Qualicare 2019 FDD (1)

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FRANCHISE DISCLOSURE DOCUMENT

Qualicare®

Qualicare of America, Inc.
830 Dixon Road, Suite 300
Toronto, Ontario M9W 6Y8
Canada
Telephone: (888) 561-0616
Website Address: www.Qualicare.com
Email: franchise@qualicare.com

Franchisor franchises the right to own and operate businesses offering personal care and companion care services and medical services provided by healthcare personnel, including registered nurses, licensed practical nurses, certified nursing assistants, home health aides, personal care aides and companions to seniors and other adults with chronic or acute illnesses under the mark "Qualicare."

The total initial investment necessary to begin operation of a Qualicare Business is $84,550 to $194,550 (plus shipping costs). This includes $53,850 that must be paid to the franchisor and/or its affiliate.

We also offer a "Community Builder" program, which includes three franchise agreements with three territories. The total investment necessary to begin operation of a Community Builder Franchise is $203,950 to $533,950, which includes $111,850 that must be paid to the franchisor and/or its affiliate.

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

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact our corporate office at 830 Dixon Road, Suite 300, Toronto, Ontario M9W 6Y8 Canada, via telephone at (888) 561-0616 or by emailing franchise@qualicare.com.

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

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

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

Issuance Date: September 26, 2019

STATE COVER PAGE

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

Call the state franchise administrator listed in Exhibit A to this Franchise Disclosure Document for information about the franchisor, about other franchisors, or about franchising in your state.

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

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

1. THE FRANCHISE AGREEMENT PERMITS THE FRANCHISEE TO LITIGATE AND MEDIATE ONLY IN NEW YORK. OUT OF STATE LITIGATION OR MEDIATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST MORE TO LITIGATE OR MEDIATE WITH THE FRANCHISOR IN NEW YORK THAN IN YOUR HOME STATE.

2. THE FRANCHISE AGREEMENT STATES THAT IT IS GOVERNED BY NEW YORK LAW. THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.

3. SPOUSE(S) OF FRANCHISE OWNERS MUST EXECUTE A PERSONAL GUARANTY MAKING SUCH SPOUSE(S) JOINTLY AND SEVERALLY LIABLE FOR ALL OBLIGATIONS OF THE FRANCHISEE WHETHER OR NOT SUCH SPOUSE(S) ARE INVOLVED IN THE OPERATION OF THE FRANCHISED BUSINESS. THIS REQUIREMENT PLACES THE PERSONAL ASSETS OF THE FRANCHISE OWNER(S) AND SPOUSE(S) AT RISK.

4. IF YOU FAIL TO ACHIEVE THE MINIMUM ANNUAL GROSS SALES REQUIREMENT, WE MAY EITHER TERMINATE YOUR FRANCHISE AGREEMENT OR GRANT ADDITIONAL FRANCHISES WITHIN YOUR LOCAL TERRITORY TO THIRD PARTIES.

5. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

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

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

STATE EFFECTIVE DATES

The following states require that the Franchise Disclosure Document be registered or filed with the state or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin; as well as exemption from the business opportunity registration requirements in Florida, Kentucky, Nebraska, Texas, and Utah.

STATES	EFFECTIVE DATE
California	
Florida	September 26, 2019
Illinois	
Indiana	
Kentucky	September 26, 2019
Michigan	September 26, 2019
Minnesota	
Nebraska	September 26, 2019
Texas	September 26, 2019
Utah	
Washington	
Wisconsin	

In all other states, the effective date of this Franchise Disclosure Document is the issuance date of September 26, 2019.

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ITEM 1
THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

Company

To simplify the language in this Disclosure Document, "Qualicare," "we" or "us" means Qualicare of America, Inc., the franchisor of this business. "You" means the person who buys the franchise, and includes your owners if you are a corporation or other business entity.

We were incorporated in the State of Delaware on May 31, 2011, and began selling franchises on December 8, 2011. Our principal business address is 830 Dixon Road, Suite 300, Toronto, Ontario M9W 6Y8 Canada. We may be reached via telephone at 888-561-0616 or 1-416-630-0202. We also maintain an office at 203 NE Front Street, Suite 101, Milford, Delaware 19963. We do business only under our corporate name and the name "Qualicare." We do not operate any other business and have never operated a business similar to the business offered in this disclosure document. We do not offer franchises in any other line of business. A list of our agents for service of process in various states is contained in Exhibit A of this Disclosure Document.

Our Parents, Predecessors and Affiliates

Parent, Predecessor or Affiliate	Description	Address	Sells franchises? (and if so, since date)	Number of franchises as of May 31, 2019
Clear Summit Group, Inc. ("CSGI"), an Ontario corporation (formerly called Franchise Equity Group Inc.) formed on July 7, 2006.	Our ultimate parent company.	Same as ours	No	N/A
Qualicare, Inc., an Ontario corporation formed May 12, 1995.	Our predecessor. On May 12, 2011, our parent company, QFCI (noted below), acquired the assets of Qualicare, Inc.	3910 Bathurst Street, Suite 404 Toronto, Ontario M3H 5Z3, Canada	No	N/A
Qualicare Franchise Corporation, Inc. ("QFCI"), a subsidiary of CSGI, is an Ontario corporation formed December 30, 2010.	Our direct parent company. QFCI owns our proprietary marks, and has licensed the proprietary marks to us so that we may use them and sub-license them to our franchisees.	Same as ours	No	N/A
Qualicare Canada, Inc., an Ontario corporation formed June 2, 2011.	The franchisor of substantially similar business in Canada operating under the mark "Qualicare," and has offered franchises since	Same as ours	Yes (since June 2011)	16

	June 2011.			
Tutor Doctor Systems, Inc., a Delaware corporation formed on November 16, 2007.	A subsidiary of CSGI. Offers "Tutor Doctor" franchises in the United States.	Same as ours	Yes (since January 2008)	179
Tutor Doctor Canada, Inc., an Ontario corporation formed on November 17, 2007.	A subsidiary of CSGI. Offers "Tutor Doctor" franchises in Canada.	Same as ours	Yes (since January 2008)	42
Tutor Doctor Management Services, Inc., an Ontario corporation formed on February 5, 2014.	A subsidiary of CSGI. Offers "Tutor Doctor" franchises in Panama, Guatemala, Tunisia, Colombia, Peru, Costa Rica, Ecuador, Nigeria, and Ireland.	Same as ours	Yes (since March 2014)	87
Tutor Doctor Australia, Inc., an Ontario corporation formed on February 5, 2014.	A subsidiary of CSGI. Offers "Tutor Doctor" franchises in Australia.	Same as ours	Yes (since March 2014)	10
Tutor Doctor International SA, Inc., an Ontario corporation formed on February 28, 2014.	A subsidiary of CSGI. Offers "Tutor Doctor" franchises in South Africa.	Same as ours	Yes (since March 2014)	4
Recruiting in Motion Franchise Corp. ("RIMFC"), an Ontario corporation formed on January 25, 2012.	An affiliate of CSGI. Offers franchises for "Recruiting in Motion" recruiting and employment placement service businesses.	2000 - 2 Sheppard Ave East, Toronto, Ontario M2N 5Y7 Canada	Yes (since January 2012)	8
Fuss Franchising Inc. ("FFI"), an Ontario corporation formed on April 28, 2014.	An affiliate of CSGI. Offers franchises for "Fuzz Wax Bar" body waxing services businesses.	19R Atlantic Avenue, 2nd Floor, Toronto, Ontario M6K 3E7 Canada	Yes (since 2015)	1

Except as described above, we have no other parents, predecessors, or affiliates that must be included in this Item.

The Franchised Business

We grant franchises for the establishment, development, and operation of a business (the "Franchised Business" or "Business") under the mark "Qualicare" to provide companionship, homemaker services, and personal care services (the "Personal Services") and medical, home healthcare services (the "Home Healthcare Services") to seniors and other adults with chronic or acute illnesses, all done in accordance with our unique standards and specifications for providing such services (the "Qualicare System" or "System"). We offer to enter into franchise agreements ("Franchise Agreements") with qualified corporations and persons ("you") that wish to establish and operate a Franchised Business. The

current form of our Franchise Agreement is attached as Exhibit E-1 to this disclosure document. If you enter into a Franchise Agreement, your clients will be private pay clients and the Personal Services and Home Healthcare Services will be provided by qualified individuals employed directly by you.

Personal Services include companionship and conversation, meal preparation, light housekeeping, assistance with daily household tasks, assistance with shopping, errands and outings, transportation, and telephone answering services.

The Home Healthcare Services offered under the System include skilled nursing services on a private pay basis to home based and institutional clients, provided that franchisee complies with all applicable federal, state and local laws and obtains all required licenses and permits prior to offering Home Healthcare Services. The Home Healthcare Services are provided by licensed healthcare personnel, including registered nurses, licensed practical nurses, certified nursing assistants, home health aides, personal care aides and companions. Home Healthcare Services provided to home care clients must be evaluated by a registered nurse employed by you who will collaborate with the client's physicians, hospitals and social agencies to leverage all resources available, including both public and private services, enhancing the level of care and the client's quality of life.

The distinguishing characteristics of a Qualicare Business include programs for client evaluation, and our processes and methodologies for providing the Personal Services and Home Healthcare Services. The System also offers unique marketing programs, sales techniques and general procedures for operating and managing a Qualicare Business.

We identify the System by means of certain trade names, service marks, trademarks, logos, emblems, distinctive trade dress, and indicia of origin, including, but not limited to, the marks "Qualicare", "Qualicare 360°", "360°Case Management" and "Brain Workout Plus" and such other trade names, trademarks, and service marks as we now designate or may in the future designate in writing for use in connection with the System (the "Proprietary Marks"). We continue to develop, use, and control the use of such Proprietary Marks in order to identify for the public the source of services and products marketed under the Proprietary Marks and System, and to represent the System's high standards of quality, appearance and service.

Through your Qualicare business, you will develop relationships with seniors and/or acute or chronically ill clients, as well as their families, who require in-home assistance.

Under the Franchise Agreement, you will be granted the right to offer Personal Services and Home Healthcare Services only to clients who are located in a protected, but not exclusive geographic area (a "Territory"). A Territory generally consists of an area with a population of up to 200,000 people and will be delineated by U.S. Postal zip codes. Before you enter into the Franchise Agreement, certain franchisees under the System may have acquired clients located outside of their territories, which may have included your Territory, up to the date you open and while you are actively engaged in the Business and are not otherwise in default under your Franchise Agreement. So long as you remain actively engaged in the Business and are not in default under your Franchise Agreement, we will not award others the right to operate a Business within your Territory, and other System franchisees who have previously obtained clients in your Territory will no longer be authorized to solicit new clients in your Territory and may only continue to service clients they previously serviced who are located in your Territory, if applicable.

We also offer the option of a "Community Builder" franchise, under which you would enter into three separate Franchise Agreements simultaneously. We expect that the territorial boundaries for all three Territories will be contiguous to each other, but there may be exceptions. For the Community

Builder program, you will sign our standard Franchise Agreement for each Territory you will develop, plus our Community Builder Addendum, which is attached as Exhibit E-2 to this disclosure document.

Market and Competition

We target our services towards adults who are chronically or acutely ill, disabled or who need help performing day-to-day tasks in the home. Our clients usually come to us when they do not have family nearby to assist or because they require additional help beyond what family members or the public system can provide.

Your Franchised Business will compete primarily with other local, regional, and national businesses and chains that provide homecare, home healthcare, personal care, companionship and home making services. Generally speaking, the market for companionship and home making services is developed but continues to evolve. Your competitive advantage will be based on your adherence to our standards and guidelines, particularly in the area of leveraging professional resources, as well as your entrepreneurial, marketing, managerial, professional networking and relationship building abilities, as well as your focus on customer service and satisfaction.

Industry Specific Regulations

You must comply with all local, state, and federal laws that apply to your operations, including those pertaining to the healthcare industry, sanitation, insurance, EEOC, OSHA, non-discrimination, employment, and sexual harassment. Some states require you to obtain a license to provide employment services or nurse staffing services. Certain services rendered by your Franchised Business may be governed by the federal Health Insurance Portability and Accountability Act (commonly referred to as "HIPAA") and you and your employees must comply with it. You must obtain and maintain any employment related permits, licenses, certifications or other approvals necessary for the operation of the Franchised Business, including employment agency licenses.

In addition, some states may require a local business license, a home care license and a certificate of need demonstrating that the establishment of an additional homecare agency is needed.

We do not anticipate or recommend that you seek Medicare/Medicaid certification from the federal government and we will not support you in achieving and maintaining Medicare/Medicaid certification. If you determine to obtain Medicare/Medicaid certification, you agree to assume all associated costs and risks. You will be required to pay us royalties on account of gross sales resulting from your Medicare/Medicaid certification.

Where applicable, you may not offer Personal Services or Home Healthcare Services unless you have secured all necessary state and local licenses and certifications applicable to your Franchised Business. Certain states have imposed broad regulations which include in their definition of "medical services" certain services offered by the Franchised Business. You are responsible for investigating these regulations to determine if services offered by your Franchised Business are "medical services", which may require additional licensing. If you provide Home Healthcare Services, you must obtain and maintain any home healthcare or employment related permits, licenses, or certifications necessary for the operation of the Franchised Business, including personal care licenses, home health agency licenses or nurse staffing agency licenses, as may be applicable. Certain states have also imposed a moratorium regarding the issuance of healthcare staffing and nurse staffing and other home healthcare licenses. **It is up to you to investigate and abide by all applicable licensing requirements and obtain all required licenses. Although you may open without all the required licenses for our Business, your business results may vary. We do not provide assistance in determining which specific state laws apply to the**

Franchise Business. We strongly suggest that you consult with an attorney, consultant and/or financial advisor regarding such regulations prior to purchasing a franchise from us. Applicable laws and regulations are subject to change.

