directly or in proportion to its Brand Fund contributions. Majestic has the right, but no obligation, to use collection agents and institute legal proceedings to collect Brand Fund contributions at the Brand Development Fund's expense. Majestic may forgive, waive, settle, or compromise all claims by or against the Brand Fund. Except as expressly provided in this Section 9.B, Majestic assumes no direct or indirect liability or obligation to Franchisee for the collection of amounts due to, maintaining, directing, or administering the Brand Fund.

Majestic may (i) defer or reduce the Brand Fund contributions of a franchisee at any time, (ii) reduce or suspend Brand Fund contribution obligations or operations at any time for periods of any length, or (iii) terminate or reinstate the Brand Fund. If the Brand Fund is terminated, Majestic will distribute all unspent monies to franchisees and Majestic Residents in proportion to the respective contributions made to the Brand Fund during the preceding twelve-month period.

C. WEBSITES AND INTERACTIVE MEDIA.

Websites will be deemed "advertising" under the Agreement and be subject to Majestic's approval. In connection with any Website that refers to the Home, Majestic Businesses, the services offered by Majestic Businesses, or the Marks, Franchisee will not establish a separate Website without Majestic's prior written consent. Majestic will have the right, but not the obligation, to designate one or more web pages to describe Franchisee and the Home with the web pages to be located within Majestic's Website. The web pages will belong to Majestic;

If Majestic allows Franchisee to establish a separate Website for the Home, then the following provisions will apply:

(i) Franchisee will not establish or use the Website without Majestic's prior written approval;

(ii) Before establishing the Website, Franchisee will submit a sample of the proposed Website's domain name, format, visible content including, without limitation, proposed screen shots, and non-visible content including, without limitation, metatags in the form and manner Majestic reasonably requires. Franchisee will not use or modify the Website without Majestic's prior written approval;

(iii) Franchisee will comply with the System Standards for Websites as prescribed in the Manual or otherwise in writing;

(iv) Franchisee will establish hyperlinks to Majestic's Website as Majestic directs in writing;

(v) Majestic may revoke approval of the Website at any time and require that Franchisee discontinues use of the Website; and

(vi) Franchisee will transfer all existing account information relating to clients of the Home and grant Majestic administrator-level access and rights to the Website.

Majestic has the right, but not the obligation, to create or subscribe to digital location marketing tools on behalf of the Home. If Franchisee is converting an existing business to a Majestic Business, Franchisee will assign any related digital location marketing tools and accounts to Majestic.

10. RECORDS, REPORTS, AND FINANCIAL STATEMENTS.

Franchisee will establish and maintain a bookkeeping, accounting, and recordkeeping system conforming to the requirements and formats Majestic prescribes including, without limitation, by completing Majestic's standard Chart of Accounts in the manner Majestic specifies at Franchisee's expense. Majestic may require Franchisee to use a Computer System to maintain certain income and expense data and other information in the formats Majestic prescribes and to transmit that data and information to Majestic on a schedule Majestic prescribes. Franchisee will provide the following without limitation at Majestic's discretion:

(i) A report of Franchisee's Gross Revenues during the previous month on or before Payment Day;

(ii) The operating statements, financial statements, statistical reports, and any other information Majestic requests regarding the Home for the previous month within 15 days after the end of the month;

(iii) The operating statements, financial statements, statistical reports, and any other information Majestic requests regarding Franchisee and the Home for the previous calendar year by February 28; or

(iv) Exact copies of federal and state income and other tax returns and any other forms, records, books, and any other information Majestic requires relating to the Home or the Franchise within ten days of the request.

Franchisee will verify and sign each report and financial statement in the manner Majestic prescribes. Majestic may disclose data derived from these reports, but Majestic will not disclose Franchisee's identity in connection with that data in any materials publicly circulated without Franchisee's prior consent. If Franchisee receives formal notice from Majestic of Franchisee's failure to comply with a reporting or payment obligation under the Agreement, Majestic may require Franchisee to have annual audited financial statements prepared during the remainder of the term of the Agreement.

11. INSPECTIONS AND AUDITS.

A. MAJESTIC'S RIGHT TO INSPECT THE HOME.

Majestic and its designated agents and representatives may at all times without prior notice to Franchisee:

(i) Physically inspect the Home;

(ii) Observe, photograph, and videotape the Home's operation for consecutive or intermittent periods as Majestic deems necessary;

(iii) Interview Franchisee's personnel, clients of the Home, or their families; and

(iv) Inspect and copy any books, records, and documents relating to the Home's operation.

Franchisee will fully cooperate with Majestic. If Majestic exercises any inspection rights, Majestic will use its best efforts to not unreasonably interfere with the Home's operation. Franchisee will present the evaluation forms that Majestic periodically prescribes to Franchisee's clients. Franchisee will participate or request Franchisee's clients to participate in any surveys performed by or for Majestic.

B. MAJESTIC'S RIGHT TO AUDIT.

Majestic may examine Franchisee's business, bookkeeping, and accounting records, sales and income tax records and returns, and any other records at any time during the Home's business hours without prior notice to Franchisee. Franchisee will fully cooperate with Majestic's representatives and independent accountants. If any inspection or audit reveals an understatement of Franchisee's Gross Revenues, Franchisee must pay Majestic the Royalty and Brand Fund contributions due for the amount of the understatement, plus interest from the date originally due until the date of payment within seven days after receiving the inspection or audit report. If an inspection or audit is necessary due to (i) Franchisee's failure to furnish reports, supporting records, or other information as required, (ii) Franchisee's failure to furnish these items on a timely basis, (iii) a determination of a Royalty or Brand Fund contribution understatement exceeding 2% of the amount actually due to Majestic for the period examined, Franchisee will reimburse Majestic for the cost of the examination including, without limitation, charges for attorneys and independent accountants and the travel expenses, room and board, and compensation of Majestic personnel. These remedies are in addition to any other remedies and rights available to Majestic under the Agreement and applicable law.

12. TRANSFER OF AGREEMENT.

A. DELEGATION BY MAJESTIC.

Majestic may delegate some or all of its obligations under the Agreement relating to sales, training, site assistance, and supervisory services to a third party. Franchisee will not object to any delegation or assignment by Majestic of any portion or all of Majestic's obligations and rights under the Agreement. Franchisee is not a third party beneficiary of any agreement between Majestic and any designee.

B. TRANSFER BY MAJESTIC.

Majestic may change its ownership or form or assign the Agreement or any other agreement without restriction. Franchisee will not undertake any action to postpone, delay, or cancel any proposed assignment or transfer. The Agreement and any other agreement will inure to the benefit of any transferee or other legal successor to Majestic's interest.

C. TRANSFER BY FRANCHISEE.

The rights and duties the Agreement creates are personal to Franchisee and Majestic has granted Franchisee the Franchise in reliance upon Majestic's perception of Franchise's character, skill, aptitude, attitude, English language proficiency, business ability and financial capacity. None of (i) the Agreement or any interest in the Agreement, (ii) Franchisee's or any other entity's interest in the Franchise, the Home, or the Home's assets, or (iii) any ownership interest in any entity holding the Franchise may be transferred without Majestic's prior written approval. A transfer of Franchisee's or an entity's interest in the Franchise, the Home, or the Home's assets may be made only with a concurrent transfer of the Agreement. Any unapproved transfer is a default of the Agreement and be of no force or effect. A "**transfer**" includes any voluntary, involuntary, direct, or indirect assignment, sale, gift, or other disposition including, without limitation, the following:

(i) A transfer of record or beneficial ownership of capital stock if the entity holding the Franchise is a corporation, a partnership or membership interest if the entity holding the Franchise is a partnership or limited liability company, or any other ownership interest or right to receive all or a portion of Franchisee's profits or losses;

(ii) A merger, consolidation, or exchange of shares or other ownership interests, the issuance of additional ownership interests or securities representing or potentially representing shares or other ownership interests, or a redemption of shares or other ownership interests;

(iii) Any sale or exchange of voting interests or securities convertible to voting interests or an agreement granting the right to exercise or control the exercise of the voting rights of any owner or to control Franchisee's operations or affairs;

(iv) A transfer of an interest in Franchisee, the Agreement, the Home, or the Home's assets in a divorce, insolvency, or entity dissolution proceeding or otherwise by operation of law;

(v) If Franchisee or an owner of the entity holding the Franchise dies or becomes disabled, transfer of an interest in the entity, the Agreement, the Home, or the Home's assets by will, declaration of, or transfer in trust or under the laws of intestate succession; or

(vi) A pledge of the Agreement to someone other than Majestic of an ownership interest in the entity holding the Franchise as security, foreclosure upon the Home, or Franchisee's transfer, surrender, or loss of possession, control, or management of the Home.

D. CONDITIONS FOR TRANSFER APPROVAL.

If Franchisee and Franchisee's owners are in full compliance with the Agreement, Majestic will not unreasonably withhold approval of a transfer of the Franchise provided that the proposed buyer is of good moral character with have sufficient business experience, English language proficiency, aptitude, and financial resources to own and operate the Home and otherwise meets the then-applicable standards for new franchisees. The following conditions must be met prior to or concurrently with the effective date of the transfer:

(i) All of Franchisee's obligations incurred in connection with the Agreement have been discharged or assumed by the buyer;

(ii) Franchisee has paid any Royalty fees, Brand Fund contributions, and amounts owed for purchases by Franchisee from Majestic that are due and unpaid;

(iii) The buyer has completed the initial training program for new franchisees;

(iv) The buyer has demonstrated the buyer's ability and financial viability to undertake and perform the requirements of the Agreement

(v) If the premises of the Home are leased, the lessor has consented to assignment of the lease to the buyer or the buyer has purchased the premises of the Home;

(vi) The buyer has executed an assignment agreement and personal guarantee and agreed to be bound by the existing Agreement and any ancillary agreements that accompanied the grant of the Franchise or has executed the then-current form of Franchise Agreement at Majestic's option;

(vii) Franchisee or the buyer pays a $10,000 fee (the "**Transfer Fee**") to Majestic for the transfer review process and to defray expenses incurred by Majestic in connection with the transfer;

(viii) The buyer has agreed to replace or refurbish the Home's fixtures and furnishings to comply with the then-applicable System Standards and specifications for new Majestic Businesses;

(ix) Franchisee and Franchisee's owners have executed a general release in a form satisfactory to Majestic of any claims against Majestic and its affiliates, members, managers, officers, directors, employees, and agents;

(x) Majestic has approved the material terms and conditions of the transfer including, without limitation, determining that the price and terms of payment are not so burdensome as to adversely affect the future operations of the Home by the buyer; and

(xi) Franchisee and Franchisee's owners have entered into an agreement with Majestic to subordinate the buyer's obligations to Franchisee or Franchisee's owners to Franchisee's or the buyer's obligations to Majestic.

If the proposed transfer is to or among immediate family members of Franchisee or Franchisee's owners (defined as a parent, spouse, or child) or to an entity described in Section 12.E, then no Transfer Fee be due except for the direct costs incurred by Majestic for the transfer. Majestic may review all information regarding the Home that Franchisee provides to the transferee and give the transferee copies of any reports that Franchisee has given Majestic regarding the Home.

E. ASSIGNMENT TO ENTITY PRINCIPALLY CONTROLLED BY FRANCHISEE.

The Franchise Agreement may be assigned to a legal entity in which Franchisee and any of Franchisee's principals own and control in the aggregate 100% of the equity and voting power of all outstanding ownership interests, provided that:

(i) The proposed transferee complies with the provisions of the Agreement;

(ii) Franchisee is empowered to act for the legal entity;

(iii) Franchisee submits documentation to Majestic that Majestic reasonably requests to effectuate the transfer;

(iv) Franchisee submits to Majestic a true and complete list of the interest holders of the legal entity showing the percentage of interests held with a list of the officers and directors (if a corporation), managers (if a limited liability company), or managing partners (if a partnership);

(v) All certificates of shares or interests issued by transferee at any time will contain an appropriate legend referring to the Agreement by date and stating "Transfer of This Certificate is Limited by the Terms and Condition of a Majestic Residences Franchise Systems, LLC Franchise Agreement dated _________________;"

(vi) A copy of the Agreement will be given to every interest holder of the legal entity, all of whom will execute an Assignment Agreement in the form prepared by Majestic to effect the assignment and execute a personal guarantee with their respective spouses;

(vii) A copy of the organizational documents of the legal entity and a Certificate of Good Standing will be furnished to Majestic upon request; and

(viii) Any changes to the information required by Subsection 12.E(iv) above will be submitted to Majestic at least ten business days before the changes take effect for review and approval.

New interest holders will be bound by the Agreement. Interest holders may make a separate agreement among them providing for purchase by the survivors among them of the interests of any interest holders upon death or disability as long as voting control and a majority representation of the board of directors or members or partners remains with those individuals who initially applied for and were approved as Franchisee's owners under the Agreement. Franchisee will notify Majestic in writing of any agreement that affects control of Franchisee for review and approval.

F. DEATH OR DISABILITY.

(1) Transfer Upon Principal Owner's Death or Disability. Upon the death or disability of the Principal Owner, the Principal Owner's executor, administrator, conservator, guardian, or other personal representative must transfer the Principal Owner's interest in the Agreement, the lease for the Home's premises, the Home and its assets, and the Principal Owner's ownership interest in Franchisee to a third party or another existing owner. The transfer including, without limitation, transfer by bequest or inheritance must occur within a reasonable time not to exceed nine months from the date of death or disability. The transfer is subject to Majestic's rights under Subsection (2) below, the terms and conditions of Section 12.D(i) through (vi), and any other requirements Majestic has for Principal Owners. Failure to transfer the interest within this time period is a default of the Agreement. The term "**disability**" means a mental or physical disability, impairment, or condition that is reasonably expected to prevent the Principal Owner from supervising the management and operation of the Home for 90 or more consecutive days.

(2) Operation Upon Principal Owner's Death or Disability. If Franchisee does not have an Operations Manager to manage the day-to-day operations of the Home, then upon the death or disability of the Principal Owner, the Principal Owner's executor, administrator, conservator, guardian, or other personal representative must appoint an Operations Manager approved by Majestic to operate the Home within a reasonable time not to exceed 30 days from the date of death or disability. Any new Operations Manager must satisfactorily complete the training that Majestic designates within the time period Majestic specifies at Franchisee's expense.

G. EFFECT OF CONSENT TO TRANSFER.

Majestic's consent to any transfer is not a representation of the fairness of the terms of any contract between Franchisee and the transferee, a guarantee of the transferee's prospects of success, or a waiver of any claims Majestic has against Franchisee or of Majestic's right to demand the transferee's full compliance with the Agreement.

13. EXPIRATION OF AGREEMENT.

A. FRANCHISEE'S RIGHT TO ACQUIRE A SUCCESSOR FRANCHISE.

Upon expiration of the Initial Term, if Franchisee and each of Franchisee's owners have substantially complied with the Agreement and remain in compliance with the Agreement at the time of expiration and:

(i) Franchisee either (y) maintains possession of the Home and agrees to remodel or expand the Home, add or replace improvements, fixtures, furnishings, equipment, signs, and otherwise modify the Home as Majestic requires to bring the Home into compliance with the System Standards then applicable to new Majestic Businesses, or (z) if Franchisee is unable to maintain possession of the Home's premises or if the Home should be relocated in Majestic's reasonable judgment, Franchisee secures a substitute site Majestic approves, agrees to develop the substitute site in compliance with the System Standards then applicable to new Majestic Businesses, and continues to operate the Home at the original site until operations are transferred to the substitute site;

(ii) Franchisee pays Majestic the Successor Fee and executes the then-current form of Franchise Agreement (the "**Successor Agreement**"). The Successor Agreement will supersede the Agreement in all respects and may differ from the terms of the Agreement including, without limitation, requirement of a higher percentage royalty fee, payment of new fees, or a different Territory; and

(iii) Majestic has not indicated to Franchisee an intent to withdraw from the market Franchisee services and cease the offer and sale of Majestic Businesses in the market prior to the date that Franchisee gives notice of Franchisee's intent to execute a Successor Agreement;

then subject to the terms and conditions in this Section 13, Franchisee will have the right to acquire another Franchise (the "**Successor Franchise**") to operate the Home on the terms of the Successor Agreement. If Franchisee is not granted a Successor Franchise because Majestic has indicated a market withdrawal, Franchisee will retain the right to operate the Home as an independent, non-franchised business provided Franchisee agrees to comply with Sections 15.A, 15.B, 15.C, and 15.D and Majestic's purchase option will not apply.

B. GRANT OF A SUCCESSOR FRANCHISE.

Franchisee will give notice to Majestic of Franchisee's election to acquire a Successor Franchise at least twelve months, but not more than 15 months, before the expiration of the Initial Term. Majestic may require Franchisee to provide certain financial information relating to the Home's operation after delivery of Franchisee's notice. Majestic will advise Franchisee within 90 days after delivery of Franchisee's notice of any deficiencies that must be corrected before Majestic will grant Franchisee a Successor Franchise or the reason why Majestic will not grant Franchisee a Successor Franchise.

C. AGREEMENTS AND RELEASES.

If Franchisee satisfies all of the conditions for the grant of a Successor Franchise, Franchisee and Franchisee's owners must execute the Successor Agreement and any ancillary agreements then in use in connection with the grant of the Successor Franchise at least six months before expiration of the Initial Term. Franchisee and each of Franchisee's owners will execute and deliver to Majestic a general release in a form satisfactory to Majestic of any claims against Majestic, Majestic's affiliates, and their respective subsidiaries, shareholders, officers, directors, employees, agents, successors, and assigns with the executed Successor Agreement. Franchisee will be entitled to a total of three successor five-year terms subject to the terms and conditions of the Agreement,

14. TERMINATION OF AGREEMENT.

A. TERMINATION BY FRANCHISEE.

Franchisee may terminate the Agreement if Majestic materially defaults on the Agreement and fails to cure the default within 60 days after Franchisee sends Majestic written notice specifying the nature of the default. If Franchisee terminate the Agreement, Franchisee must still comply with the post-termination obligations described in Section 15 and all other obligations that survive expiration or termination of the Agreement.