You are also subject to employment laws such as the Fair Labor Standards Act and various state laws governing such matters as minimum wages, overtime, and working conditions. You will also be subject to other laws or regulations that are not specific to the industry, but applicable to businesses generally, including labor laws, insurance requirements, business licensing laws and tax regulations, and the Americans with Disabilities Act.

You and each of your employees will be required to undergo criminal background checks.

ITEM 2
BUSINESS EXPERIENCE

Brian Church: President & CEO

Mr. Brian Church has served as our President and CEO since June 2016. He also serves as the Managing Partner of Clear Summit Group, Inc. (CSG) of Toronto, Canada, a position he has held since January 2016. Since June 2016, Mr. Church has served as the President of our affiliate. From June 2011 to December 2015, Brian ran the Canadian operations for LinkedIn in Toronto, Canada.

Nathan Weber: Vice President of Franchise Development

Mr. Weber has been our Vice President of Franchise Development since June 2011.

Jonathan Nedeljkovic: Vice President, Franchise Success

Mr. Nedeljkovic has served as our Vice President, Franchise Success since May 2017. From January 2008 to December 2014, he was the Managing Partner at U Weight Loss Partners Inc., in Toronto, Canada. From 2004 to 2007, he was Executive Vice-President of Truestar Health, located in Toronto, Canada.

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

The initial franchise fee ("Initial Franchise Fee") is $49,700 for a Territory with a population of up to 200,000 people, or an otherwise mutually agreed upon population. If your Territory has a

population greater than 200,000, your Initial Franchise Fee will increase by $200 for every additional 1,000 people in excess of 200,000. Twenty Five percent of the Initial Franchise Fee is payable upon your execution of an application with us, with the balance due upon the execution of a Franchise Agreement. The Initial Franchise Fee is deemed fully earned and nonrefundable upon payment; except that if we decline to offer you a franchise, we will reimburse that portion of the Initial Franchise Fee paid to us at the time you submit an application.

Community Builder

Under the Community Builder program, you will purchase three franchises simultaneously, and must pay the Initial Franchise Fee under the first two Franchise Agreements but the Initial Franchise Fee under the third Franchise Agreement will be waived. The total Initial Franchise Fees payable to us under the Community Builder program are $99,400.

Discounts

Occasionally we may establish various franchise expansion programs, which are generally available only to existing franchise owners. These programs are intended to provide incentives for existing franchise owners to establish additional offices within their existing franchise territories, expand their existing franchise territories, acquire existing franchise operations from other franchise owners or expand into additional franchise territories. Under these programs, which are established and maintained at our sole discretion, initial franchise fees for additional territories may be reduced or rebated, provided that the franchise meets certain sales or performance criteria. We do not currently offer any "standard" reduced-franchise fee incentives for new franchise owners.

Start-Up Marketing Kit

You must purchase from us a Start-Up Marketing Kit prior to attending Home Office Training. The cost of the Start-Up Marketing Kit is $2,500 and is deemed fully earned and nonrefundable upon payment. Details on the content of the kit are available from Qualicare. You will be responsible for the payment of any auxiliary costs that attach to the Marketing Kit, including but not limited to, shipping costs.

Initial Technology Fee

You must pay us a non-refundable initial technology set-up fee of $1,650 before attending initial training. This fee covers the initial costs associated with the set-up of your website, intranet, and social media profiles

Except as otherwise provided in this Item, the initial fees are uniform to all franchisees in the System.

ITEM 6
OTHER FEES

NAME OF FEE[1]	AMOUNT	DUE DATE	REMARKS
Royalty	5% of Gross Sales.	Monthly EFT, currently due before the 15th day of the following month.	See Note 2.
Minimum Royalty levels	Beginning the 7th month of operation, you will pay us a monthly Royalty in an amount equal to the greater of: (i) 5% of Gross Sales; or (ii) $600 per Territory Beginning your 13th month of operation and for the remainder of the term, the monthly Royalty shall be an amount equal to the greater of (i) 5% of Gross Sales; or (ii) $1,200 per Territory	Monthly EFT, currently due before the 15th day of the following month.	See Note 2.
Brand Development Fund	1% of monthly Gross Sales.	Monthly EFT, currently due before the 15th day of the following month.	See Note 3.
Local Marketing Requirement / Cooperative	You must spend a minimum of $1,000 each month on local marketing and advertisements.	Monthly requirement to be spent on marketing in your Territory.	See Note 4.
CRM Software Maintenance Fee	$12.00 per active client scheduled each month, with a minimum of $120 per month.	Monthly fees.	See Note 5.
Transfer Fee	$15,000	Upon transfer.	See Note 6.
Renewal Fee	$6,500	Upon renewal.	See Note 7.
Collection Costs, Attorneys' Fees, Interest	Fees and costs incurred, interest at 3% per month.	As incurred.	See Note 8.
Insurance	Cost of insurance. If you fail to maintain your insurance as required, we have the right to procure insurance on your behalf and charge a 10% administrative fee in addition to the cost of the insurance.	As required by Insurer or Broker (usually monthly over 10 months). Commercial Liability, Errors and Omissions and Theft protection.	See Note 9.
Audit/ Inspection Costs	Cost of audit and/or inspection. Audit and inspection costs are charged if an audit finds a 2% or greater shortage in reported sales.	As required.	See Note 10.

NAME OF FEE[1]	AMOUNT	DUE DATE	REMARKS
Financial Records and Reports	Cost of preparing unaudited financial statements.	Annually.	See Note 11.
Taxes on Payments to Qualicare	Amount of tax or assessment	When imposed by taxing authority.	See Note 12.
Additional / Ongoing Training	$250 a day plus travel for on-site training, as requested by the franchisee, in addition to standard training.	At time of additional training.	See Note 13.
Indemnification	Amount of claim or judgment.	When incurred.	See Note 14.
Supplier Approval	$250 with application for new supplier.	When incurred.	See Note 15.
Post-Termination and Post-Expiration Expenses	Costs and expenses associated with your ceasing of and de-identification with the business.	When incurred.	See Note 16.
Late or Insufficient Funds	Interest at 3% per month on late or unpaid amount.	As incurred.	See Note 17.
Background Checks	Costs of background check may range between $0 and $250 per search.	As incurred.	See Note 18.
Technology Fees	Our then current fee, presently $400	Monthly EFT, currently due before the 15th day of the following month.	See Note 19.
Annual Conference Fees	A monthly fee not to exceed $200 (currently $80), for each conference attendee, per month, payable by credit card or EFT.	Monthly, at the same time and in the same manner as the Royalty.	See Note 20.
Online Lead Generation	$1,000 Monthly	Monthly requirement	See Note 21.

Notes:

Note 1. Unless otherwise indicated above or below, all of the fees listed below are uniformly imposed by, payable to and collected by us and are non-refundable.

Note 2. **Royalty Fee.** From the beginning of operation, you must pay us a monthly royalty fee equal to 5% of your Gross Sales ("Royalty"). Beginning the 7th month of operation, you must pay us a monthly Royalty in an amount equal to the greater of (i) 5% of Gross Sales or (ii) $600 per Territory whichever is greater. Beginning with the 13th month of operation, you must pay us a monthly Royalty in an amount of 5% of Gross Sales or $1,200 per Territory.

"Gross Sales" includes all revenues you generate from all business conducted at, from, or through your Franchised Business during the preceding reporting period. (See Section 3.2 of the Franchise Agreement). Gross Sales does not include the amount of any applicable sales tax imposed by any federal, state, municipal, or other governmental authority. Also excluded from Gross Sales are discounts and other adjustments, including disbursements paid on behalf of clients, corrections or errors in billings, and any reductions you may make to maintain client relations and goodwill.

Presently, all payments for services rendered are payable by the clients directly to the Franchisee. Currently, you will remit to us before the 15th day of each month for services rendered by the Franchised Business during the prior month (a) the Royalty, (b) the Brand Development Fee and (c) any charges for business materials or costs incurred, associated with your Franchised Business. You will have sole responsibility for collecting amounts due from clients and any expenses associated with collection activities.

We reserve the right to require you to pay any fees due under the Franchise Agreement by electronic funds transfer or any other means we may designate. You agree to execute any documentation necessary to effectuate our designated method of payment.

You must also comply with the Minimum Annual Gross Sale Requirement set forth in Section 1.6 of the Franchise Agreement and discussed in Item 12 below. Failure to meet the Minimum Annual Gross Sales Requirement in any given period will result in termination of the Franchise Agreement. See Item 12 for details.

Note 3. **Brand Development Fund**. We have established a Brand Development Fund (the "Fund") for the common benefit of the System. You must contribute to the Fund on a monthly basis in an amount equal to 1% of your Gross Sales (the "Brand Development Fee"). You must pay the Brand Development Fee in the same manner as the Royalty.

Note 4. **Local Marketing Requirement.** You must spend a minimum of $1,000 each month on local marketing and advertisements (the "Local Marketing Requirement"). The Local Marketing Requirement must be spent in the manner we prescribe in the Operations Manual or otherwise in writing, which may include, without limitation, requirements that you place a certain number and/or type(s) of media advertisements, or the medium in which you place the advertisements. You must use any required advertising materials we generate in connection with local advertising; or, should you decide to use materials created by persons other than us, those materials must be approved by us prior to their placement. All marketing must be in accordance with our standards and specifications.

We have the right, in our discretion, to designate any geographical area for purposes of establishing a regional marketing and promotional cooperative ("Cooperative"), and to determine whether you must participate in a Cooperative. You will receive credit for Cooperative contributions against any amount we may then require you to spend on local marketing.

Note 5. **CRM Software Fee**. Presently, you must pay a minimum fee of $120 per month (the "Software Fee") to cover the costs of our chosen CRM Software program. The Software Fee is payable directly to the vendor, based on their billing and payment practices. However, we reserve the right, in our sole and absolute discretion, to require you to pay the fee directly to us in the same manner as the Royalty, change our designated service provider, and/or to increase the amount of the Software Fee.

Note 6. **Transfer Fee.** We have the right to condition the proposed sale or transfer of your Franchised Business or of your interest in the Franchised Business and to approve the purchaser upon your payment of a transfer fee equal to $15,000.

Note 7. **Renewal Fee.** You must pay a renewal fee equal to $6,500 upon exercising your option to renew.

Note 8. **Collection Costs, Attorneys' Fees, Interest.** Any late payment or underpayment of charges or fees you owe us will bear interest at a rate of 3% per month. If you are in breach or default of any monetary or non-monetary material obligation under the Franchise Agreement or any related agreement between you and us, and we engage an attorney to enforce our respective rights (whether or not we initiate formal judicial proceedings), you must pay all reasonable attorneys' fees, court costs and litigation expenses we incur. If you institute any legal action to interpret or enforce the terms of the Franchise Agreement and your claim is denied or the action is dismissed, you must reimburse us our reasonable attorneys' fees, and all other reasonable costs and expenses incurred in defending against the action. We are entitled, under the Franchise Agreement, to have such amount awarded as part of the judgment in the proceeding.

Note 9. **Insurance**. During the term of the Franchise Agreement, for the protection of your franchise, you must obtain and maintain at your expense the types and amount of insurance specified by us in the Operations Manual or otherwise in writing. You must name us and any party we may designate as additional insureds to all of the insurance policies you maintain. If you fail to comply with our minimum insurance requirements, we have the right to obtain and maintain the requisite insurance coverage at your sole expense for which you must pay us the premium cost of such insurance plus an administrative fee equal to 10% of such cost for obtaining insurance on your behalf. We have the right to increase or otherwise modify the minimum insurance requirements upon 30 days' prior written notice to you, and you must comply with any such modification within the time specified in the notice.

Note 10. **Audit/Inspection Costs**. You must maintain accurate business records, reports, accounts, books and data relating to the operation of your Franchised Business. We, or our designee, have the right, at any time during normal business hours, to inspect and/or audit your business records, to determine whether you are current with suppliers and/or otherwise are operating in compliance with the terms of the Franchise Agreement or the Operations Manual. If any audit reveals that you have understated your Royalty or Brand Fund payments, online lead generation payments or any other payments due to us by more than 2%, or if you have failed to submit timely reports and/or remittances for any three reporting periods within any 12-month period, you must pay the reasonable cost of such audit and/or inspection, including the cost of outside auditors and attorneys (to the extent we incur such costs), together with the amount(s) due for royalty and other fees as a result of such underreporting and/or failure to submit reports, along with all late fees and interest which may be otherwise due under the Franchise Agreement.

Note 11. **Financial Records and Reports**. You must maintain for at least seven fiscal years from their preparation complete financial records for the operation of your Qualicare Business in accordance with generally accepted accounting principles and must provide us with monthly reports in the form and manner we specify, an accounting of royalties, online lead generation payments, yearly unaudited financial statements, and any other reports and statements we may require. To assist you in recording and keeping accurate and detailed financial records for reports and tax returns, we, at our discretion, may specify the form in which the business records are to be maintained, and provide a uniform set of business records for you to use. We will have full access to all of your data, system, and related information by means of direct access, whether in person, or by telephone/modem installed and maintained at your sole expense.

Note 12. **Taxes on Payments to Us.** If any taxing authority, wherever located, imposes any future tax, levy or assessment on any payment you make to us, in addition to all payments due us, you must pay the tax, levy or assessment.

Note 13. **Additional Training.** We do not charge a fee for initial training for the first two attendees. Subject to the availability of our training personnel, we will train additional and/or replacement managers at our then-current tuition rate, which is currently $2,500 per person. You will be responsible for the cost of salaries, meals, lodging, and transportation associated with attending such training for the first two attendees and any subsequent attendees.

Note 14. **Indemnification.** You and your principals agree to indemnify, defend and hold us, our affiliates, and our respective shareholders, directors, officers, employees, agents, successors and assignees ("Indemnitees") harmless against and to reimburse the Indemnitees for all claims, obligations, liabilities and damages ("Claims"), including any and all taxes, directly or indirectly arising out of, in whole or in part: (a) the operation of your Franchised Business, including the use, condition, or construction, equipping, decorating, maintenance, or operation of your Franchised Business(s), the provision of any services for Franchised Business Clients; (b) the use of the Proprietary Marks and our other proprietary and confidential information; (c) the transfer of any interest in the Franchise Agreement or your Franchised Business in any manner not in accordance with the Franchise Agreement or any other agreement you sign with us; (d) the infringement, alleged infringement, or any other violation or alleged violation by you or any of your principals of any patent, mark, copyright, or other proprietary right owned or controlled by third parties; or (e) libel, slander or any other form of defamation against us, the System, or any franchisee or option holder operating under the System, by you or by any of your principals. For purposes of this indemnification, the term "Claims" includes all obligations, actual, consequential, punitive, and other damages, and costs reasonably incurred in the defense of any action, including attorneys', attorney assistants' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses, whether or not such claims exceed the amount of insurance coverage available through you to us. We will have the right to defend any such claim against us in such manner as we deem appropriate or desirable in our sole discretion. Such action by us will, in no manner or form, diminish your and each of your principals' obligation to indemnify the Indemnitees and to hold them harmless. This indemnity will survive the expiration or termination of the Franchise Agreement.

Note 15. **Supplier Approval/Testing Costs.** If we incur any costs in connection with testing a particular product or evaluating a supplier at your request, you must reimburse us our reasonable testing costs, regardless of whether we subsequently approve the product or supplier. See Item 8 of this Disclosure Document for more information about designated and approved suppliers.

Note 16. **Post-Termination and Post-Expiration Expenses.** Upon termination, expiration, non-renewal, and/or transfer of the Franchise Agreement by either you or us, you are responsible for all costs and expenses associated with your ceasing of and de-identification with the Franchised Business and the Qualicare System.

Note 17. **Insufficient Funds.** If any check or withdrawal is not honored by your bank, you will be responsible for that payment and any service charges we incur. Payment is due within five days of the date of any invoice via electronic funds transfer, or any other method we may specify.

Note 18. **Background Checks.** You and all of your employees must (a) undergo a criminal background check, which must be passed to our satisfaction; and (b) provide at least two (2) references meeting our satisfaction prior to entering into this Agreement and participating in the operation of the Franchised Business. You and your employees must routinely undergo criminal background rescreening during the

term of the Franchise Agreement as prescribed in the Operations Manual and immediately upon request. We must be provided with copies of all such reports on a periodic basis and immediately upon request. Any employee failing to meet our criteria for a clean criminal background check must be terminated immediately. We have the right to terminate the Franchise Agreement immediately in the event you fail a criminal background check.

Note 19. **Monthly Technology Fees.** You are required to pay us a monthly fee, currently $400, due on the 15th day of the preceding month (collectively, the "Technology Fees"). The Technology Fee covers the ongoing monthly costs for website maintenance, intranet, and software licenses. We have the right to increase or decrease the Technology Fees based on changes in our vendor's pricing and our technology needs, impose additional fees, as changes are made to the System's technology platforms, including computer hardware, software and other computer requirements or as required by the third-party service provider(s) or by any regulatory agency, or otherwise require you to pay the Technology Fee to a third-party vendor.

Note 20. **Annual Conference Fees.** We may conduct an annual conference to discuss and review new business, marketing technology and training ideas and concepts. Attendance at our annual conference is mandatory unless we excuse your absence. We will provide one free ticket to your first annual conference. After your first year of operation, you will be billed on a monthly basis for the conference fee regardless of your attendance. You will also pay for all expenses you and your attendees incur while at the conference. See Section 6.7 of the Franchise Agreement for further information.

Note 21. **Online Lead Generation.** You are required to spend a minimum of $1,000 per month on online lead generating advertising with our designated vendors (the "Online Lead Generation Requirement"). You must spend the Online Lead Generation Requirement in the manner we prescribe in the Operations Manual or as otherwise in writing. You must send us proof of these expenditures within 15 days of the end of each month. You shall follow up on all customer leads provided to you through this advertising within twenty-four (24) hours of the potential client enquiry by way of home visit, telephone or by email.

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure[1]	Amount	Method of Payment	When Due	To Whom Payment is to be made
Initial Franchise Fee[2]	$49,700 (based on population of 200,000), The Initial Franchise Fee will increase by $200 for each additional $1,000 people in excess of 200,000.)	Electronic Funds Transfer or Certified check.	25% with Application and balance upon signing the Franchise Agreement.	Franchisor.

Type of Expenditure[1]	Amount	Method of Payment	When Due	To Whom Payment is to be made
Nurse's Salary[3] (6-month period)	$0 to $35,000	As required.	Payroll.	Nurse.
General Manager Salary[4] (3-month period)	$0 to $22,500	As required for licensing.	Payroll.	General Manager.
Leases and Security Deposits[5]	$0 to $7,200	As arranged.	As arranged.	Local Suppliers.
Office Equipment and Furniture[6]	$500 to $6,000	As arranged.	As arranged.	Local Suppliers.
Insurance[7]	$3,000 to $6,000	As arranged.	As incurred.	Insurance Company or Broker.
Training/Travel Expenses[8]	$900 to $3,400	Included for Two Persons.	As Arranged.	Suppliers.
Grand Opening Marketing[9]	$4,000 to $7,500	As Arranged.	First three (3) Months of Operation.	Company Approved Suppliers.
Start-Up Marketing Kit[10]	$2,500 + shipping costs	Electronic Funds Transfer.	Prior to attending Home Office Training.	Franchisor.

Type of Expenditure[1]	Amount	Method of Payment	When Due	To Whom Payment is to be made
Vehicle and Graphics[11]	$2,000 to $9,400	As Arranged.	Prior to official launch.	Approved Suppliers.
Computer Hardware and Software Requirements[12]	$1,600 to $4,000	As Arranged.	As Arranged.	Approved Suppliers.
Business Licenses and Permits[13]	$1,000 to $8,500	As Incurred.	As Incurred.	Governmental Authorities.
Professional Fees[14]	$1,500 to $10,000	As Agreed.	As Incurred.	Legal, accounting and consulting professionals.
Technology Fees[15]	$2,850	As arranged.	Prior to official launch and monthly.	Franchisor.
Additional Funds[16] (6 Months)	$15,000 to $20,000	As Arranged.	As Incurred.	Various.
Total[17]	**$84,550 to $194,550** (plus shipping costs)			
Total Community Builder[18]	**$203,950 to $533,950** (plus shipping costs)			

Notes

Note 1. All fees and payments are non-refundable, unless otherwise stated or permitted by the payee. The table above provides an estimate of your initial investment and the costs necessary to begin operating a Franchised Business for the first six months. Actual costs will vary for each franchise location depending on a number of factors including market condition, and the geographic location of your Franchised Business.

Note 2. **Initial Franchise Fee.** The Initial Franchise Fee is $49,700 for a Territory with a population of up to 200,000 people or an otherwise mutually agreed upon total. If your Territory has a population greater than 200,000, your Initial Franchise Fee will increase by $200 for every additional 1,000 people in excess of 200,000. Twenty-five percent of the Initial Franchise Fee is due and payable upon your submission of a franchise application, with the balance due and payable upon your execution of a Franchise Agreement.

Note 3. **Nurse's Salary for Nurse-Led Care Delivery.** If you choose to hire a nurse, the high-end of the estimate represents six months' worth of salary at an annual salary of $70,000 for an RN and $50,000 for an LPN. The low-end of the estimate represents the cost if you choose to not hire a nurse.

Note 4. **General Manager.** Some states may require you to employ a manager with healthcare experience in order to secure some selective licenses. If you do not qualify and want to pursue the license immediately, additional costs may apply. The low range reflected above is in the event that your Business is located in a state which does not require a General Manager or where you may elect to pursue the license at a later date. The high range estimate reflects the costs of employing a part time general manager for a three-month period (based on an annual salary of $90,000) if located in a state which requires you to hire a manager with healthcare experience if you don't have the required experience.

Note 5. **Leases and Security Deposits.** For the first year of operations, you will not be required to lease commercial office space unless you chose to or the laws and regulations applicable to your Business prevent you from operating the Business from your home. Beginning in your second year of operations, you will be required to lease commercial office space ranging between 500 and 800 sq. Your lease costs will vary greatly depending upon location, variance in square footage, and required maintenance costs. We estimate that your initial rent for commercial office space will range from $0 (if you operate your business out of another commercial space you own) up to approximately $1,000 per month, including utilities such as heat and water, if you lease in a shared executive office facility. The estimate above includes a security deposit as well as first and last months' rent.

Note 6. **Office Equipment and Furniture.** You must purchase or lease a minimum of one workstation (including desks and chairs), as well as file cabinets and miscellaneous office furniture. In connection with your lease of commercial space for your Franchised Business, you may need to spend additional funds on building out your office premises. You are required to set-up a VOIP telephone system with two lines, which you must purchase from our authorized supplier. This system allows our franchise network to operate as an integrated system, which provides extended features across our network of locations. These features include location back-up, uniform messaging, automated attendant and more. The low range assumes that you will begin operating the Franchised Business from your home. The high range assumes that you will begin operations from commercial office space.

Note 7. **Insurance.** Business insurance coverage will vary from state to state and will depend on your prior loss experience, if any, the prior loss experience of your insurance carrier in the state or locale in which you operate your Franchised Business, and national or local market conditions. This estimate includes the cost of commercial insurance, as well as errors and omissions professional liability insurance for the first six months of operations. See Item 8 for insurance requirements.

Note 8. **Training/Travel Expenses.** See Item 11 for a complete explanation of our training program and training costs. The estimate in the chart includes travel expenses, lodging accommodations, and dining expenses for two individuals. In addition, you will also be responsible for payroll for you and your employees while attending training.

Note 9. **Grand Opening Marketing.** You are required to spend between $4,000 to $7,500 on grand opening marketing during your first three months of operations in accordance with our mutually agreed upon annual marketing plan. You may expend additional sums on marketing your grand opening, in your sole discretion.

Note 10. **Start-Up Marketing Kit.** Prior to attending Home Office Training, you must purchase from us our Start-Up Marketing Kit. This Start-Up Marketing Kit includes a short-term supply of marketing collateral and items that will help you start your marketing quickly. It is a sampling of the material available to start your marketing efforts. Additional materials and quantities of marketing materials will have to be ordered, as required. The Franchisee will bear any shipping-related costs attached to the order, handling and shipping of the Start-Up Marketing Kit.

Note 11. **Vehicle and Graphics.** Prior to your official opening, you must have the use of an acceptable vehicle that is outfitted, wrapped and/or decaled with our required graphics. You may use your personal vehicle provided it is in good condition free of any major interior or exterior defects, blemishes and mechanical problems. If you do not have an acceptable personal vehicle to use in connection with the operation of the Franchised Business, you will need to purchase or lease an automobile. The low amount of the range assumes that you will use a personal vehicle, and the high range assumes you lease a vehicle requiring a $5,000 down payment and three months of lease payments of $300 per month. Your actual costs will depend upon the vehicle you choose. If you choose to lease or finance the purchase of your vehicle, your actual payments will depend on your credit worthiness, as determined by the lender or supplier, and the lease options you select. We do not provide any financing in connection with the vehicle. We estimate that the cost of the vehicle graphics will range between $2,000 and $3,500.

Note 12. **Computer Software & Hardware Requirements.** You must purchase, lease and/or license the computer hardware and software we may designate for use in operating the Franchised Business. See Items 8 and 11 for more details regarding our computer software and hardware requirements.

Note 13. **Business Licenses & Permits.** The cost of business licenses and permits will depend upon the county, state or other geographic locations within which you operate the Franchised Business. State rules vary on companion care, personal care, home healthcare, and skilled staffing licenses and you must consult with an attorney, consultant or business advisor regarding applicable personal care, home healthcare, and skilled staffing laws or regulations prior to purchasing a franchise from us. We will provide you with a list of third party consultants that can assist you in obtaining all required licenses and permits necessary to operate the Franchised Business.

Note 14. **Professional Fees.** This range reflects the estimated costs of professional services, such as legal, accounting and consulting services, for starting up your Franchised Business.

Note 15. **Technology Fees.** This range reflects the initial set-up fee of $1,650 plus three months of monthly fees, currently $400 a month, which are due on the 15th day of the preceding month. See Item 6 for more information regarding the Technology Fees.