B. TERMINATION BY MAJESTIC.

Majestic may terminate the Agreement upon delivery of written notice if:

(i) Franchisee fails to comply with any mandatory System Standard and does not correct the failure within ten days of receipt of written notice if the failure is subject to cure; provided, however, that a default of the legal compliance obligations set forth in the Manual as a System Standard may not be curable and are accordingly subject to immediate termination;

(ii) Franchisee has made or makes a material misrepresentation or omission to acquire the Franchise or operate the Home;

(iii) Franchisee intentionally breaches Section 8.C;

(iv) Franchisee's Principal Owner or substitute Principal Owner fails to satisfactorily complete the initial training program or any other training program Majestic requires;

(v) Franchisee abandons or fails to actively to operate the Home for three or more consecutive calendar days without approval by Majestic;

(vi) Franchisee surrenders or transfers control of the operation of the Home without Majestic's prior written consent;

(vii) Franchisee is convicted by a trial court of or pleads no contest to a felony;

(viii) Franchisee fails to maintain required insurance coverage and does not cure the failure within ten days of the failure or receipt of a notice of default as applicable;

(ix) Franchisee interferes with Majestic's right to inspect the Home, review the Home's records, or observe the Home's operation as provided in Section 11;

(x) Franchisee engages in any dishonest, unethical, or illegal conduct or any other conduct that adversely affects the reputation of the Home, the reputation of other Majestic Businesses, the reputation of the Franchise System, or the goodwill associated with the Marks in Majestic's reasonable opinion;

(xii) Franchisee makes an unauthorized transfer in breach of Section 12;

(xiii) The lease for the Home's premises is terminated for any reason or Franchisee otherwise loses possession of the Home's premises and Franchisee does not find another approved site and sign a lease that meets Majestic's standards within 15 days;

(xiv) Any license or permit necessary for the proper operation of the Home is suspended, revoked, or not renewed;

(xv) Franchisee knowingly makes any unauthorized use or disclosure of any part of the Manual or the Confidential Information;

(xvi) Franchisee fails to meet the minimum performance requirements in Section 3.D;

(xvii) Franchisee knowingly makes any unauthorized use of the Marks or Copyrights;

(xviii) Franchisee violates any health, safety, or sanitation law or regulation and does not begin to immediately cure the violation and ultimately correct the violation within 72 hours of receipt of notice;

(xix) Franchisee fails to pay any federal, state, or local income, service, sales, or other taxes when due with respect to the operation of the Home or repeatedly fails to make or delays making payments to Franchisee's suppliers or lenders unless Franchisee is contesting Franchisee's liability for these taxes or payments in good faith;

(xx) Franchisee understates Franchisee's Gross Revenues three or more times during the Agreement's term or by more than 5% on any one occasion;

(xxi) Franchisee fails to submit when due reports or other data, information, or supporting records, pay when due any amounts due to Majestic or its affiliate, or otherwise fails to comply with the Agreement whether or not the non-compliance was corrected after Majestic delivers written notice to Franchisee on three or more occasions within any period of 24 consecutive months;

(xxii) Franchisee fails to submit when due reports or other data, information, or supporting records, pay when due any amounts due to Majestic or its affiliate, or otherwise fails to comply with the Agreement whether or not the non-compliance was corrected after Majestic delivers written notice to Franchisee on two or more occasions within any period of twelve consecutive months;

(xxiii) Franchisee makes an assignment for the benefit of creditors or admits in writing to Franchisee's insolvency or inability to pay Franchisee's debts generally as they become due, Franchisee consents to the appointment of a receiver, trustee, or liquidator of all or the substantial part of Franchisee's property, the Home or its assets are attached, seized, subjected to a writ or distress warrant, or levied upon unless the attachment, seizure, writ, warrant, or levy is vacated within 30 days, or any order appointing a receiver, trustee, or liquidator of Franchisee or the Home is not vacated within 30 days of the order's entry;

(xxiv) Franchisee fails to pay Majestic or an affiliate any amounts due and does not correct the failure within ten days after delivery of written notice;

(xxv) Franchisee defaults under a promissory note or loan agreement with respect to any material financing arrangement and fails to cure the default before the expiration of the cure period, if any; or

(xxvi) Franchisee fails to comply with any other provision of the Agreement and does not correct the failure within 30 days after delivery of written notice.

15. RIGHTS AND OBLIGATIONS UPON TERMINATION OR EXPIRATION.

A. PAYMENT OF AMOUNTS OWED.

Franchisee will pay the unpaid Royalties, Brand Fund contributions, interest, and all other unpaid amounts owed to Majestic or an affiliate within 15 days of termination or expiration.

B. DE-IDENTIFICATION.

Following expiration or termination for any reason of the Agreement:

(i) Franchisee will not directly or indirectly at any time or in any manner except in connection with other Majestic Businesses Franchisee owns and operates (x) identify Franchisee as a current or former franchisee, (y) use any Copyright, Mark, colorable imitation of a Mark, trade name, trademark, service mark, or commercial symbol that is confusingly similar to any Mark or other indicia of a Majestic Business in any manner for any purpose, or (z) use any trade name, trademark, service mark, or commercial symbol that indicates or suggests a connection or association with Majestic;

(ii) Franchisee will take any action required to cancel all fictitious or assumed name or equivalent registrations relating to Franchisee's use of any Mark;

(iii) Franchisee will deliver to Majestic all advertising, marketing, and promotional materials, forms, and other materials containing any Mark or Copyright or otherwise identifying or relating to a Majestic Business that Majestic requests and allow Majestic to remove these items from the Home without liability to Franchisee or third parties, to remove these items from the Home within 30 days;

(iv) Notify all Internet search engines of the termination of Franchisee's right to use all domain names and Websites directly or indirectly associated with the Home and authorize those search engines to transfer all rights to Majestic or a designee. Majestic has the absolute right and interest in and to all domain names and Websites associated with the Marks or the Home. Franchisee hereby authorizes Majestic to direct all applicable parties to transfer Franchisee's domain names and Websites to Majestic or a designee if the Agreement expires or is terminated for any reason. All parties may accept the Agreement as conclusive of Majestic's right to the domain names and Websites. The Agreement constitutes the authority from Franchisee for all parties to transfer the domain names and Websites to Majestic; and

(v) Franchisee will give Majestic evidence reasonably satisfactory to Majestic of Franchisee's compliance with the foregoing obligations within 30 days of expiration or termination.

C. CONFIDENTIAL INFORMATION AND CLIENT INFORMATION.

Franchisee will immediately cease using any part of the Confidential Information and other proprietary intellectual property in any business or otherwise and return to Majestic all copies of the Manual and any other confidential materials that loaned to Franchisee by Majestic that Franchisee has in Franchisee's possession or control. A violation of this Section 15.B will subject Franchisee to damages of $25,000 per violation as specified in Section 15.D.

D. EARLY TERMINATION DAMAGES.

Franchisee will pay all amounts owed to Majestic or an affiliate under the Agreement or any related agreement which then are unpaid within ten days of expiration or termination of the Agreement. If the Agreement is terminated prior to the Agreement's expiration for any reason, Franchisee will pay additional damages (the "**Termination Damages**") in one lump sum as follows: (i) if the Agreement is terminated during the first twelve months of operation, Franchisee will pay $80,000, (ii) if the Agreement is terminated during months 12 to 24 of operation, Franchisee will pay $100,000, (iii) if the Agreement is terminated during months 25 to 46 of operation, Franchisee will pay $80,000, and (iv) if the Agreement is terminated after month 47 of operation, Franchisee will pay $50,000.

The Parties acknowledge that the Termination Damages represent the best estimate of Majestic's damages for lost future Royalties and Brand Fund contributions arising from termination of the Agreement before natural expiration. Termination Damages are not a penalty. Payment of the Termination Damages is compensation to Majestic for lost future Royalties and Brand Fund contributions only and is in addition to, and not in lieu of, Franchisee's obligation to pay any other amounts owed to Majestic or an affiliate and to otherwise comply with the post-termination obligations of the Agreement.

16. <u>RELATIONSHIP OF THE PARTIES AND INDEMNIFICATION</u>.

A. INDEPENDENT BUSINESS OWNER.

The Parties acknowledge that the Agreement does not create a fiduciary relationship between the Parties. Franchisee has no express or implied authority to act as agent of Majestic or of any affiliates for any purpose. Franchisee is an independent business owner responsible for all the obligations and liabilities of the Franchise and all claims or demands based on the direct or indirect injury, illness, or death of any person resulting from Franchisee's operation of the Home. The Parties are not and do not intend to become partners, associates, or joint employers in any way and the Parties will not be construed to be jointly liable for any of Franchisee's acts or omissions under any circumstances. Majestic has no relationship with Franchisee's employees and Franchisee has no relationship with Majestic's employees. Franchisee will conspicuously identify Franchisee in all dealings with clients, suppliers, public officials, Franchisee's personnel, and any other person as the operator of a Majestic Business under a franchise granted by Majestic and to place notices of independent ownership on the forms, business cards, stationery, advertising, and any other materials required by Majestic.

B. NO LIABILITY FOR ACTS OF OTHER PARTY.

Neither Party will make any express or implied agreements, warranties, guarantees, or representations nor incur any debt in the name or on behalf of the other Party or represent that the relationship between the Parties is other than that of franchisor and franchisee. Majestic will not be obligated for any damages to any person or property directly or indirectly arising out of Franchisee's operation of the Home or any other activities conducted under the Agreement by Franchisee.

C. TAXES.

Franchisee will pay any sales, use, service, occupation, excise, gross receipts, income, property, or other taxes levied upon Franchisee or the Home in connection with Franchisee's operation of the Home. Majestic will have no liability for these taxes except any taxes Majestic is required by law to collect from Franchisee for purchases from Majestic and Majestic's income taxes.

D. INDEMNIFICATION.

Franchisee will indemnify, defend, and hold harmless Majestic, its affiliates, and their respective shareholders, directors, officers, employees, agents, representatives, successors, and assigns (collectively, the "**Indemnified Parties**") from and against any claims, obligations, and damages directly or indirectly arising out of (i) operation of the Home, (ii) business Franchisee conducts under the Agreement, (iii) Franchisee's breach of the Agreement, or (iv) any non-compliance or alleged non-compliance with any law, ordinance, rule or regulation concerning the construction, design, or operation of the Home including, without limitation, the Americans with Disabilities Act and other laws regarding public accommodations for persons with disabilities. For purposes of this indemnification, "**claims**" include all obligations, damages (actual, consequential, punitive, or otherwise), and costs that any Indemnified Party reasonably incurs in defending any claim including, without limitation, reasonable fees for accountants, arbitrators, attorneys, expert witnesses, court costs, travel and living expenses, and any other related expenses. Each Indemnified Party may defend and control the defense of any claim against it that is subject to indemnification at Franchisee's expense. Franchisee may not settle any claim or take any other remedial, corrective, or other action relating to any claim without Majestic's consent. This indemnity will continue in full force and effect subsequent to and notwithstanding the Agreement's expiration or termination. An Indemnified Party need not seek recovery from an insurer or other third party or otherwise mitigate its losses and expenses in order to maintain and recover fully a claim against Franchisee. An Indemnified Party's failure to pursue a recovery or mitigate a loss will not reduce or alter the amounts that an Indemnified Party may recover from Franchisee.