Note 16. **Additional Funds.** The range in the chart reflects the amount of additional working capital you will need during the first six months of operation to pay other expenses including, among other things, payroll and payroll taxes. The additional funds that we estimate that you will need may vary considerably based upon on a variety of factors, including: the number of employees hired; the salary and benefits paid to employees; how closely you follow our methods and procedures; your management skills, experience, and business acumen; your ability to obtain proper licenses and certifications; local economic conditions; the local market for our products and services; the prevailing wage rate; competition; and the level of sales reached during the start-up phase of the business. In the event you are authorized to offer Home

Healthcare Services, you will be required to comply with all State laws and regulations regarding the licensing of personal care, home healthcare, and skilled staffing businesses, and may also be required to lease commercial office space. These figures are estimates and we cannot guarantee that you will not have additional expenses in starting the Business.

Note 17. **Total.** These estimates are based on our and our predecessor's experience in operating a similar business as well as the costs and expenses incurred by our existing franchisees. There may be other costs and expenses that are required to fund accounts receivable as you grow. In addition, additional funds may be used for additional staff, or to use other marketing techniques that are more comprehensive or aggressive than we require. We do not offer direct or indirect financing. Please see Item 10 for details.

Note 18. **Community Builder Total**. If you participate in the Community Builder program, you will purchase three franchises simultaneously, and must pay the Initial Franchise Fee under the first two Franchise Agreements but the Initial Franchise Fee under the third Franchise Agreement will be waived. The total Initial Franchise Fees payable to us under the Community Builder program are $99,400, based on populations of 200,000 for the territories under each Franchise Agreement. The Community Builder Program Initial Franchise Fee will increase by $200 for each additional $1,000 people in excess of 200,000 in each territory. The other estimated initial investment costs (other than the Initial Franchise Fee) for each of the Franchised Businesses you establish under each of the three Franchise Agreements will be the same as for a single Franchised Business as shown in the Table, but multiplied by three.

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Your grant of a Franchised Business does not include: (i) any right to offer any services via e-commerce; (ii) any right to establish an independent website or to establish a URL incorporating the Proprietary Marks or any variation thereof; or (iii) any right to distribute, market, or implement our services in any channel of distribution not specifically identified in the Franchise Agreement, unless otherwise approved in writing by us.

Approved Products, Services, and Suppliers

You must operate your Franchised Business in strict conformance with our methods, standards, and specifications which we prescribe in our confidential Operating Manual and various other confidential manuals and writings, including our QCentral intranet, prepared for use by you in operating a Franchised Business (collectively the "Operations Manual"), and which we may change at our sole discretion. The Operations Manual covers many aspects of your Franchised Business' operations, such as processes and procedures for the provision of Personal Services, Home Healthcare Services, 360° Approach Services and techniques for developing a client base. You must offer services and products in the manner we prescribe and authorize, provide quality customer service, and otherwise operate the Franchised Business in such a manner that will serve to emulate and enhance the image intended by us for the System.

You may only offer approved services and products ("Approved Services and Products") through your Franchised Business. All Approved Services and Products must meet our standards and specifications. In order to: (i) better assure the quality of the Approved Services and Products; (ii) assure the supply or quality of the Approved Services and Products; and/or (iii) enable us, in our sole discretion to take advantage of marketplace efficiencies, we have the right to require you to purchase certain Approved Services and Products only from us or other suppliers or distributors approved or designated by us. We may also develop certain Proprietary Products which you must purchase from us and offer for sale through your Qualicare Business. If you decide to offer products or services other than those we have

authorized in connection with operating your Qualicare Business, you must obtain our prior written consent. We currently are the only approved supplier of the Start-up Marketing Kit that you must purchase prior to attending Home Office Training. Presently, neither we nor our officers have an ownership interest in any approved or designated supplier.

We reserve the right to formulate and modify our standards and specifications for operating a Qualicare Business based upon the collective experience of our affiliates and principals. Our standards and specifications are described in the Franchise Agreement, the Operations Manual, and other written documents. We may provide our standards and specifications to you or directly to our approved suppliers. We have the right, under the Franchise Agreement, to change the standards and specifications applicable to the operation of the franchise, including standards and specifications for products, signs, furnishings, supplies, fixtures, inventory and equipment by written notice to you or through changes in the Operations Manual. You may incur an increased cost to comply with these changes at your own expense; however, no change will materially alter your fundamental rights under the Franchise Agreement you may sign. We will notify you of any change to our standards and specifications by way of amendments to the on-line Operations Manual. These updates will be delivered electronically.

We reserve the right to derive revenue from your required purchases from approved suppliers. We estimate that your required purchases will account for approximately 20% to 40% of all purchases and leases necessary to open your Qualicare Business and approximately 10% to 20% of your annual costs to operate your Qualicare Business thereafter. For our fiscal year ended May 31, 2019, neither we nor our affiliates received any income from required franchisee purchases or leases.

In the event you wish to purchase any approved item from an unapproved supplier, you must provide us the name, address and telephone number of the proposed supplier, a description of the item you wish to purchase, and purchase price of the item, if known. At our request, you must provide us, for testing purposes, a sample of the item you wish to purchase. If we incur any costs in connection with testing a particular product or evaluating an unapproved supplier at your request, you or the supplier must reimburse our reasonable testing costs, regardless of whether we subsequently approve the item or supplier. We will notify you of approval or disapproval within 15 business days of receiving all requested information. Nothing in the foregoing will be construed to require us to approve any particular supplier. We may base our approval of any such proposed item or supplier on considerations relating not only directly to the item or the supplier but also indirectly to the uniformity, efficiency, and quality of operation we deem necessary or desirable in our System as a whole. Our criteria for approving suppliers are not available to franchisees.

We have the right to receive payments from suppliers on account of their dealings with you and other franchisees and to use all amounts we receive without restriction (unless instructed otherwise by the supplier) for any purposes we deem appropriate. We will not approve an unreasonable number of suppliers for a given item, which approval might, in our reasonable judgment, result in higher costs or prevent the effective or economical supervision of approved suppliers. We may revoke our approval of particular products or suppliers when we determine, in our sole discretion, that such products or suppliers no longer meet our standards. Upon receipt of written notice of such revocation, you must cease purchasing products from such suppliers. You must use products purchased from approved suppliers solely in connection with the operation of your Qualicare Business and not for any competitive business purpose. We have negotiated purchase arrangements with suppliers of required goods and services for your benefit. You do not receive any other material benefits in the form of renewal rights or rights to additional territories from your use of our designated and approved suppliers. There are currently no purchasing or distribution cooperatives in existence for the System.

Marketing

You must use marketing material prepared and made available by us or we reserve the right to approve or reject the use of any material that you create. All marketing material created by Franchisee must be submitted to Franchisor for review within 10 days before its first use.

Insurance

You are required to obtain and maintain insurance in the amounts we prescribe in the Operations Manual, or otherwise in writing. Our present insurance requirements are:

- General Liability
  - $1 Million Occurrence/$3 Million Aggregate
  - Abuse & Molestation of $250,000 Occurrence/$250,000 Aggregate
- Professional Liability
  - $1 Million Occurrence/$3 Million Aggregate
- Owned, Hired and Non-Owned Auto
  - $2 Million Combined Single Limit
- Crime (Bonding) – First Party (Employee Dishonesty) and Third Party (Client Theft)
  - $25,000 Per Occurrence
- Property (if you lease commercial office space)
  - Limits as Required by Landlord or $10,000
- Workers Compensation
  - Coverage A – Statutory Workers Compensation
  - Coverage B – Employers Liability Limit
    - Bodily Injury $100,000 Each Accident
    - Bodily Injury $500,000 By Disease Policy Limit
    - Bodily Injury $100,000 By Disease Each Employee

You are free to add optional coverage, including Employment Practices Liability and Umbrella insurance coverage.

If automobiles are used for business purposes or to assist clients, you will ensure all of your employees maintain valid driver's licenses and have auto insurance in force with liability coverage as we prescribe. You agree to purchase hired and non-hired auto insurance to cover all vehicles used in connection with operating your Franchised Business, in an amount of at least $2,000,000 or as required by state law. You will agree to carry such insurance as may be required by any lender or equipment lessor you select and such worker's compensation insurance as may be required by applicable law. You must add us to all insurance contracts as an additional insured under the insurance policies, the cost of which is to be paid by you. All insurance policies must contain a waiver of subrogation in our favor. We have the right to change the amounts and types of insurance required at our sole discretion.

Computer Hardware and Software

You must use all computer hardware and software we designate for use by System Franchisees. All Qualicare franchisees must use the CRM software and purchase, lease or license the required supporting hardware and software to operate their Businesses from us or our approved vendors. Our CRM is a web based scheduling software which also provides case management functions to track case activities and allow employees to report their time and receive renumeration, as well as the ability to bill clients and share client data with family members.

Leases and Leasehold Improvements

We presently allow System franchisees to begin to operate their Franchised Businesses from a home office, provided that the laws and regulations applicable to your Business allow you to do so. At the expiration of your first year of operations, you will be required to secure commercial office space for the operation of the Franchised Business. We have the right to review, evaluate and approve your site and proposed lease for the commercial office space ("Lease") prior to execution, which will not be unreasonably withheld. Neither our review of the Lease, nor our acceptance of the site you selected, constitutes a representation or guarantee that you will succeed at the selected site or an expression of our opinion regarding the terms of the Lease. We encourage you to seek independent counsel from a lawyer or business adviser to assist you in selecting commercial office space and negotiating a lease. See Items 7 and 11 for more information regarding our site requirements and assistance.

ITEM 9
FRANCHISEE'S OBLIGATIONS

The table on the following pages lists your principal obligations under the Franchise Agreement. It will help you to find more detailed information about your obligations in these agreements and other items of this Disclosure Document.

	Obligation	Section in Franchise Agreement	Disclosure Document Item
a.	Site selection and acquisition/lease	1.2 and 7.1	Items 7, 11 and 12
b.	Pre-opening purchases/ leases	7.4, 7.8 and 12.4	Items 7 and 8
c.	Site development and other pre-opening requirements	7.1 and 7.1.1	Items 6, 7, 8 and 11
d.	Initial and ongoing training	7.2 and 8	Item 11
e.	Opening	7.3	Item 11
f.	Fees	3, 12.5 and 12.7; Community Builder Addendum	Items 5 and 6
g.	Compliance with standards and policies/ operations manual	6.1, 7.5 and 7.6.4	Item 8 and 11
h.	Trademarks and proprietary information	4 and 5	Items 13 and 14
i.	Restrictions on products/ services offered	7.4 and 7.5	Item 8, 12 and 16
j	Warranty and customer service requirements	7.6.3	Item 15

Obligation		Section in Franchise Agreement	Disclosure Document Item
k.	Territorial development and sales quotas	1.6, 7.11	Items 12 and 17
l.	Ongoing product/ service purchases	7.4 and 7.5	Item 8 and 11
m.	Maintenance, appearance and remodeling requirements	2.2.3, 6.2, 7.1 and 7.18	Item 6, 8 and 11
n.	Insurance	9	Items 6 and 8
o.	Advertising	12	Items 6 and 11
p.	Indemnification	13.2	Item 6
q.	Owners participation/ management/staffing	7.6.3, 7.6.4, 7.6.5 and 7.11	Items 11 and 15
r.	Records and reports	10 and 11	Item 6
s.	Inspections and audits	7.7, 11 and 16.1.9	Items 6 and 11
t.	Transfer	14	Item 17
u.	Renewal	2.2	Item 17
v.	Post term obligations	16, 17.2	Item 17
w.	Noncompetition covenants	17	Item 17
x.	Dispute resolution	18	Item 17
y.	Certification Program	1.7	Item 12

ITEM 10
FINANCING

We do not offer direct or indirect financing. We will not guarantee your note, lease or other obligations.

ITEM 11
FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING

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

Pre-Opening Obligations.

Before you open the Qualicare Business, we will perform the following:

1. Upon request, we will allow you to have access to our proprietary and confidential Operations Manual, which we may amend periodically. (Section 6.1 of the Franchise Agreement). The Table of Contents of the Operations Manual is included as Exhibit C to this Disclosure Document. The Operations Manual is presently 175 pages long, and our Outside Sales Playbook is currently 224 pages long, each of which are subject to ongoing modifications and changes as we make changes to our procedures. You must operate the Franchised Business in accordance with all applicable federal, state, and local laws, regulations, and ordinances, and must obtain our written consent before deviating from any of our standards and specifications to comply with any law or regulation, which approval we will not unreasonably withhold. We reserve the right to disclose updates to the Operations Manual in writing in any manner, including electronic means such as e-mail, our website, and any intranet or extranet that we establish in connection with the System.

2. We will provide specifications and requirements for computer hardware, software and other equipment necessary to operate your Qualicare Business. (Section 6.2 of the Franchise Agreement).

3. We will provide specifications for and designate sources of supply from which you agree to purchase inventory, goods and supplies necessary for the startup and ongoing operations of the Franchised Business, including stationary, client questionnaires, uniforms, and other forms. (Section 6.3 of the Franchise Agreement).

4. We will assist you in the planning and marketing for your grand opening and will also prepare and sell you a Start-Up Marketing Kit. (Section 6.4 of the Franchise Agreement).

5. We will provide you with our initial training program, which includes a pre-opening on-line training course immediately after signing the Franchise Agreement and our initial tuition-free home office training program. (Sections 8.1 and 8.2 of the Franchise Agreement). Prior to opening, you must complete initial training to our satisfaction. If you are a partnership, corporation or limited liability company, at least one of the trainees for the Home Office Training Program must be your general partner, principal shareholder, or manager as appropriate. (Section 8.2 of the Franchise Agreement). If you have a designated General Manager, pursuant to Section 7.6.5 of the Franchise Agreement, then he/she must also attend the Home Office Training Program. You will be responsible for the cost of you and your employees' salaries, lodging, meal, and travel costs. The Home Office Training Program will last up to 5 days (approximately 36 hours). The Home Office Training Program involves classroom and practical experience, as detailed in the training charts below.

PRE-OPENING ON-LINE TRAINING SCHEDULE

Module Name	Total Hours of Online Training	Total Hours of Course Assignments	Location
Getting Started	2	0	Your home or office
Setting Up Your Business	10	50	Your home, office or community
Planning for Your Business	10	20	Your home, office or community
Recruitment & Hiring	10	20	Your home, office or community
Marketing	10	20	Your home, office or community
Outside Sales	10	20	Your home, office or community
Inside Sales	10	0	Your home or office
Care Delivery	10	10	Your home or office
Financial Management	10	10	Your home or office
Bringing It All Together	3	0	Your home or office
Total hours	**85**	**150**	

HOME OFFICE PROGRAM SCHEDULE
Qualicare Home Office Training (5 Day training at Qualicare Home Office)

Subject	Hours of Classroom Training	Hours of On the Job Training	Location
Business Planning & Management	4	0	Toronto, Canada, or any other location we designate
Marketing	4	0	Toronto, Canada, or any other location we designate
Sales	8	0	Toronto, Canada, or any other location we designate
Care Delivery	6	0	Toronto, Canada, or any other location we designate
Job Shadowing	5	0	Toronto, Canada, or any other location we designate

Subject	Hours of Classroom Training	Hours of On the Job Training	Location
Caregiver Orientation & Onboarding	2	0	Toronto, Canada, or any other location we designate
ClearCare Workshop	2	0	Toronto, Canada, or any other location we designate
Financial Management	4	0	Toronto, Canada, or any other location we designate
Total Time (hours)	**35**	**0**	

All training is supervised by Jonathan Nedeljkovic, our Vice President of Franchise Success. Jonathan is identified in Item 2 above, and has over 13 years of experience with the subjects taught during training. Jonathan may use the services of our employees or professional trainers to conduct various aspects of training. The Operations Manual is the principal instructional material.

Failure to complete the Home Office Training Program to our satisfaction within the applicable time period may result in termination of the Franchise Agreement. (Section 8.2 of the Franchise Agreement). Our initial training program is offered tuition free to you and one of your key employees. Any additional personnel may be trained by us at our then current fee for providing such initial training, which is presently $2,500 per person. (Section 8.3 of the Franchise Agreement). You are responsible for you and your employees' costs to attend our Home Office Program, including travel costs, room and board expenses, and employees' salaries. (Section 8.2 of the Franchise Agreement). All training will occur at Company's headquarters in Toronto, Canada, and at your Approved Location, or any other location we may designate. You must complete the initial training program to our satisfaction prior to opening. (Section 8.2 of the Franchise Agreement). If you have a General Manager, then he/she shall be the other trainee along with you.

You are responsible to ensure that your other personnel are properly trained. Only our approved training materials may be used by you in training your personnel. Updated training materials will be provided to you by us as they are developed. (Section 8.3 of the Franchise Agreement). All training materials provided to you by us, will at all times remain our property, and you agree not to challenge our or our affiliates' title or rights in or to the training materials. You may not make any disclosure, duplication or other unauthorized use of any portion of the training materials.

To assist you in the operation of your Franchised Business, we may offer additional training programs and/or refresher courses to you, your manager and/or your employees. We may provide such assistance, at our discretion, by telephone, intranet communication, web portals, e-Learning systems or on-site visits. We may also require your attendance at these programs and/or courses, as well as to our annual meetings. You are responsible for the expenses of you, your manager and your employees, including transportation to and from the training site and lodging, meals, and salaries during such training. The additional training programs and refresher courses will be held at our then-current tuition for such training, which is presently $2,500 per person. (Section 8.2 of the Franchise Agreement).

Site Selection and Opening

1. We will permit you to begin the operations of your Franchised Business out of your home provided that the laws and regulations applicable to your Franchised Business allow you to do so. However, at the expiration of your first year of operations, you are required to operate your Qualicare Business from commercial office space. You must obtain commercial office space that is acceptable to us and our approval of which will not be unreasonably withheld. (Sections 1.2 and 7.1 of the Franchise Agreement). See Item 12.

2. We estimate that it will take approximately two to six months from signing the Franchise Agreement for you to open your Qualicare Business. The actual length of this period will depend upon factors such as: whether you choose to operate your business from home or lease or otherwise obtain commercial office space; whether you can acquire acceptable financing arrangements; whether you secure all necessary licenses and permits with applicable regulatory agencies; and our training schedules. However, we require that the Franchisee complete the pre-opening online training program within six months of signing the Franchise Agreement. Under the Franchise Agreement, you are required to open your Franchised Business no later than 12 months after we sign the Franchise Agreement. (Section 7.3 of the Franchise Agreement). If the Franchised Business has not been opened within 12 months of signing the Franchise Agreement, we may, at our sole discretion, elect to terminate your Franchise Agreement and retain the full franchise fee. (Sections 7.3 and 15.3.4 of the Franchise Agreement, and the Site Selection Addendum to the Franchise Agreement).

Post-Opening Assistance.

1. We will provide you continuing consultation and advice as we deem necessary and appropriate regarding the management and operation of the Franchised Business. We will provide such assistance, in our discretion, by telephone, intranet communication e-Learning systems and on-site visits. (Section 6.5 of the Franchise Agreement).

2. We, or our designee, will maintain and update the CRM Software. (Section 7.8.1 of the Franchise Agreement).

3. We will administer the Brand Development Fund. (Section 12.5 of the Franchise Agreement).

4. We may provide National Account Sales Services for the benefit of System franchisees. (Section 1.5 of the Franchise Agreement).

5. We may, in our discretion, hold an annual conference, regional conferences or additional training at locations to be selected by us. (Section 6.7 of the Franchise Agreement). We will determine the topics and agenda for such conferences and training to serve the purpose, among other things, of updating Franchisees on new developments affecting Franchisees, exchanging information between Franchisees and our personnel regarding Qualicare Business operations and programs, and recognizing Franchisees for their achievements. We require you to attend the annual conference, regional conferences or training and to pay our then-current registration fee. Your first conference is free and, we will provide one free ticket to the annual conference. After your first conference, you will be billed on a monthly basis for the cost of one ticket to the upcoming annual conference. Currently priced at $80/month. If you fail to attend the annual conference, the cost of the ticket will not be refunded to you. All expenses, including you and your employees' transportation, lodging, meals, and salaries are your sole responsibility. We may use contributions from the Fund for purposes related to the annual conference, regional conferences or other training, including costs related to productions, programs, and materials. (Section 6.7 of the Franchise Agreement).

6. We may provide you with assistance in establishing prices for the products and services offered through your Franchised Business.

7. We have the right, but not the obligation, to establish and maintain a toll free telephone number for the purpose of accepting and confirming client inquiries nationwide, customer service, and client follow-up and satisfaction surveys. As we have established a toll free number, you must comply with our procedures for implementing the nationwide service as we specify in the Operations Manual or otherwise in writing, and you may have to pay a fee related to the establishment, operation and maintenance of the toll free telephone number. (Section 6.6 of the Franchise Agreement).

8. We have created, and continue to develop and create, additional products and services to be offered by Franchisees in operating their Franchised Businesses, including proprietary products and services sold under the trademarks we designate ("Proprietary Products and Services"). You must sell all Proprietary Products and Services we designate for use in connection with the System at your Franchised Business.

9. We may, in our sole discretion, hold refresher and ongoing training courses, or training courses upon a significant change to the Franchise System. We may require you and your employees to attend such training at its then-current fee for providing such training. All expenses, including your and your employees' transportation, meal, and lodging expenses to attend such training shall be your sole responsibility. This will not exceed $2,000 per year. (Section 6.8 of the Franchise Agreement).

Marketing

We have established a brand development fund (the "Fund") for the common benefit of the System. You must participate in and contribute 1% of your Gross Sales on a monthly basis to the Fund in the manner we prescribe (Section 12.5 of the Franchise Agreement). Contributions to the Fund by subsequent company owned units will be equal to that provided for in our Franchise Disclosure Document in the year that the company owned unit is established. Should the marketing contribution for the System decrease at any time, we have the right to reduce the contributions from company owned units to the then-current rate specified for franchised locations.

We have the right to use the Fund contributions, in our sole discretion, to develop, produce, and distribute national, regional and/or local marketing and to create marketing materials and programs as well as public relations which promote, in our sole judgment, the services offered by System franchisees. (Section 12.5.1 of the Franchise Agreement). We may use the Fund to satisfy any and all costs of maintaining, administering, directing, preparing, and producing marketing programs, including (a) the cost of preparing and producing television, radio, magazine, and newspaper marketing campaigns; (b) the cost of direct mail; (c) the cost of public relations activities and advertising agencies; (d) the cost of developing and maintaining an Internet website; and (e) personnel and other departmental costs for any marketing activities that we internally administer or prepare. Nevertheless, not all System Franchisees will benefit directly or on a pro rata basis from such expenditures. (Section 12.5.1 of the Franchise Agreement). While we do not anticipate that any part of Fund contributions will be used for marketing which is principally a solicitation for franchisees, we reserve the right to use the Fund for public relations or recognition of our brand, for the creation and maintenance of a website, a portion of which can be used to explain the franchise offering and solicit potential franchisees, and to include a notation in any advertisement indicating "Franchises Available." (Section 12.5.1 of the Franchise Agreement).

We will use the Fund contributions to develop and prepare marketing materials which we will distribute to System Franchisees for their use in their local marketing efforts. (Section 12.5.1 of the

Franchise Agreement). The marketing materials will be prepared by us and by outside sources. If we do not spend all fund contributions by the end of each fiscal year, the funds will be carried forward into the next fiscal year. You must contribute to the Fund regardless of whether other System franchisees are required to contribute to the Fund at different rates.

We have the sole right to determine how to spend contributions to the Fund, or any funds from any other marketing program, and the sole authority to determine the selection of the marketing materials and programs; provided, however, that we will make a good faith effort to expend such funds in the general best interests of the System on a national or regional basis. We are not required, under the Franchise Agreement, to spend any amount of the Fund contributions in your Territory and not all System Franchisees will benefit directly or on a pro rata basis from our expenditures. We have the right to reimbursement from the Fund contributions for reasonable costs and overhead, if any, as we may incur in activities which are reasonably related to directing and implementing the Fund and marketing programs for franchisees and the System, including costs of personnel for creating and implementing advertising, promotional and marketing programs. (Section 12.5.1 of the Franchise Agreement). There is no requirement that the Fund be audited. Upon your written request, we will provide you with an unaudited accounting of Fund expenditures.

In the fiscal year ended May 31, 2019, the Fund contributions were used for the research, creative, development and production of new marketing and promotional materials. The expenditures for the fiscal year ended May 31, 2019, were spent as follows: production of advertising (98%); general and administrative expenses (2%).

We also may provide National Account sales services including the marketing and sales of Qualicare Services to institutions, associations and organizations that are national or regional in scope, whereby the Franchisee would be able to deliver services, in their local territory, through that contract or adjacent to a national agreement that we may secure. All sales generated by us and serviced by you will be subject to an extra 1% National Account Sales Fee.

There is presently a franchisee advisory council associated with the Fund. Currently, our franchisee advisory council is currently comprised of five franchisee members that serve in an advisory capacity. Members are nominated through a franchisee nomination process and selected by us to serve for a three-year term.

We have the right to require that marketing cooperative and/or franchisee advisory council be formed, changed, dissolved or merged. (Section 12.5 of the Franchise Agreement). Other than operating the Fund, we are not required to spend any amount on marketing in your area or territory.

Local Marketing Requirement

You must spend a minimum of $1,000 each month on local marketing and advertisements (the "Local Marketing Requirement"). The Local Marketing Requirement must be spent in the manner we prescribe in the Operations Manual or otherwise in writing, which may include, without limitation, requirements that you place a certain number and/or type(s) of media advertisements, or the medium in which you place the advertisements. You must use any required advertising materials we generate in connection with local advertising; or, should you decide to use materials created by persons other than us, those materials must be approved by us prior to their placement. All marketing must be in accordance with our standards and specifications.

You acknowledge and agree that your local marketing obligation must be expended regardless of the amount(s) spent by other System franchisees on local marketing. We may require you to submit to us

an annual plan for your local marketing expenditures. We may require you to send us proof of these expenditures within 15 days of the end of each month. You must use any required local advertising materials designated by us. All advertising must prominently display the Proprietary Marks and comply with any standards for use of the Proprietary Marks that we may establish from time to time. We may require you to discontinue use of any advertising or marketing materials at any time at your expense.

Online Lead Generation.