17. CONSTRUCTION AND ENFORCEMENT.

A. GOVERNING LAW.

All matters relating to any disputes between the Parties or arising from the relationship between the Parties will be governed by applicable federal law (e.g., the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 *et seq.*)) or the laws of Arizona without regard to Arizona's conflict of laws rules.

B. SEVERABILITY AND SUBSTITUTION OF VALID PROVISIONS.

Each provision of the Agreement will be considered severable in whole or in part. If any applicable and binding law imposes mandatory, non-waivable terms or conditions that conflict with a provision of the Agreement, the terms or conditions required by the law will govern to the extent of the inconsistency and supersede the conflicting provision of the Agreement. If a court of competent jurisdiction concludes that any provision of the Agreement is unreasonable or unenforceable, the court may modify the provision to the minimum extent necessary to make the provision enforceable or Majestic may unilaterally modify the provision to the minimum extent necessary to make the provision enforceable.

C. WAIVER OF OBLIGATIONS.

Either Party may unilaterally waive or reduce any obligation of or restriction upon the other Party via written instrument. Any waiver that Majestic grants will be without prejudice to any other rights Majestic may have and may be revoked upon written notice to Franchisee. Neither Party will be deemed to have waived or impaired any right, power, or option reserved by the Agreement including, without limitation, the right to demand exact compliance with every term, condition, and covenant in the Agreement or to lawfully terminate the Agreement before the expiration of its term by virtue of (i) any custom or practice of the Parties at variance with the terms of the Agreement, (ii) any failure, refusal, or neglect by a Party to exercise any right under the Agreement or to insist upon exact compliance of the other Party's compliance with its obligations under the Agreement including, without limitation, any mandatory System Standard or operating procedure, (iii) any waiver, forbearance, delay, failure, or omission by Majestic to exercise any right, power, or option whether of the same, similar, or different nature relating to other Majestic Businesses, or (iv) the acceptance by Majestic Residence of any payments due from Franchisee after a default of the Agreement.

D. COSTS AND ATTORNEYS' FEES.

If Majestic incurs expenses due to Franchisee's failure to comply with any provision of the Agreement including, without limitation, any System Standard, Franchisee will reimburse Majestic for any costs or expenses incurred including, without limitation, , reasonable fees for accountants, arbitrators, attorneys, expert witnesses, court costs, travel and living expenses, and any other related expenses whether or not a legal proceeding is initiated.

E. FRANCHISEE MAY NOT WITHHOLD PAYMENTS.

Franchisee will not withhold payment of any amounts owed to Majestic or an affiliate predicated on alleged nonperformance of any of Majestic's obligations under the Agreement.

F. RIGHTS OF PARTIES ARE CUMULATIVE.

The Parties' rights under the Agreement are cumulative. A Party's exercise or enforcement of any right or remedy under the Agreement will not preclude the Party of the exercise or enforcement of any other right or remedy under the Agreement that the Party is entitled by law to enforce.

G. DISPUTE RESOLUTION.

The Parties will submit any claim, dispute, or disagreement excepting any claim for injunctive relief, but including any matter pertaining to the validity, enforcement, or interpretation of the Agreement including, without limitation, compliance with the System Standards, issues relating to the offer and sale of the Franchise, or the relationship between the Parties (each, a "**Dispute**") to mediation before a mutually agreed upon mediator. If the Parties cannot agree on a mediator, the American Arbitration Association located in Maricopa County, Arizona will appoint a single mediator. Mediation will take place in a mutually agreed location. Mediation will be completed within 30 days of the Dispute being filed and limited to eight hours. The Parties will equally split all associated mediation costs and fees.

If a Dispute is not resolved by mediation within 30 days after either Party makes a demand for mediation, the Parties will submit to the personal jurisdiction of the state or federal court in Arizona for litigation of all unresolved claims.

H. CONSENT TO JURISDICTION.

Except as otherwise provided in the Agreement, Franchisee and Franchisee's owners agree that all mediation and litigation proceedings involving any Dispute will be commenced in the county in which Majestic's principal place of business is located at the time the Dispute arises (currently, Maricopa County, Arizona) and Franchisee and each owner irrevocably submits to the jurisdiction of the state and federal courts of general jurisdiction in the county. Notwithstanding the foregoing, Franchisee and Franchisee's owners agree that (i) Majestic may enforce the Agreement and any mediation orders and awards in the courts of the state in which Franchisee is domiciled or the Home is located, and (ii) if the laws of the state in which the Home is located prohibit Majestic from restricting jurisdiction or venue exclusively to a forum outside of that state with respect to any claim arising under the state's franchise laws, then either Party may bring the claim either in the county in which Majestic Residence's principal place of business is located or the state in which the Home is located.

I. WAIVER OF RIGHTS AND LIMITATION OF CLAIMS.

UNLESS PROHIBITED BY APPLICABLE LAW, ANY DISPUTE (OTHER THAN FOR PAYMENT OF MONIES OWED OR A DISPUTE INVOLVING FRANCHISEE'S UNAUTHORIZED USE OF MAJESTIC'S INTELLECTUAL PROPERTY) MUST BE BROUGHT BY FILING A WRITTEN DEMAND FOR MEDIATION OR LITIGATION IF PERMITTED WITHIN ONE YEAR FOLLOWING THE CONDUCT, ACT, OR OTHER EVENT GIVING RISE TO THE CLAIM OR THE RIGHT TO ANY REMEDY WILL BE DEEMED FOREVER WAIVED AND BARRED. THE PARTIES IRREVOCABLY WAIVE (i) TRIAL BY JURY, (ii) THE RIGHT TO MEDIATE OR LITIGATE ON A CLASS ACTION BASIS IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM WHETHER AT LAW OR IN EQUITY BROUGHT BY EITHER PARTY, AND (iii) THE RIGHT TO CLAIM OR RECOVER ANY PUNITIVE OR EXEMPLARY DAMAGES. EACH PARTY WILL BE LIMITED TO EQUITABLE RELIEF AND THE RECOVERY OF ANY ACTUAL DAMAGES SUSTAINED.

J. INJUNCTIVE RELIEF.

Nothing in the Agreement bars Majestic's right to obtain preliminary orders of specific performance of the provisions of the Agreement and temporary or preliminary injunctive relief against threatened conduct that will cause Majestic, the Marks, or the Franchise System loss or damage under customary equity rules including applicable rules for obtaining restraining orders and preliminary injunctions subject to the obligation to mediate the underlying claims if required under Section 17.G. Majestic may obtain injunctive relief in addition to any further or other relief as may be available at law or in equity. Majestic will not be required to post a bond to obtain injunctive relief. Franchisee's only remedy if an injunction is entered against Franchisee will be the dissolution of that injunction, if warranted, upon due hearing with all claims for damages by injunction being expressly waived. If a court of competent jurisdiction requires the filing of a bond notwithstanding the preceding sentence, the bond will not exceed $1,000.

K. BINDING EFFECT.

The Agreement is binding upon the Parties and the Parties' respective executors, administrators, heirs, beneficiaries, permitted assigns and successors in interest. Subject to Majestic's rights to unilaterally modify the Manual and the System Standards, the Agreement may not be modified except by a written agreement signed by both Parties.

L. CONSTRUCTION.

THE AGREEMENT CONSTITUTES THE ENTIRE AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CHANGED UNLESS PERMITTED BY SECTION 4.D, SECTION 8.H, AND SECTION 17.B AS EVIDENCED BY A WRITTEN DOCUMENT SIGNED BY BOTH PARTIES. Any email correspondence or other form of informal electronic communication will not be deemed to modify the Agreement unless the communication is signed by both Parties and specifically states that it is intended to modify the Agreement. The Preambles and Exhibits are a part of the Agreement which together with the Manual and any riders or addenda signed at the same time as the Agreement, constitutes the Parties' entire agreement and supersedes all prior and contemporaneous oral or written agreements and understandings between the Parties. There are no other oral or written understandings or agreements between the Parties relating to the subject matter of the Agreement. Except as provided in Section 16.D, nothing in the Agreement is intended to confer any rights or remedies upon any person or legal entity not a party to the Agreement. Nothing in the Agreement or in any related agreement is intended to disclaim the representations made in the Franchise Disclosure Document.

Except where the Agreement expressly obligates Majestic to reasonably approve or not unreasonably to withhold approval of any of Franchisee's actions or requests, Majestic has the absolute right to refuse any request Franchisee makes or to withhold approval of any of Franchisee's proposed, initiated, or completed actions that require approval.

Section headings are for convenience only and do not define or limit the contents of the Sections.

References in the Agreement to Majestic includes any affiliate that Franchisee deals with in connection with the Home. The term "**affiliate**" means any person or entity directly or indirectly owned or controlled by, under common control with, or owning or controlling Majestic. The term "**control**" means the power to direct or cause the direction of management and policies.

If two or more persons are at any time Franchisee's owners whether as partners or joint venturers, all of those persons will sign the Agreement and their obligations and liabilities will be joint and several. The term "**owner**" means (i) Franchisee if Franchisee consists of one or more individuals, and (ii) any individual holding a direct or indirect ownership interest whether of record, beneficially, or otherwise or voting rights in any entity that owns the Franchise or any interest in the Franchise. The term "**person**" means any natural person, corporation, limited liability company, general or limited partnership, unincorporated association, cooperative, or other legal or functional entity.