You are required to spend a minimum of $1,000 per month on online lead generating advertising with our designated vendors (the "Online Lead Generation Requirement"). (Section 12.8 of the Franchise Agreement). You must spend the Online Lead Generation Requirement in the manner we prescribe in the Operations Manual or as otherwise in writing. You must send us proof of these expenditures within 15 days of the end of each month. You shall follow up on all customer leads provided to you through this advertising within 24 hours of the potential client enquiry by way of home visit, telephone or by email

Regional Marketing Cooperative

There are currently no regional cooperatives in existence in our System. However, we will have the right, in our discretion, to designate any geographical area for purposes of establishing a regional marketing and promotional cooperative ("Cooperative"), and to determine whether a Cooperative is applicable to your Franchised Business. (Section 12.6 of the Franchise Agreement). If a Cooperative has been established applicable to the Franchised Business at the time you begin operating under the Franchise Agreement, you must immediately become a member of such Cooperative. Any contribution made towards a Cooperative will be credited against your Local Marketing Requirement. If a Cooperative applicable to the Franchised Business is established at any later time during the term of the Franchise Agreement, you must become a member of such Cooperative no later than 30 days after the date on which the Cooperative begins operation. If the Franchised Business is within the territory of more than one Cooperative, you are required to be a member of only one such Cooperative. (Section 12.6 of the Franchise Agreement). Each Cooperative will be organized and governed in a form and manner, and will commence operation on a date, approved in advance by us. (Section 12.6.1 of the Franchise Agreement).

Each Cooperative will be organized for the exclusive purpose of administering regional marketing programs and developing, subject to our approval, standardized marketing materials for use by the members of the Cooperative. (Section 12.6.2 of the Franchise Agreement). No promotional or marketing plans or materials may be used by a Cooperative or furnished to its members without our prior approval. All such plans and materials will be submitted to us in accordance with the procedure set forth in Section 12.1 of the Franchise Agreement. (Section 12.6.3 of the Franchise Agreement). Each Cooperative will have the right to require its members to make contributions to the Cooperative in such amounts as are determined by the Cooperative; provided, however, that you will not be required to contribute to any Cooperative in excess of your Local Marketing Requirement. (Section 12.6.4 of the Franchise Agreement). Each member franchisee must submit to the Cooperative, no later than the 15th of each month, for the preceding month, its respective contribution as provided in the Franchise Agreement together with such other statements or reports as we may require or as may be required by the Cooperative with our approval. (Section 12.6.5 of the Franchise Agreement). We may grant to any franchisee, in our sole discretion, an exemption for any length of time from the requirement of membership in a Cooperative, upon written request of such franchisee stating reasons supporting such exemption. Our decision concerning such request for exemption will be final. (Section 12.6.6 of the Franchise Agreement).

Computer System

You will purchase and/or lease and use any and all computer software programs ("Software") which we have developed or may develop and/or designate for use for the System, and will purchase or lease such computer hardware as may be necessary for the efficient operation of the Software.

Presently, our hardware and software requirements include a laptop computer with the current Microsoft operating system, plus MS Office or a compatible software, web camera and QuickBooks. You also need a multi-function printer that prints, scans and faxes.

We have the right to require you to update or upgrade computer hardware components and/or Software as we deem necessary, but not more than two times per calendar year, at your cost. In addition, we have the right to require you to enter into a separate maintenance agreement for such computer hardware and/or software. We also require you to install or subscribe to a "systems backup solution" which backs up critical data stored in your computer system using an off-premises storage location. Notwithstanding the fact that you must buy or lease, use and maintain the computer hardware and software under our standards and specifications, you will have the sole and complete responsibility for: 1) the acquisition, operation, maintenance and upgrading of the computer hardware and software; and 2) any and all consequences that may arise if the computer hardware or Software is not properly operated, maintained and upgraded. (Section 7.8 of the Franchise Agreement). We reserve the right to have independent access to any data you collect electronically. You must install, at your expense, the necessary computer hardware and software to provide us with full and direct electronic access to all of your data, software systems, and related information.

Through our third party supplier we have developed proprietary software. You must license this CRM directly from us. There are no substitutes for the CRM software. Your license to use the CRM software is nonexclusive, and we are presently and may in the future use other software and/or expand the functions of the CRM to support our other business activities.

If and at such time we develop and custom design any other software programs in addition to or as a substitute for the CRM or for conducting scheduling, case management, accounting, point-of-sale functions and related activities ("Proprietary Software Program"), you, at your own expense, agree to obtain the computer hardware required to implement the Proprietary Software Program into your Qualicare Business, and to comply with all specifications and standards prescribed by us regarding the Proprietary Software Program as provided in the Operations Manual. This software will be proprietary to us and Confidential Information of ours. We or our designee agree to provide ongoing service and support to you regarding the Proprietary Software Program and will lease such software to you at the then current rates published by us. (Section 7.8.1 of the Franchise Agreement).

The initial cost of our required computer hardware and software ranges between $1,600 and $4,000 and is disclosed in further detail in Item 7 of this Disclosure Document. The monthly Software Fee for the CRM Software, currently starting at $120 per month and disclosed in further detail in Item 6 of this Disclosure Document, covers the cost of all required maintenance, support, upgrades and updates to that system. The Software Fee is presently payable directly to our authorized vendor.

Website and Internet Presence

We will also provide you, through a third party internet marketing company of our choice, an integrated customizable and supported mobile-friendly website, which includes maintenance updates, changes, enhancements, form support and security protection. In addition, the website will have the same Qualicare branding as the corporate site with templated pages, layout and content. All local website

pages will be in a subdirectory of the qualicare.com domain formatted as www.qualicare.com/territoryname. We will be the web master, either directly or through a third party, and will have absolute discretion and control over such a web pages. All information on the website must be approved by us prior to posting.

You must pay us a non-refundable initial technology set-up fee of $1,650 before attending initial training. (Section 12.3.1 of the Franchise Agreement). This fee covers the initial costs associated with the set-up of your website, intranet connection, and social media profiles. You are required to pay us a monthly Technology Fee, currently $400, due on the 15th day of the preceding month. The Technology Fee covers the ongoing monthly costs for website maintenance, intranet, and software licenses. We have the right to increase or decrease the Technology Fees based on changes in our vendor's pricing and our technology needs, impose additional fees, as changes are made to the System's technology platforms, including computer hardware, software and other computer requirements or as required by the third party service provider(s) or by any regulatory agency, or otherwise require you to pay the Technology Fee to a third party vendor. We may also use Branding Fund amounts to pay or reimburse the costs associated with the development, maintenance and updating of our website. (Section 12.3 of the Franchise Agreement).

Other than the authorized website for your location, you are not permitted to maintain any other individual website related to the Qualicare Business, or to establish a URL incorporating any variation of "Qualicare" or the "Qualicare 360°" or the "360° Approach" or the "Brain Workout +" names or the Proprietary Marks, without our prior written approval. Any and all URLs incorporating any variation of our marks must be registered and held by Qualicare. (Section 12.3 of the Franchise Agreement). You cannot violate our privacy policies or user terms posted on its website. We do not allow you to advertise on the Internet without our prior written approval in accordance with the marketing requirements above. (Section 12.1 of the Franchise Agreement).

Area Computer Network Business, Intranet or Extranet Participation

You are required to participate in any System-wide area computer network, intranet system or extranet system that we implement and may be required by us to use such area computer network, intranet system or extranet system to, among other things: (i) submit your reports due under the Franchise Agreement to us on-line; (ii) view portions of the Operations Manual; (iii) download approved local marketing materials; (iv) communicate with us and other System franchisees; (v) complete any initial and ongoing training; and (vi) view and retrieve standard business forms. You agree to use the facilities of any such area computer network, intranet system, or extranet system in strict compliance with the standards, protocols, and restrictions that we include in the Operations Manual, including those related to the encryption of confidential information and prohibitions against the transmission of libelous, derogatory or defamatory statements.

ITEM 12
TERRITORY

Under the Franchise Agreement, you will receive a protected but nonexclusive Territory. The Territory will be identified in the Franchise Agreement's Data Sheet. You may not solicit clients and/or advertise outside your Territory or deliver any products or services to any destination outside your Territory without our prior written consent. Generally, your Territory will have a population of up to 200,000, as determined by the Franchisor's choice of methodology which will be delineated by U.S. Postal zip codes. The boundaries of your Territory will not change, even if the population within your Territory increases or decreases. In some cases, your Territory may have a population of greater than

200,000. This will be mutually agreed upon. Your initial franchise fee for a Territory will increase by $200 for every additional 1,000 people your Local Territory has in excess of 200,000.

Before you enter into the Franchise Agreement, some franchisees under the System acquired clients outside of their territory, which may have included your Territory. So long as you are actively engaged in the Business and are otherwise not in default of the Franchise Agreement, we will not establish and operate, nor license any party other than you to establish and operate, a Qualicare Business under the System and the Proprietary Marks within your Territory, and other System franchisees who had previously obtained clients outside of their territory shall no longer be authorized to solicit new clients in your Territory once you enter into the Franchise Agreement. However, other System franchisees may continue to service their pre-existing clients located in your Territory, if applicable.

You understand that the Territory is non-exclusive and may, therefore, be shared with other Qualicare Businesses. You will not receive an exclusive territory. You may face competition from other franchisees, from outlets we own, or from other channels of distribution or competitive brands that we control.

You will operate the Franchised Business from a location ("Approved Location") which will be identified on the Data Sheet of the Franchise Agreement. During the first year of operations, you will not be required to lease commercial office space unless the laws and regulations applicable to your Franchised Business prevent you from operating the Franchised Business from a home office. After the conclusion of your first full year of operations, you must secure commercial office space for the operation of the Franchised Business. We have the right to review, evaluate and approve the proposed Lease for the commercial office space prior to execution, approval of which will not be unreasonably withheld. You may relocate the Franchised Business only with our prior written approval. If, for any reason, the Lease term is shorter than the term of this Agreement and the Lease cannot be renewed or extended, or you cannot continue for any other reason to occupy the Location, you must relocate the Franchised Business to a mutually acceptable site within your Territory to complete the unexpired portion of the term of this Agreement. You must notify us of your intention to relocate, procure a site acceptable to us within ninety (90) days prior to closing operations at the current Approved Location, and open for business at the new Approved Location.

You expressly understand and agree that we and our affiliates shall have the right, in our sole discretion, to: (i) own and operate Qualicare Businesses at any location(s) outside your Territory under the same or different marks, or to license others the right to own and operate Qualicare Businesses at any location(s) outside your Territory under the same or different marks; (ii) own and operate Qualicare Businesses at any location(s) within or outside your Territory under the same or different marks, or to license others the right to own and operate Qualicare Businesses at any location(s) within or outside your Territory under the same or different marks; (iii) to own, operate and license others to own and operate different businesses under different marks inside or outside your Local and/or Territory; (iv) use the Proprietary Marks and System in connection with ancillary services and products, promotional and marketing efforts without regard to location, and the operation of any businesses using the Qualicare name and mark; (v) own and operate and license others the right to own and operate businesses offering Personal Services or skilled Home Healthcare Services using different proprietary marks within or outside of the Territory; and (vi) use the Proprietary Marks, Proprietary Software Program, and System, and license others to use the Proprietary Marks, Proprietary Software Program, and System to engage in any other activities not expressly prohibited in the Agreement.

Under the Community Builder program you will enter into three Franchise Agreements and be licensed three separate Territories. The parameters for each of these Territories are as described above.

Alternative Services

Although we agree not to distribute your existing services within your Territory, certain other products or services from our affiliates, whether currently existing, in research and development, or developed in the future, may be distributed in your Territory by us or our affiliates, or our franchisees, licensees or designees, in such manner and through such channels of distribution as we, in our sole discretion, will determine. We reserve the right, among others, to any service arrangements relating to our sale of products and services through alternative channels of distribution. The Franchise Agreement grants you no rights: (i) to distribute the services as described in this paragraph; or (ii) to share in any of the proceeds from our activities through alternate channels of distribution.

National Accounts

We have the exclusive right to negotiate and enter into agreements or approve forms of agreements to provide supplemental healthcare staffing services to institutional clients, including hospitals, nursing homes, governments and hospices, etc., that have office locations or clients in more than one particular franchisee's territory, regardless of the contract amount of the services you want to perform (a "National Account"). After we sign a contract with a National Account, we may, at our option, provide you with the option to perform services for the National Account upon the contract terms we negotiate. If you refuse to offer services on such terms, we or any party we may designate will have the right to perform said services for the National Account within your Territory.

Performance Standards

Your right to operate a Franchised Business within a protected Territory is dependent on achieving the following minimum annual gross sales requirement in the operating years listed below (the "Minimum Annual Gross Sales Requirement") (Section 1.6 of the Franchise Agreement):

Year of Operations	Minimum Annual Gross Sales Requirement
2nd Year	$200,000
3rd Year	$300,000
4th Year	$400,000
5th Year & Thereafter	$500,000

Your minimum annual Gross Sales is calculated by adding the sum of your Gross Sales during each operating month per Territory during each year of operations. We will notify you of your non-compliance within 30 days after the end of each year of operations. Your failure to achieve the Minimum Annual Gross Sales Requirement will constitute a material default of the Franchise Agreement, unless within 60 days, the Franchisee outlines a plan to achieve the Minimum Annual Gross Sales Requirement, which is agreed to and approved by the Franchisor. Otherwise, the Franchisor has the right to either terminate the Franchise Agreement or to grant additional franchises within your Territory to third parties.

ITEM 13
TRADEMARKS

You will have the limited right to use the Proprietary Marks we designate for use in connection with the System. Our parent, QFCI, is the owner of the following marks and has registered the following marks on the Principal Register of the United States Patent and Trademark Office ("USPTO") and has filed all required affidavits:

MARK	REGISTRATION NUMBER	REGISTRATION DATE	REGISTER
Qualicare	4182966	July 31, 2012	Principal
Qualicare 360°	4165806	June 26, 2012	Principal
360°CaseManagement	4190645	August 14, 2012	Principal
Brain Workout Plus	5171825	March 28, 2017	Principal

Our rights to use the Marks are derived from an irrevocable, perpetual trademark license agreement with QFCI under which we have the exclusive right in the United States to use and to sublicense the Marks in connection with the offer and sale of franchises to third parties.

There are currently no effective determinations of the United States Patent and Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court; no pending interference, opposition or cancellation proceedings; nor any pending material litigation involving the Proprietary Marks.

You must promptly notify us of any suspected unauthorized use of the Proprietary Marks, any challenge to the validity of the Proprietary Marks, or any challenge to our ownership of, our right to use and to license others to use, or your right to use, the Proprietary Marks. We have the sole right to direct and control any administrative proceeding or litigation involving the Proprietary Marks, including the right to settle the proceedings or litigation. We have the exclusive right, but not the obligation, to affirmatively prosecute actions against third parties for infringement or threatened infringement of the Proprietary Marks.

We will defend you against any third-party claim, suit, or demand arising out of your use of the Proprietary Marks. If we, in our sole discretion, determine that you have used the Proprietary Marks in accordance with the Franchise Agreement, we will pay the cost of defending the action, including the cost of any judgment or settlement. If we, in our sole discretion, determine that you have not used the Proprietary Marks in accordance with the Franchise Agreement, you will be required to pay for the defense or to reimburse us for costs we incurred in providing the defense, including the cost of any judgment or settlement. In the event of any litigation relating to your use of the Proprietary Marks, you are required to sign all documents and assist us, as we deem necessary, to carry out the defense or prosecution including, without limitation, becoming a nominal party to any legal action. Except to the extent that such litigation is the result of your use of the Proprietary Marks in a manner inconsistent with the terms of the Franchise Agreement, we will reimburse you for your out-of-pocket costs in performing such acts.

We are not aware of any superior prior rights or infringing uses that could materially affect your use of the Proprietary Marks in any state; however, a federal trademark registration does not necessarily protect the use of the concerned mark against a prior user in a given relevant market area. Therefore, before entering into the Franchise Agreement, you should make every effort to ascertain that there are no existing uses of the Proprietary Marks or confusingly similar marks being used in the market area where you wish to do business. You should immediately notify us of any confusingly similar marks you discover.

We are the lawful and sole owner of the domain name www.qualicare.com. You cannot register any of the Proprietary Marks now or hereafter owned by us or any abbreviation, acronym or variation of the Proprietary Marks, or any other name that could be deemed confusingly similar, as Internet domain names. We retain the sole right to advertise the System on the Internet and to create, operate, maintain and modify, or discontinue using of a website using the Licensed Marks. You may access our website. Except as we may authorize in writing in advance, however, you cannot: (i) link or frame our website; (ii) conduct any business or offer to sell or advertise any products or services on the worldwide web; or (iii) create or register any Internet domain name in connection with your franchise.

You may use only the Proprietary Marks which we designate, and may use them only in the manner we authorize and permit. Any goodwill associated with Proprietary Marks, including any goodwill which might be deemed to have arisen through your activities, inures directly and exclusively to our benefit. You may use the Proprietary Marks only for the operation of the Franchised Business and only at the Approved Location or in marketing for the Franchised Business. You will use all Proprietary Marks without prefix or suffix and in conjunction with the symbols "SM," "TM," "S," or "R" as applicable. You may not use the Proprietary Marks in connection with the offer or sale of any services or products which we have not authorized for use in connection with the System. You may not use the Proprietary Marks as part of your corporate or other legal name. **We must approve your corporate name and all fictitious names under which you propose to do business in writing before use.** You must use your corporate or limited liability company name followed by the phrase "an independently owned and operated Qualicare business." You must promptly register at the office of the county in which your Franchised Business is located, or such other public office as provided for by the laws of the state in which your Franchised Business is located, as doing business under such assumed business name.

All of your marketing materials must prominently display the Proprietary Marks and must comply with our standards for using the Proprietary Marks. All such marketing materials are subject to our prior written approval, which we will not unreasonably withhold. We reserve the right to approve all signs, stationery, business cards, forms, and other materials and supplies bearing the Proprietary Marks. You may use the Proprietary Marks including, without limitation, trade dress, color combinations, designs, symbols, and slogans, only in the manner and to the extent specifically permitted by the Franchise Agreement or by our prior written consent. You must submit to us and we must approve all advertising, publicity, signs, decorations, furnishings, equipment or other materials employing the Proprietary Marks, or related marks, before first use. We will not unreasonably withhold our approval. You must identify yourself as the owner of the Franchised Business (in the manner we prescribe) in conjunction with any use of the Proprietary Marks including, without limitation, on invoices, order forms, receipts, and business stationery, as well as at such conspicuous locations as we may designate in writing at the Franchised Business premises.

We reserve the right to substitute different proprietary marks for use in identifying the System and the businesses operating thereunder. You must discontinue using all Proprietary Marks which we have notified you, in writing, have been modified or discontinued within 10 days of receiving written notice and must promptly begin using such additional, modified or substituted Proprietary Marks at your expense.

ITEM 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We do not own any registered patents material to the franchise. However, we own all rights and title to and claim copyright and trade secret protection for several aspects of the Franchise System, including the Operations Manual, advertising, and business materials, forms, processes and methodologies, as well as material aspects of the Proprietary Software and computer hardware.

There are no current determinations, proceedings or litigation involving any of our copyrighted materials. Should you become aware that any unauthorized third party is using any of our copyrighted materials, we request that you notify us of such unauthorized use. We may revise our System and any of our copyrighted materials in our discretion, and may require that you cease using any outdated copyrighted material. You will be responsible for printing any revised or new advertising, marketing or other business materials. It is the responsibility of the Franchisee to ensure that the Operations Manual is kept up-to-date.

During the term of the Franchise Agreement, you will receive information which we consider trade secret and confidential information. You may not, during the term of the Franchise Agreement or thereafter, communicate, divulge, or use for the benefit of any other person, partnership, association, corporation, or limited liability company any trade secrets, copyrighted materials, methods and other techniques and know-how concerning the operation of the Franchised Business ("Confidential Information"). Certain information regarding clients, including: (i) current client and prospective client names and addresses; (ii) information about credit extensions to clients; (iii) client service purchasing histories; (iv) rates charged to clients (subsections (i)-(iv) collectively "Client Lists"); (v) sources of suppliers; and (vi) National Account information also constitute our trade secrets and confidential information. You may divulge such Confidential Information only to your employees who must have access to it in order to perform their employment obligations. You may not divulge personal information regarding clients, except as absolutely necessary to operate your Franchised Business. You must require your manager and any personnel having access to any of our Confidential Information to sign an agreement stating that they will maintain the confidentiality of information they receive in connection with their employment, and restricting their right to work for a competitor while they are employed by you. Such agreement, which will be in a form that we prescribe and is available in the Operations Manual, will identify us as a third-party beneficiary to the agreement and will give us independent enforcement rights. You acknowledge and agree that any client lists you or we may develop for use by you in conjunction with operating your Franchised Business are our proprietary information.

The Franchise Agreement provides that if you, your employees, or principals develop any new concept, process or improvement in the operation or promotion of the Franchised Business, you will promptly notify us and provide us with all necessary related information, without compensation. Any new concept, process or improvement will become our sole property and we will be the sole owner of all patents, patent applications, trademarks, copyrights and other intellectual property rights related to such new concepts. You and your principals will assign to us any rights you may have or acquire in new concepts you or your employees develop, including the right to modify such concept, process or improvement, and otherwise will waive and/or release all rights of restraint and moral rights to any new concepts you or your employees develop. You and your principals agree to assist us in obtaining and enforcing the intellectual property rights to any such concept, process or improvement in any and all countries and further agree to execute and provide us with all necessary documentation for obtaining and enforcing such rights. You and your principals will irrevocably designate and appoint us as your agent and attorney-in-fact to execute and file any such documentation and to do all other lawful acts to further the prosecution and issuance of patents or other intellectual property rights related to any such concept,

process or improvement. In the event that such provisions of the Franchise Agreement are found to be invalid or otherwise unenforceable, you and your principals will grant to us a worldwide, perpetual, non-exclusive, fully-paid license to use and sublicense the use of the concept, process or improvement to the extent such use or sublicense would, absent the Franchise Agreement, directly or indirectly infringe on your rights to the new concepts.

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

You (or at least one of your principals if you are a corporation or partnership) must personally supervise the day-to-day operations of the Franchised Business. You must devote your personal full-time attention and best efforts to the management and operation of the Franchised Business or you may delegate the day-to-day operation of your Franchised Business to a full-time manager ("General Manager"). We must approve your General Manager and you or your General Manager must successfully complete our initial training program before assuming any managerial responsibility. Your Franchised Business must, at all times, be staffed with at least one individual who has successfully completed our initial training program. In the event that you operate more than one Qualicare Business, you will have a properly trained General Manager who has been approved by us at each location. You will keep us informed at all times of the identity of any employees acting as General Manager, as well as others employed by your Franchised Business, and any change in their employment status. All persons providing Personal Services or Home Healthcare Services must be employed by you and may not work as independent contractors.

In the event that a General Manager resigns or is otherwise terminated, you must hire a replacement approved by us in writing who meets our then-current standards for General Managers, who is approved by us in writing before hiring, and who is hired within 30 days after the resignation or termination of the former General Manager. The new General Manager must complete initial training to our satisfaction within 60 days after being hired. Your General Manager(s) will devote full time and best efforts to the day-to-day operation and management of the Franchised Business and will not engage in any other business activity. Your General Manager and his/her spouse will be bound by the confidentiality and non-compete covenants of the Franchise Agreement and will execute the Confidentiality and Restrictive Covenant Agreement attached as Exhibit C to the Franchise Agreement.

In addition, you and all of your employees must (a) undergo a criminal background check, which you must pass to our satisfaction; and (b) provide at least two (2) references meeting our satisfaction. You and your employees must routinely undergo criminal background rescreening. Any employee failing to meet our criteria for a clean criminal background check must be terminated immediately. We have the right to terminate the Franchise Agreement immediately in the event you fail to meet our criteria for a clean criminal background check.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer and sell all of the services which we require and only the services which we authorize for the System. You will not offer to sell or provide at or through the Franchised Business any merchandise, products or services that have not been approved in writing, or use the premises for any other business purpose other than the operation of the Franchised Business. You may not offer and sell any products or services which do not meet our standards and specifications.

You will provide Personal Services and Home Healthcare Services in accordance with our standards and specifications. We have the right to require you to offer and sell additional goods or services as we may designate. There are no limits on our right to do so. You must stop using or offering disapproved services or products immediately upon notice that such services or products have been discontinued. If the law prohibits the use or sale of any product or service, use must cease immediately.

See Item 12 of this Disclosure Document for information about other restrictions.

ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

A. THE FRANCHISE RELATIONSHIP UNDER A FRANCHISE AGREEMENT

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

	Provision	Section in Franchise Agreement	Summary
a.	Length of franchise term	2.1	10 years.
b.	Renewal or extension of the term	2.2	You have the right to renew the Franchise Agreement for 3 successive, additional 5-year periods provided certain conditions are met.
c.	Requirements for you to renew or extend	2.2	Provide timely notice; you must have the right to continue to operate the Franchised Business at the location for the duration of the renewal term; completion of required training, refurbishing, renovating, updating and remodeling of the Franchised Business; you are not in breach of any provision of the Franchise Agreement; you have satisfied all monetary obligations to us, our affiliates, and/or our major suppliers and vendors; you execute our then-current form of Franchise Agreement; pay us a renewal fee; and sign a general release.
d.	Termination by you	No Provision	You do not have the contractual right to terminate the Franchise Agreement.
e.	Termination by us without cause	No Provision	Not Applicable.
f.	Termination by us with cause	15	We have the right to terminate the Franchise Agreement with cause.

	Provision	Section in Franchise Agreement	Summary
g.	Cause defined - default which can be cured	15.3	We have the right to terminate the Franchise Agreement after providing you a 15-day cure period if: (i) you fail to pay any monies you owe us or our affiliates; (ii) any audit reveals that you have understated your royalty, brand development payments, Online Lead Generation Requirement payments or any other amounts due and payable to us under the Franchise Agreement, by more than 2%, or if you have failed to submit timely reports and/or remittances for any 3 reporting periods within any 12-month period; (iii) you fail to immediately endorse and deliver to us any payments due to us from any third party that is erroneously made to you; (iv) you fail to open the Franchised Business for business within twelve months from the date you sign the Franchise Agreement; (v) you fail to operate the Franchised Business during the months, days and hours that we prescribe; (vi) you, or your General Manager, fail to personally supervise the Franchised Business' operations or employ adequate personnel; (vii) you fail to maintain our quality controls and standards; (viii) you conduct yourself in a manner which reflects adversely on the System, the Proprietary Marks, or our products; or (ix) you fail to procure or maintain any licenses, certifications, or permits necessary for the operation of your Franchised Business.
		15.4	We have the right to terminate the Franchise Agreement after providing you a 30-day cure period if you fail to perform or comply with any one or more of the terms or conditions of the Franchise Agreement.
h.	Cause defined – non-curable defaults	15.1 and 15.2	Bankruptcy, abandonment, conviction of felony, fail to meet the Minimum Annual Gross Sales, and others; see § 15.1 and 15.2 of the Franchise Agreement. Under the U.S. Bankruptcy Code, we may be unable to terminate the Franchise Agreement merely because you make a bankruptcy filing.
i.	Your obligations on termination / non-renewal	16.1	Cease operating; payment of amounts due; return Operations Manual; comply with post term covenants; and others. See § 16.1 of the Franchise Agreement.
j.	Assignment of contract by us	14.5	We have the right to assign our rights under the Franchise Agreement.
k.	"Transfer" by you - definition	14.3	Includes transfer of any interest.