The Agreement may be executed in multiple copies, each of which will be deemed an original.

M. COVENANT OF GOOD FAITH.

If applicable law implies a covenant of good faith and fair dealing in the Agreement, the covenant will not imply any rights or obligations that are inconsistent with a fair construction of the terms of the Agreement. If applicable law implies a covenant of good faith and fair dealing, (i) the Agreement grants Majestic discretion to make decisions, take actions, or refrain from taking actions not inconsistent with Majestic's explicit rights and obligations under the Agreement that may favorably or adversely affect Franchisee's interests, (ii) Majestic will use its judgment in exercising the discretion based on an assessment of its own interests and balancing those interests against the interests of franchisees generally, and specifically without considering Franchisee's individual interests or the individual interests of any other particular franchisee, (iii) Majestic will have no liability to Franchisee for the exercise of its discretion in this manner as long as the discretion is not exercised in bad faith, and (iv) in the absence of bad faith, no trier of fact in any mediation or litigation will substitute its judgment for the judgment so exercised.

N. INTERIM TERM.

If Franchisee does not execute a Successor Agreement after the expiration of the Initial Term and Franchisee continues to accept the benefits of the Agreement after the expiration of the Initial Term, then at Majestic's option, the Agreement may be treated either as: (i) expired as of the date of the expiration with Franchisee then operating without a franchise license and in violation of Majestic's rights; or (ii) continued on a month-to-month basis (the "**Interim Term**") until either Party provides the other Party with written notice of the terminating Party's intention to terminate the Interim Term. In the latter case, all of Franchisee's obligations will remain in full force and effect during the Interim Term as if the Agreement had not expired and all obligations and restrictions imposed on Franchisee upon expiration of the Agreement will be deemed to take effect upon termination of the Interim Term. Alternatively, at Majestic's sole option and discretion, Majestic may impose a $500 monthly fee in addition to the average of the last 6 months' Royalties paid prior to the expiration of the Term until the Parties resolve the issue resulting from the failure to renew or terminate their relationship at expiration.

O. FORCE MAJEURE.

Neither Party will be in breach of the Agreement or responsible for damages caused by delay or failure to perform in full or in part the Party's obligations under the Agreement provided that there is due diligence in attempted performance under the circumstances and that the delay or failure is due to one of the following *force majeure* events: fire, earthquake, unusually severe weather, strikes, government sanctioned embargo, flood, act of God, war, terrorism, the act or delay in acting of any public authority or sovereign government including, without limitation, government delays in issuing required permits, civil disorder, delay or destruction caused by public carrier, curtailment of transportation facilities, or any other similar circumstance substantially beyond the control of the Party to be charged that cannot be reasonably forecast or prevented. Each Party will promptly notify the other Party upon discovery of a *force majeure* event that may cause a failure or delay in performance under the Agreement.

P. LIMITED LIABILITY FOR RELATED PARTIES.

No past, present, or future director, officer, employee, incorporator, member, partner, stockholder, subsidiary, affiliate, controlling party, entity under common control, ownership or management, vendor, service provider, agent, attorney or representative of Majestic will have any liability for (i) any of Majestic's obligations or liabilities relating to or arising from the Agreement, (ii) any claim against Majestic based on, in respect of, or by reason of the relationship between the Parties, or (iii) any claim against Majestic based on Franchisee's alleged unlawful act or omission.

18. NOTICES, REPORTS, AND PAYMENTS.

All written notices, reports, and payments permitted or required to be delivered under the Agreement or the Manual will be deemed delivered:

(i) When delivered via computer transmission if the sender has confirmation of a successful transmission and in the case of the Royalty, Brand Fund contributions, and other amounts due at the time Majestic actually debits the Account;

(ii) One business day after transmission by telecopy, facsimile, or other electronic system if the sender has confirmation of successful transmission;

(iii) One business day after being placed in the hands of a commercial courier service for next business day delivery; or

(iv) Three business days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, with postage prepaid;

and must be addressed to the Party to be notified at its most current principal business address of which the notifying Party has notice. Notwithstanding the foregoing, if Franchisee's check for payment of Royalties, Brand Fund contributions, or other amounts due is dishonored by Franchisee's financial institution, the payment will not be deemed to be made until a replacement check is cleared by Franchisee's financial institution. Any required payment or report that Majestic does not actually receive during regular business hours on the date due or postmarked by postal authorities at least three days beforehand will be deemed delinquent.

19. ACKNOWLEDGMENTS.

To induce Majestic to sign the Agreement and grant Franchisee the Franchise, Franchisee acknowledges that:

(i) Franchisee has independently investigated the franchise opportunity and recognizes that, like any other business, the nature of a Majestic Business may evolve and change over time;

(ii) An investment in a Majestic Business involves business risks;

(iii) Franchisee's business abilities and efforts are vital to Franchisee's success.

(iv) Retaining clients for the Home will require a high level of service and strict adherence to the Franchise System;

(v) Franchisee is committed to maintaining the System Standards;

(vi) Except as described in the Franchise Disclosure Document, Franchisee has not received or relied upon, and Majestic expressly disclaims making, any express or implied representation, warranty, or guarantee regarding the revenues, profits, or success of the Home or any other Majestic Business;

(vii) Any information Franchisee has acquired from other franchisees regarding revenue, profits, or success is not information obtained from Majestic and Majestic makes no representation about the information's accuracy;

(viii) Franchisee has no knowledge of any representations made about the franchise opportunity by Majestic, its affiliates, or any of their respective officers, directors, shareholders, or agents that are contrary to the statements made in the Franchise Disclosure Document or to the terms and conditions of the Agreement;

(ix) In all of their dealings with Franchisee, Majestic's officers, directors, employees, and agents acted only in a representative, and not in an individual, capacity. Business dealings between Franchisee and any of them as a result of the Agreement are only between the Parties;

(x) Franchisee has represented to Majestic that all statements Franchisee has made and all materials Franchisee has given to Majestic in connection with the acquisition of the Franchise to induce Majestic to enter into the Agreement are accurate and complete; and

(xi) Franchisee has read the Agreement and the Franchise Disclosure Document and understands and accepts that the terms and covenants in the Agreement are reasonably necessary for Majestic to (i) maintain high standards of quality and service, (ii) ensure the uniformity of the standards at each Majestic Business, and (iii) protect and preserve the goodwill of the Marks.

IN WITNESS WHEREOF, the Parties have executed and delivered the Agreement effective as of the Effective Date.

FRANCHISEE:	MAJESTIC:
______________________________	MAJESTIC RESIDENCES FRANCHISE SYSTEMS, LLC,
a ______________________________	a Delaware limited liability company
By: ______________________________	By: ______________________________
Name: ______________________________	Name: ______________________________
Title: ______________________________	Title: ______________________________
Date: ______________________________	Date: ______________________________

EXHIBIT A

TERRITORY AND SITE

Territory:

____
____
____
____
____

Site of Home:

____
____
____
____
____

FRANCHISEE:	MAJESTIC:
______________________________ a ____________________________	MAJESTIC RESIDENCES FRANCHISE SYSTEMS, LLC, a Delaware limited liability company
By: __________________________	By: __________________________
Name: ________________________	Name: ________________________
Title: _________________________	Title: _________________________
Date: _________________________	Date: _________________________

EXHIBIT B

ACH AUTHORIZATION FORM

Account Holder Information:

Name: ____
Address: ____
Telephone: ____
Email Address: _______________________________________

Account Information:

Financial Institution: __________________________________
Contact Name: _______________________________________
Address: ____
Telephone: ____
Routing Number: _____________________________________
Account Name: _______________________________________
Account Number: _____________________________________

Account Holder hereby authorizes Majestic Residences Franchise Systems, LLC ("**Majestic**") to initiate debit entries to Account Holder's account with the financial institution above. Account Holder authorizes the financial institution to debit amounts from Account Holder's account. Each debit will be made in an amount sufficient for any fees payable to Majestic pursuant to any agreement between Majestic and Account Holder. Account Holder will be bound by the National Automated Clearing House Association rules. Debit entries will be initiated only as authorized. This authorization is to remain in full force and effect until Majestic has received written notification from Account Holder of termination in a time and manner affording Majestic and the financial institution a reasonable opportunity to act. Account Holder will notify Majestic of any changes to any of the information contained in this authorization form at least 30 days before the change becomes effective.

Account Holder: ____________________ Date: ______________________________

FEIN: ______________________________

By: ________________________________

Name: ______________________________

Title: _______________________________

EXHIBIT C

MAJESTIC RESIDENCES FRANCHISE SYSTEMS, LLC
PERSONAL GUARANTEE

MAJESTIC RESIDENCES FRANCHISE SYSTEMS, LLC
PERSONAL GUARANTEE

In consideration of, and as an inducement to, the execution of a Majestic Residences Franchise Systems, LLC Franchise Agreement dated _______________ (the "**Agreement**"), by MAJESTIC RESIDENCES FRANCHISE SYSTEMS, LLC ("**Majestic**") in favor of _______________ ("**Franchisee**"), each of the undersigned (collectively, "**Guarantor(s)**") hereby personally and unconditionally guarantees to Majestic, its affiliates, and their successors and assigns for the term of the Agreement and thereafter that Franchisee will punctually pay and perform each and every undertaking, agreement, and covenant set forth in the Agreement. Guarantor(s) will be personally and unconditionally bound by every undertaking, agreement, and covenant of Franchisee set forth in the Agreement. Guarantor(s) will personally comply with and abide by the non-competition provisions, other restrictive covenants, and non-disclosure provisions of the Agreement and by the provisions in the Agreement relating to trademarks, assignment, and transfer to the same extent as and for the same period of time as Franchisee is required to comply with and abide by the covenants and provisions. All of the foregoing obligations of Guarantor(s) will survive any expiration, transfer, or termination of the Agreement or the Guarantee.

Guarantor(s) waives the following:

(a) Notice of demand for payment of any indebtedness or nonperformance of any guaranteed obligations;

(b) Protest and notice of default to any party with respect to the indebtedness or nonperformance of any guaranteed obligations; and

(c) Any right Guarantor(s) may have to require that any action be brought against Franchisee or any other person as a condition of liability.

Guarantor(s) consents and agrees that:

(a) Guarantor(s)'s direct and immediate liability will be joint and several with any other guarantors;

(b) Guarantor(s) will render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so;

(c) Guarantor(s)'s liability will not be contingent or conditioned upon pursuit by Majestic of any remedies against Franchisee or any other person; and

(d) Guarantor(s)'s liability will not be diminished, relieved, or otherwise affected by any extension of time, credit, or other indulgence that Majestic 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 will in any way modify or amend the Guarantee that will irrevocably continue for the term of the Agreement.

If Majestic, its affiliates, or its successors and assigns are required to enforce the Guarantee in any judicial proceeding, Guarantor(s) will reimburse Majestic, its affiliates, or its successors and assigns for costs and expenses including, without limitation, reasonable fees for accountants, attorneys, attorney assistants, and expert witnesses, costs of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses, whether incurred prior to, in preparation for, or in contemplation of the filing of any written demand, claim, action, hearing, or proceeding to enforce the Guarantee.

The terms contained in the Agreement, any applicable addendum, and the Guarantee constitute the entire agreement between the parties relating to the Guarantee and there are no representations, inducements, promises, or agreements between the parties not embodied in the Guarantee.

IN WITNESS WHEREOF, Guarantor(s) has affixed Guarantor(s)'s signature to this Guarantee effective as of the same day and year as the Agreement was executed.

GUARANTOR(S):

By: ____________________	By: ____________________
Name: ____________________	Name: ____________________
Address: ____________________	Address: ____________________
____________________	____________________
____________________	____________________
Date: ____________________	Date: ____________________
By: ____________________	By: ____________________
Name: ____________________	Name: ____________________
Address: ____________________	Address: ____________________
____________________	____________________
____________________	____________________
Date: ____________________	Date: ____________________

EXHIBIT C

LIST OF FRANCHISEES

Current Franchisees:

State	City	Address	Telephone	Owner
Arizona	Chandler	1924 North Pennington Drive Chandler, Arizona	(480) 448-0796	Celestial Care Homes, LLC
Arizona	Mesa	1217 East Kenwood Street Mesa, Arizona 85203	(623) 264-6757	Minnie Lee's Senior Home Care, LLC
Arizona	Scottsdale	6739 East Sweetwater Avenue Scottsdale, Arizona 85254	(602) 610-1872	Well-Heeled Adult Care Sweetwater, LLC
Arizona	Scottsdale	14203 North 68th Place Scottsdale, Arizona 85254	(602) 610-1872	Well-Heeled 68th Place, LLC
Arizona	Scottsdale	12433 North 71st Street Scottsdale, Arizona 85254	(602) 610-1872	Well Heeled Adult Care 71 Street, LLC
Arizona	Surprise	15358 West Post Circle Surprise, Arizona 85374	(623) 352-8070	Silver Haven Surprise, LLC
Arizona	Scottsdale	7515 East Sweetwater Avenue Scottsdale, Arizona 85254	(602) 483-4039	Sweetwater Management, LLC
Florida	Longwood	2825 Waldens Pond Cove Longwood, Florida 32779	(689) 600-2051	Arrows Unlimited FL, Inc.
Michigan	West Bloomfield	6449 Rutledge Park Drive West Bloomfield, Michigan 48322	(248) 985-9899	Golden Grace, LLC
North Carolina	Apex	1100 Wellstone Circle Apex, North Carolina 27502	(919) 446-6222	DC & EC Holdings, LLC
North Carolina	Charlotte	3505 Oriole Place Charlotte, North Carolina 28269	(704) 401-6268	Majestic of the Carolinas, LLC
North Carolina	Cary	115 Steep Bank Drive Cary North Carolina 27518	(919) 303-1146	DC & EC Holdings, LLC
North Carolina	Cary	142 Trafalgar Lane Cary, North Carolina 27513	(919) 234-1070	DC & EC Holdings, LLC
North Carolina	Cary	SE Maynard Road Cary North Carolina 27511	(919) 650-1676	DC & EC Holdings, LLC
North Carolina	Cary	6645 Tyron Road Cary, North Carolina 27518	(919) 242-0752	DC & EC Holdings, LLC
North Carolina	Durham	1305 Capstone Drive Durham, North Carolina 27713	(916) 769-7956	Holistic Senior Care, LLC
North Carolina	Fuquay-Varina	605 Lawson Cypress Lane Fuquay-Varina, North Carolina 27526	(919) 762-7219	Thomas' Serenity LLC DBA AAL at Southern Oaks

State	City	Address	Telephone	Owner
North Carolina	Fuquay-Varina	709 Minerva Dale Drive Fuquay-Varina, North Carolina 27526	(919) 285-3364	Miss Bell's Assisted Living, LLC
North Carolina	Garner	181 Kaspurr Drive Garner, North Carolina 27520	(919) 585-2180	Miss Bell's Assisted Living, LLC
North Carolina	Raleigh	2268 Lazy River Drive Raleigh, North Carolina 27610	(919) 917-7992	Lazy River 1, LLC
North Carolina	Raleigh	4520 Dilford Drive Raleigh, North Carolina, 27610	(919) 307-8547	Tonia Burton
North Carolina	Raleigh	1008 Flower Round Court Raleigh, North Carolina 27610	(919) 255-6890	MC & MC Service, LLC
North Carolina	Rolesville	451 Bendemeer Lane Rolesville, North Carolina 27571	(919) 435-4459	MC & MC Service, LLC
North Carolina	Rolesville	5112 Granitic Drive Rolesville, North Carolina 27571	(919) 435-6145	MC & MC Service, LLC
North Carolina	Rolesville	129 Nortwick Road Rolesville, North Carolina 27571	(919) 435-6145	MC & MC Service, LLC
North Carolina	Wingate	111 Maye Street Wingate, North Carolina 28174	(704) 219-3698	Mundie Care Homes & Services, Inc.
Oregon	Bend	228 Southeast Soft Tail Drive Bend, Oregon 97702	(541) 588-7990	KMK Enterprises, Inc.
Texas	Conroe	8206 Laughing Falcon Trail Conroe, Texas 77385	(936) 246-2344	Lisa Dodds
Wisconsin	Kenosha	5905 19th Avenue Kenosha, Wisconsin 53140	(541) 588-7990	Kindred Living of Kenosha, LLC
Wisconsin	Kenosha	1834 60th Street Kenosha, Wisconsin 53140	(541) 588-7990	Kindred Living of Kenosha, LLC
Wisconsin	Kenosha	6024 18th Avenue Kenosha, Wisconsin 53143	(541) 588-7990	Kindred Living of Kenosha, LLC
Dominican Republic	N/A	C. Dr Jose A. Polanco 12 Santo Domingo, 10605 Dominican Republic	(917) 538-2893	The Saritacelestec Homes, LLC

Former Franchisees:

State	City	Address	Telephone	Owner
Tennessee	Cookeville	570 State Street Cookeville, Tennessee 38501	(931) 322-4439	Pleasant Places RAL, Inc.
Texas	Dallas	5105 Creighton Drive Dallas, Texas 75214	(404) 906-7435	Triple M Care Services, LLC

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

EXHIBIT D

LIST OF STATE AGENCIES AND AGENTS FOR SERVICE OF PROCESS

Listed below are the names, addresses and telephone numbers of the state agencies having responsibility for franchising disclosure or registration laws. We may not be registered to sell franchises in all of these states.

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
CALIFORNIA	Department of Financial Protection and Innovation 320 West Fourth Street, Suite 750 Los Angeles, California 90013 (866) 275-2677	Department of Financial Protection and Innovation 320 West Fourth Street, Suite 750 Los Angeles, California 90013
FLORIDA	Department of Agriculture and Consumer Services Division of Consumer Services The Rhodes Building 2005 Apalachee Parkway Tallahassee, Florida 32399 (850) 410-3800	Department of Agriculture and Consumer Services Division of Consumer Services The Rhodes Building 2005 Apalachee Parkway Tallahassee, Florida 32399
HAWAII	Business Registration Division Securities Compliance Branch Hawaii Department of Commerce and Consumer Affairs 335 Merchant Street, Room 205 Honolulu, Hawaii 96813 (808) 586-2722	Hawaii Commissioner of Securities Hawaii Department of Commerce and Consumer Affairs 335 Merchant Street, Room 205 Honolulu, Hawaii 96813
ILLINOIS	Office of the Attorney General Franchise Division 500 South Second Street Springfield, Illinois 62701 (217) 782-1090	Illinois Attorney General Office of the Attorney General Franchise Division 500 South Second Street Springfield, Illinois 62701
INDIANA	Securities Commissioner Indiana Securities Division 302 West Washington Street, Room E-111 Indianapolis, Indiana 46204 (317) 232-6681	Indiana Secretary of State 201 State House 200 West Washington Street Indianapolis, Indiana 46204
MARYLAND	Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202 (410) 576-6300	Maryland Securities Commissioner Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
MICHIGAN	Michigan Department of Attorney General Consumer Protection Franchise Division 525 West Ottawa Street G. Mennen Williams Building, First Floor Lansing, Michigan 48913 (517) 335-7567	Michigan Department of Commerce Corporations and Securities Bureau 525 West Ottawa Street G. Mennen Williams Building First Floor Lansing, Michigan 48913
MINNESOTA	Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, Minnesota 55101 (651) 539-1500	Minnesota Commissioner of Commerce Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, Minnesota 55101
NEW YORK	Investor Protection Bureau New York State Department of Law 28 Library Street, 21st Floor New York, New York 10005 (212) 416-8222	Secretary of State of New York 99 Washington Avenue Albany, New York 12231
NORTH DAKOTA	Securities Department 600 East Boulevard Avenue State Capitol, Fifth Floor Department 414 Bismarck, North Dakota 58505-0510 (701) 328-2910	Securities Commissioner Securities Department 600 East Boulevard Avenue State Capitol, Fifth Floor Department 414 Bismarck, North Dakota 58505-0510
RHODE ISLAND	Securities Division Department of Business Regulation 1511 Pontiac Avenue Cranston, Rhode Island 02920 (401) 462-9500	Director Department of Business Regulation John O. Pastore Center Building 69, First Floor 1511 Pontiac Avenue Cranston, Rhode Island 02920
SOUTH DAKOTA	Department of Revenue and Regulation Securities Division 124 South Euclid Avenue, Second Floor Pierre, South Dakota 57501 (605) 773-3563	Director Department of Revenue and Regulation Securities Division 124 South Euclid Avenue, Second Floor Pierre, South Dakota 57501
UTAH	Department of Commerce Consumer Protection Division 160 East 300 South Salt Lake City, Utah 84114 (801) 530-6601	Department of Commerce Consumer Protection Division 160 East 300 South Salt Lake City, Utah 84114

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, Virginia 23219 (804) 371-9051	Clerk of the State Corporation Commission 1300 East Main Street Richmond, Virginia 23219
WASHINGTON	Department of Financial Institutions Securities Division 150 Israel Road SW Tumwater, Washington 98501 (360) 902-8700	Director Department of Financial Institutions Securities Division 150 Israel Road SW Tumwater, Washington 98501
WISCONSIN	Department of Financial Institutions Securities Division 345 West Washington Avenue Fourth Floor Madison, Wisconsin 53703 (608) 266-8557	Wisconsin Commissioner of Securities Department of Financial Institutions Securities Division 345 West Washington Avenue Fourth Floor Madison, Wisconsin 53703

EXHIBIT E

CONFIDENTIAL OPERATIONS MANUAL TABLE OF CONTENTS

EXHIBIT F

STATE-SPECIFIC ADDITIONAL DISCLOSURES AND RIDERS

RIDER TO THE
MAJESTIC RESIDENCES FRANCHISE SYSTEMS, LLC
DISCLOSURE DOCUMENT FOR USE IN MARYLAND

This Rider to the Majestic Residences Franchise Systems, LLC Disclosure Document for use in Maryland (the "**Rider**") is effective as of ______________ (the "**Effective Date**"), and by and between MAJESTIC RESIDENCES FRANCHISE SYSTEMS, LLC, a Delaware limited liability company located at 2053 East Sanoque Boulevard, Gilbert, Arizona 85298 ("**Majestic**") and ______________, a ______________ located at ______________ ("**Franchisee**"). Franchisee and Majestic will sometimes be referred to collectively as the "**Parties**."

1. PREAMBLE

The Parties are parties to that certain Majestic Residences Franchise Systems, LLC Franchise Agreement dated ______________ (the "**Franchise Agreement**") that has been executed concurrently with the Rider. The Rider is annexed to and forms a part of the Franchise Agreement. The Rider is being signed because (i) Franchisee is a resident of Maryland, (ii) the franchise that Franchisee will operate under the Franchise Agreement will be located or operated in Maryland, or (iii) any of the offering or sales activity relating to the Franchise Agreement occurred in Maryland.

2. MARYLAND LAW

The following is added to the Franchise Agreement:

(1) Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise;

(2) Under COMAR 02.02.08.16L, the general release required as a condition of renewal, sale, or assignment or transfer will not apply to any liability under the Maryland Franchise Registration and Disclosure Law;

(3) Franchisees may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law;

(4) The Franchise Agreement requires prospective franchisees to disclaim the occurrence or acknowledge the non-occurrence of acts that would constitute a violation of the Maryland Franchise Registration and Disclosure Law in order to purchase a franchise. These representations are not intended to nor will they act as a release, estoppel, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Parties have executed and delivered the Rider effective as of the Effective Date.

FRANCHISEE:	MAJESTIC:
______________________________	MAJESTIC RESIDENCES FRANCHISE SYSTEMS, LLC,
a ____________________________	a Delaware limited liability company
By: ___________________________	By: ___________________________
Name: _________________________	Name: _________________________
Title: __________________________	Title: __________________________
Date: __________________________	Date: __________________________

RIDER TO THE
MAJESTIC RESIDENCES FRANCHISE SYSTEMS, LLC
DISCLOSURE DOCUMENT FOR USE IN VIRGINIA

This Rider to the Majestic Residences Franchise Systems, LLC Disclosure Document for use in Virginia (the "**Rider**") is effective as of ______________ (the "**Effective Date**"), and by and between MAJESTIC RESIDENCES FRANCHISE SYSTEMS, LLC, a Delaware limited liability company located at 2053 East Sanoque Boulevard, Gilbert, Arizona 85298 ("**Majestic**") and ______________, a ______________ located at ______________ ("**Franchisee**"). Franchisee and Majestic will sometimes be referred to collectively as the "**Parties**."

1. PREAMBLE

The Parties are parties to that certain Majestic Residences Franchise Systems, LLC Franchise Agreement dated ______________ (the "**Franchise Agreement**") that has been executed concurrently with the Rider. The Rider is annexed to and forms a part of the Franchise Agreement. The Rider is being signed because (i) Franchisee is a resident of Virginia, (ii) the franchise that Franchisee will operate under the Franchise Agreement will be located or operated in Virginia, or (iii) any of the offering or sales activity relating to the Franchise Agreement occurred in Virginia.

2. FRANCHISE DISCLOSURE DOCUMENT

The following is added to the end of Item 17 of the Franchise Disclosure Document:

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground for default or termination stated in the franchise agreement does not constitute "reasonable cause" as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship will have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Parties have executed and delivered the Rider effective as of the Effective Date.

FRANCHISEE:	MAJESTIC:
___________________________________ a _________________________________	MAJESTIC RESIDENCES FRANCHISE SYSTEMS, LLC, a Delaware limited liability company
By: _______________________________	By: _______________________________
Name: _____________________________	Name: _____________________________
Title: ______________________________	Title: ______________________________
Date: ______________________________	Date: ______________________________

EXHIBIT G

FORM OF GENERAL RELEASE

GENERAL RELEASE

TO ALL TO WHOM THESE PRESENTS WILL COME OR MAY CONCERN, KNOW THAT:

______________ ("Releasor"), in consideration of good and valuable consideration received from Majestic Residences Franchise Systems, LLC ("Releasee"), receipt of which is hereby acknowledged, releases and discharges Releasee, Releasee's heirs, officers, members, agents, executors, administrators, successors, and assigns from all claims, actions, causes of action, suits, debts, dues, sums of money, accounts, reckonings, bonds, bills, specialties, covenants, contracts, controversies, agreements, contracts, promises, variances, trespasses, damages, judgments, extents, executions, claims, and demands whatsoever in law, admiralty, or equity that Releasor may have against Releasee and Releasee's heirs, executors, administrators, successors, and assigns that Releasor ever had, now has or hereafter may have for, upon, or by reason of any matter, cause, or thing whatsoever from the beginning of the world to the day of the date of this General Release. This General Release may not be changed orally.

IN WITNESS WHEREOF, Releasor has set Releasor's hand and seal on the date set forth below.

RELEASOR:

By: ____N/A__________________________
individually

Name: ______________________________

Date: _______________________________

On ______________ before me, the undersigned, personally appeared ______________, personally known to me or proven to me on the basis of satisfactory evidence to be the individual whose name is subscribed to this instrument and acknowledged to me that they executed the same in their capacity, and that by their signature on this instrument, the individual or the person upon behalf of which the individual acted executed this instrument.

By: ____N/A__________________________
Notary Public (SEAL)

Name: ______________________________

My commission expires: _____________

EXHIBIT H

FORM OF CONFIDENTIALITY AGREEMENT

MAJESTIC RESIDENCES
NON-SOLICITATION AND CONFIDENTIALITY AGREEMENT

This MAJESTIC RESIDENCES NON-SOLICITATION AND CONFIDENTIALITY AGREEMENT (the "Agreement") is effective as of _______________ (the "Effective Date"), and made by and between _______________ ("Employee") and _______________ ("Employer"), a Majestic Residences Franchise Systems, LLC ("Franchisor") franchisee.

PREAMBLE

WHEREAS, Employer is and has been engaged in the business that offers residential assisted living homes and related services and has built up and established an extensive business in this area;

WHEREAS, the principal assets of Employer are the goodwill of its business, the names and addresses of Employer's clients, and trade secrets and other confidential and proprietary business information of Employer including those owned by Employer and those licensed by Employer from Franchisor,

WHEREAS, Employer's employees is enabled by employment to learn contact information regarding Employer's clients, Employer's and Franchisors' trade secrets and confidential business information, and other proprietary methods of doing business; and

WHEREAS, Employee desires to be employed by Employer.

AGREEMENT

NOW, THEREFORE, in consideration of Employer's employment of Employee, sharing with Employee information regarding Employer's clients and other confidential information and trade secrets, and other good and valuable consideration, the sufficiency of which is hereby acknowledged, Employee and Employer agree as follows:

1. Definitions.

"Client" means any person or entity who has purchased services from Employer within the one-year period immediately preceding termination of Employee's employment.

"Confidential Information" means (i) the names of clients, pricing lists, proprietary purchasing and sales methods and techniques, pricing methods and strategies, databases, computer software design and improvements, market feasibility studies, proposed or existing marketing techniques or plans, future business plans, project files, design systems, manufacturing processes, techniques, information on current and potential suppliers and supplies, and the identities of service or product suppliers, and (ii) any information that derives actual or potential independent economic value for Employer by not being generally known to or readily ascertainable by proper means by other persons who may obtain economic value from disclosure or use including, without limitation, information not generally known to Employer's competitors or not intended by Employer for general dissemination.

"Directly or indirectly" means taking action as an individual, using an agent, or as a partner, joint venturer, employee, agent, executive, independent contractor, officer, director, stockholder, or otherwise.

"Non-Competition Period" means the period from the date that the Agreement is signed by both parties to the date Employee's employment is voluntarily or involuntarily terminated and two years thereafter.

"Prospective client" means any person or entity to whom Employer has made a written or oral proposal to provide services within the six-month period immediately preceding termination of Employee's employment.

2. Non-solicitation of Clients.

During the Non-Competition Period, Employee will not directly or indirectly solicit any client or prospective client of Employer using Employer's confidential information, proprietary materials, trade secrets unless the solicitation is made at the direction of Employer or as an employee of Employer.

3. Non-solicitation of Other Employees.

During the Non-Compete Period, Employee will not in any way use Employer's confidential information, proprietary information, or trade secrets or use any other methods constituting unfair competition to solicit any of Employer's other employees who are employed when Employee's employment is terminated for employment or endeavor in any way to entice or lure away from employment with Employer any employee, officer, director, or agent of Employer.

4. Confidentiality.

During the Non-Compete Period, Employee will not directly or indirectly disclose or use for Employee's benefit or the benefit of any other person or entity any part of the Confidential Information.

5. Return of Confidential Information.

All books, disks, records, files, forms, reports, accounts, papers, and documents relating in any manner to Employer's business whether prepared by Employee or anyone else are Employer's exclusive property and will be returned immediately to Employer upon termination of Employee's employment or Employer's request at any time.

6. Remedies and Attorney's Fees.

Employee acknowledges that the covenants contained in the Agreement are reasonable and necessary to protect Employer's legitimate business interests, that Employer makes a substantial investment in personnel by training them and giving them access to the Confidential Information and Clients, and that Employer's willingness to employ or continue to employ Employee is contingent upon Employee's execution of the Agreement.

Employee further acknowledges that any breach of the Agreement will cause irreparable injury to Employer. If Employee breaches the Agreement Employer will be entitled to seek temporary and permanent injunctive relief against Employee and any persons or entities acting in concert with Employee in addition to any other legal and equitable remedies to which Employer may be entitled. The prevailing party will be entitled to reasonable attorneys' fees and costs incurred in connection with any proceeding relating to Employee's breach of the Agreement.

7. Severability, Governing Law, Integration, and Waiver.

Each provision of the Agreement is separate and independent from any other provision. The unenforceability of any one provision will in no way impair the enforceability of any other provision. If a provision of the Agreement is held to be overly broad regarding geography, time, activity, or subject so as to be unenforceable at law or equity, the provision will be construed by the appropriate judicial body by limiting and reducing the provision to render it enforceable to the maximum extent compatible with applicable law. It is the intent of the parties that the Agreement be enforced to the greatest extent allowed in law or equity.

The Agreement will be governed by the laws of _______________ without regard to any conflict of laws.

The Agreement contains the entire understanding between the parties with respect to the matters relating to the Agreement. Any amendment or modification to the Agreement must be in writing and signed by both parties.

Employer's waiver of any breach of a provision of the Agreement by Employee will not operate or be construed as a waiver of any subsequent breach.

8. Third Party Beneficiary.

Franchisor is a third party beneficiary of the Agreement. Any violation of tes Agreement will cause Franchisor direct harm. Franchisor has the right to enforce the Agreement in accordance with the Agreement's terms.

9. Assignability and Survival.

The Agreement may be assigned by Employer to any successor of Employer whether by merger, sale of stock or assets, or otherwise in which the successor substantially carries on Employer's business. The Agreement is not assignable by Employee.

The provisions of the Agreement will survive the termination of Employee's employment with Employer.

10. No Definite Term of Employment and Headings.

The Agreement does not constitute a contract of employment for a definite term. Employee's employment is at will and may be terminated by either Employer or Employee at any time with or without cause or notice.

The headings contained in the Agreement are for the convenience of the parties and will not be construed as terms or conditions of the Agreement.

IN WITNESS WHEREOF, the parties have executed and delivered the Agreement effective as of the Effective Date.

EMPLOYEE:	EMPLOYER:
	______________ d/b/a Majestic Residences
By: ______________________________	
Name: ____________________________	By: ______________________________
Date: _____________________________	Name: ____________________________
	Date: _____________________________

EXHIBIT I

MAJESTIC RESIDENCES FRANCHISE SYSTEMS, LLC
FRANCHISEE DISCLOSURE QUESTIONNAIRE

MAJESTIC RESIDENCES FRANCHISE SYSTEMS, LLC
FRANCHISEE DISCLOSURE QUESTIONNAIRE

The undersigned ("you") who is about to sign a Majestic Residences Franchise Systems, LLC Franchise Agreement (the "Franchise Agreement") individually or on behalf of an entity represents to Majestic Residences Franchise Systems, LLC ("we" or "us"), the franchisor of the "Majestic Residences" franchise system, that your representations made below are true and accurate.

You cannot sign or date this Franchisee Disclosure Questionnaire on the same day as the Franchise Disclosure Document's Receipts, but you must sign and date it the same day you sign the Franchise Agreement and pay your initial franchise fee.

You acknowledge that we are relying on the following representations:

1. You have received and personally reviewed the Franchise Agreement and each attached addendum, attachment, exhibit, and schedule.

2. You have received and personally reviewed the Franchise Disclosure Document we provided.

3. You received our Franchise Disclosure Document at least 14 calendar days before signing any binding agreement with us or paying us any monies.

4. You understand that the success or failure of your Majestic Residences business will depend in large measure on your skills, abilities, and efforts in addition to other factors beyond your control including, without limitation, competition, cash flow, interest rates, the economy, inflation, labor and supply costs, and other relevant factors.

5. You understand that you must satisfactorily complete our initial training program before opening your Majestic Residences business.

6. No employee or other person speaking on our behalf made any statement or promises to you regarding the costs you may incur to establish and operate your Majestic Residences business except the specific information disclosed in writing in our Franchise Disclosure Document.

7. No employee or other person speaking on our behalf has made any statements or promises to you about the potential income, money, profits, or return on investment your Majestic Residences business may or could potentially earn.

8. No employee or other person speaking on our behalf made any statement or promise about the actual, average, or projected profits or earnings of a Majestic Residences business.

9. No employee or other person speaking on our behalf made any statement or promise regarding the likelihood of success of your Majestic Residences business or the amount of money you may earn.

10. You understand that the Franchise Agreement and each attached addendum, attachment, exhibit, and schedule contain the entire agreement between us and that you are not relying on any oral promises or representations that are not explicitly stated in the Franchise Agreement.

YOU ACKNOWLEDGE THAT WE ARE RELYING ON YOUR REPRESENTATIONS IN THIS FRANCHISEE DISCLOSURE QUESTIONNAIRE AND THAT EACH REPRESENTATION IS TRUE AND ACCURATE.

YOU:

____

____

Name: ________________________________

Title: _________________________________

Date: _________________________________

____
_______________, individually

Date: _________________________________

State Effective Dates

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

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

State	Effective Date
Indiana	*PENDING*
Maryland	*PENDING*
Michigan	November 21, 2025
Minnesota	*PENDING*
Virginia	*PENDING*
Wisconsin	*PENDING*

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

EXHIBIT J

RECEIPTS

RECEIPT

(to be retained by prospective franchisee)

This Franchise Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Franchise Disclosure Document and all agreements carefully.

If Majestic Residences Franchise Systems, LLC offers you a franchise, it must provide this Franchise Disclosure Document to you fourteen calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. However, some state franchise laws require Majestic Residences Franchise Systems, LLC to provide this Franchise Disclosure Document to you at the earlier of (i) the first personal meeting held to discuss the franchise sale, or (ii) at least ten business days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale (Iowa, Michigan, New York, Oklahoma, and Rhode Island).

If Majestic Residences Franchise Systems, LLC does not deliver this Franchise Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Exhibit D.

The name, principal business address, and telephone number of each franchise seller offering the franchise are those individuals listed in Item 2, and as follows:
____.

I have received a Franchise Disclosure Document dated May 19, 2026, that included the following Exhibits:

Exhibit A	Financial Statements
Exhibit B	Majestic Residences Franchise Systems, LLC Franchise Agreement
Exhibit C	List of Franchisees
Exhibit D	List of State Agencies and Agents for Service of Process
Exhibit E	Confidential Operations Manual Table of Contents
Exhibit F	State-Specific Additional Disclosures and Riders
Exhibit G	Form of General Release
Exhibit H	Form of Confidentiality Agreement
Exhibit I	Majestic Residences Franchise Systems, LLC Franchisee Disclosure Questionnaire
Exhibit J	Receipts

By: ________________________________ Date: ______________________________

Name: ____________________________

RECEIPT

(to be retained by Majestic Residences Franchise Systems, LLC)

This Franchise Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Franchise Disclosure Document and all agreements carefully.

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Exhibit H	Form of Confidentiality Agreement
Exhibit I	Majestic Residences Franchise Systems, LLC Franchisee Disclosure Questionnaire
Exhibit J	Receipts

By: ________________________________ Date: ______________________________

Name: ____________________________