	Provision	Section in Franchise Agreement	Summary
l.	Our approval of transfer by Franchisee	14.1	You may not transfer any rights in the franchise without our prior written consent. We have the right to condition our approval of any sale, transfer, assignment or encumbrance as described below.
m.	Conditions for our approval of transfer	14.3.2	Release, signature of new Franchise Agreement, payment of transfer fee, and others; see § 14.3.2 of the Franchise Agreement.
n.	Our right of first refusal to acquire your business	14.3.1	You must first offer to sell to us on the same terms and conditions as those offered by a third party. We will notify you, within 30 days after receiving the offer, whether we wish to exercise our right to purchase your business.
o.	Our option to purchase your business	16.3	We have an option to purchase your Franchised Business upon termination or expiration of the Franchise Agreement.
p.	Your death or disability	14.2	Upon your death or disability, your rights under the Franchise Agreement may pass to your heirs or beneficiaries, provided that, within 45 days of your death or disability, they agree to assume your obligations under the Franchise Agreement, successfully complete our initial training program, and otherwise meet our requirements.
q.	Non-competition covenants during the term of the franchise	17.1	Includes prohibition of engaging in any business offering Personal Services, including companion care, Home Healthcare Services, including supplemental healthcare staffing services or personal care services, or any other products or services offered or authorized for use by System franchisees.
r.	Non-competition covenants after the franchise is terminated or expires	17.2	Includes a two-year prohibition similar to "q" (above) at the Franchised Business premises, within the Territory, or (c) within 20 miles of the Territory or the location of any Qualicare business which we, our affiliates or licensees operate. You may also not solicit business from clients of your former Franchise or contact any of our suppliers or vendors for any competitive business.
s.	Modification of the Franchise Agreement	22.1	The Franchise Agreement may only be modified or amended in writing signed by all parties.
t.	Integration / merger clauses	22.1	Only the terms of the franchise agreement are binding (subject to state law). Any representations or promises outside the disclosure document and franchise agreement may not be enforceable.

	Provision	Section in Franchise Agreement	Summary
u.	Dispute resolution by arbitration or mediation	18.2	Before bringing an action in court, the parties must first submit the dispute to non-binding mediation (except for injunctive relief) in Erie County, New York. The Franchise Agreement contains several provisions that may affect your legal rights, including a waiver of a jury trial, limitations on when claims may be raised, and a waiver of punitive or exemplary damages. See Sections 18.8, 18.9 and 18.10 in the Franchise Agreement.
v.	Choice of forum	18.3	If we ever litigate, you must do so in the courts that have jurisdiction over Erie County, New York (subject to applicable state law).
w.	Choice of law	18.1	The Franchise Agreement is governed by the laws of New York (subject to state law).

ITEM 18
PUBLIC FIGURES

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

ITEM 19
FINANCIAL PERFORMANCE REPRESENTATION

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

BACKGROUND

This Item 19 provides historical Gross Sales information for the Franchised Businesses that were open and in operation (the "Open Franchisees") as of the end of each of the last three of our fiscal years (fiscal years ended May 31, 2017, May 31, 2018 and May 31, 2019). The average net revenue information presented in this Item was provided by the Open Franchisees through reports that were provided to us. Written substantiation for this financial performance representation will be provided to a prospective franchisee upon reasonable request.

Fiscal Year (ended May 31)	Total # of open Franchises	Average Net Revenue	Number & Percentage of Franchises that Attained or Exceeded Average	Median Net Revenue	High Amount	Low Amount	% Increase of Avg. Net Revenue
2019	6	$877,045	3 (50%)	$874,410	$2,334,321	$23,685	-30%
2018	4	$1,256,770	1 (25%)	$1,075,540	$2,333,703	$542,297	98%
2017	5	$636,017	2 (40%)	$566,265	$1,547,814	$104,714	N/A

Notes:

1. "Net Revenue" includes all revenues generated from all business during the relevant years, including amounts received from the sale and delivery of services, products, merchandise, and tangible property of any nature whatsoever, whether in cash or for credit, and whether collected or uncollected. "Net Revenue" does not include the amount of any applicable sales tax imposed by any federal, state, municipal or other governmental authority.

2. For the period from June 1, 2016 to May 31, 2017 we excluded one Franchised Business from the Open Franchisees because that Franchised Business, which opened during that period, was not open and in operation during the entire year. Also, for the period from June 1, 2018 to May 31, 2019, we did not include two Franchised Businesses in the results because they were not open and in operation during that year (one had abandoned the business and the other both opened and closed during that year).

3. The results do not contain information concerning the operating costs and expenses that you will incur in operating your Franchised Business, including royalties, Brand Development Fund contributions, local marketing, Software Fees, rent, payroll, payroll taxes, credit card processing fees, owner compensation/salary, healthcare, employee benefits, office supplies, postage, travel and entertainment expenses, utilities and telephone charges, late fees, training fees, professional fees, and other fees and operating expenses which you may incur as a franchisee.

4. Interest expense, interest income, depreciation, amortization and other income or expenses will vary substantially from business to business, depending on the amount and kind of financing you obtain to establish your Franchised Business. You should consult with your tax advisor regarding depreciation and amortization schedules and the period over which assets of your Franchised Business may be amortized or depreciated, as well as the effect, if any, of any recent or proposed tax legislation.

5. **Some outlets have earned these amounts. Your individual results may differ. There is no assurance you will earn as much.**

6. We believe that the results in the table have been compiled using generally accepted accounting principles, but we have not audited the data.

7. Sales, revenues and expenses of your Franchised Business will be directly affected by many factors, such as: (a) geographic location; (b) competition from other similar businesses in your area; (c) advertising effectiveness based on market saturation; (d) your pricing; (e) vendor prices on materials, supplies and inventory; (f) labor costs; (g) ability to generate customers; (h) customer loyalty; and (i) employment conditions in the market. We recommend that you make your own independent

investigation to determine whether or not the franchise may be profitable to you. You should use the above information only as a reference in conducting your analysis and preparing your own projected income statements and cash flow statements. We suggest strongly that you consult your financial advisor or personal accountant concerning financial projections and federal, state and local income taxes and any other applicable taxes that you may incur in operating a Franchised Business.

Other than the preceding financial performance representation, we do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Brian Church, Qualicare of America, Inc., 830 Dixon Road, Toronto, Ontario M9W 6Y8 Canada, Telephone: (888) 561-0616.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

TABLE 1
System-Wide Outlet Summary
For Fiscal Years Ending May, 31, 2017, 2018, and 2019

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2017	15	8	-7
	2018	8	7	-1
	2019	7	14	7
Company-Owned	2017	0	0	0
	2018	0	0	0
	2019	0	0	0
Total Outlets	2017	15	8	-7
	2018	8	7	-1
	2019	7	14	7

TABLE 2
Transfers of Outlets from Franchisees to New Owners (other than Franchisor)
For Fiscal Years Ending May, 31, 2017, 2018 and 2019

State	Year	Number of transfers
TOTALS	2017	0
	2018	0
	2019	0

TABLE 3
Status of Franchised Outlets
For Fiscal Years Ending May, 31, 2017, 2018 and 2019

State	Year	Outlets at the Start of the Year	Outlets Opened	Termin-ations	Non-Renewals	Re-acquired by Franchisor	Ceased operations other reasons	Outlets at End of the Year
California	2017	6	1	2	0	0	0	5
	2018	8	0	4	0	0	0	4
	2019	4	5	0	0	0	0	9
Colorado	2017	1	0	0	0	0	1	0
	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0
Florida	2017	1	0	0	0	0	1	0
	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0
Illinois	2017	1	0	0	0	0	1	0
	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0
Indiana	2017	2	0	0	0	0	0	2
	2018	2	0	0	0	0	0	2
	2019	2	0	0	0	0	0	2
Minnesota	2017	1	0	0	0	0	1	0
	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0

State	Year	Outlets at the Start of the Year	Outlets Opened	Termin-ations	Non-Renewals	Re-acquired by Franchisor	Ceased operations other reasons	Outlets at End of the Year
Montana	2017	1	0	0	0	0	0	1
	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
New Jersey	2017	1	0	0	0	0	1	0
	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0
Tennessee	2017	1	0	1	0	0	0	0
	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0
Michigan	2017	0	0	0	0	0	0	0
	2018	0	0	0	0	0	0	0
	2019	0	4	2	0	0	0	2
Totals	**2016**	**15**	**1**	**3**	**0**	**0**	**5**	**8**
	2017	**11**	**0**	**4**	**0**	**0**	**0**	**7**
	2018	**7**	**9**	**2**	**0**	**0**	**0**	**14**

TABLE 4
Status of Company-Owned and Affiliate-Owned Outlets
For Years Ending May 31, May, 31, 2017, 2018 and 2019

STATE	YEAR	OUTLETS AT THE START OF THE YEAR	OUTLETS OPENED	OUTLETS REACQUIRED FROM FRANCHISEES	OUTLETS CLOSED	OUTLETS SOLD TO FRANCHISEES	OUTLETS AT END OF THE YEAR
TOTAL	2017	0	0	0	0	0	0
	2018	0	0	0	0	0	0
	2019	0	0	0	0	0	0

TABLE 5
Projected Openings as of May 31, 2019

STATE	FRANCHISE AGREEMENTS SIGNED BUT OUTLET NOT OPENED	PROJECTED NEW FRANCHISED OUTLETS IN THE NEXT FISCAL YEAR	PROJECTED NEW COMPANY-OWNED OUTLETS IN THE CURRENT FISCAL YEAR
California	0	2	0
Florida	0	1	0
Michigan	0	1	0
Texas	0	1	0
Total	0	5	0

A list of our existing franchisees is attached as Exhibit I to this Franchise Disclosure Document. A list of the names, cities and states and last known business telephone numbers (or, if unknown, home telephone number) of every franchisee who has had a franchise agreement terminated, canceled, not renewed or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the most recently completed fiscal year, or who has not communicated with us within ten weeks of our application date is attached to this Disclosure Document at the end of Exhibit I.

There are presently no trademark specific franchisee organizations associated with the System. 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, former franchisees have signed confidentiality clauses that restrict them from discussing with you their experiences as a franchisee in our franchise system.

ITEM 21
FINANCIAL STATEMENTS

Attached to this disclosure document as Exhibit D is our audited financial statements as of May 31, 2017, 2018 and 2019, as well as our unaudited financial statements for the period ending August 31, 2019. Our fiscal year ends on May 31.

ITEM 22
CONTRACTS

Exhibits E and F of this Disclosure Document contain all contracts proposed for use or in use regarding the offer of our franchises, including the following agreements:

Exhibit E-1 – Franchise Agreement
Exhibit A - Personal Guaranty
Exhibit B - Conditional Assignment of Franchisee's Telephone Numbers

Exhibit C - Confidentiality and Restrictive Covenant Agreement
Exhibit D – Electronic Funds Withdrawal Authorization
Exhibit E-2 – Community Builder Addendum
Exhibit F – Sample Termination and Release Agreement.

ITEM 23
RECEIPTS

Exhibit J of this Franchise Disclosure Document contains a detachable document, in duplicate, acknowledging receipt of this Franchise Disclosure Document by a prospective franchisee. You should sign both copies of the Receipt. You should retain one signed copy for your records and return the other signed copy to: Brian Church, 830 Dixon Road, Toronto, Ontario M9W 6Y8 Canada.

EXHIBIT A
TO QUALICARE OF AMERICA, INC.'S
FRANCHISE DISCLOSURE DOCUMENT

LIST OF STATE ADMINISTRATORS

We intend to register this disclosure document as a "franchise" in some or all of the following states, if required by the applicable state laws. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, the following are the state administrators responsible for the review, registration, and oversight of franchises in these states:

CALIFORNIA Commissioner of Business Oversight Department of Business Oversight 320 West Fourth Street, Suite 750 Los Angeles, California 90013-2344 (213) 576-7500 Toll Free: (866) 275-2677	**NEW YORK** New York State Department of Law Investor Protection Bureau 28 Liberty Street, 21st Floor New York, New York 10005 (212) 416-8236
HAWAII Commissioner of Securities of the State of Hawaii Department of Commerce & Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 205 Honolulu, Hawaii 96813 / (808) 586-2722	**NORTH DAKOTA** North Dakota Securities Department State Capitol Department 414 600 East Boulevard Avenue, Fifth Floor Bismarck, North Dakota 58505-0510 (701) 328-4712
ILLINOIS Illinois Office of the Attorney General Franchise Bureau 500 South Second Street Springfield, Illinois 62706 (217) 782-4465	**RHODE ISLAND** Department of Business Regulation Securities Division, Building 69, First Floor John O. Pastore Center 1511 Pontiac Avenue Cranston, Rhode Island 02920 (401) 462-9527
INDIANA Secretary of State Franchise Section 302 West Washington, Room E-111 Indianapolis, Indiana 46204 (317) 232-6681	**SOUTH DAKOTA** Division of Insurance Securities Regulation 124 South Euclid Avenue, Suite 104 Pierre, South Dakota 57501 (605) 773-3563
MARYLAND Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360	**VIRGINIA** State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, Virginia 23219 (804) 371-9051
MICHIGAN Michigan Attorney General's Office Consumer Protection Division, Franchise Section 525 West Ottawa Street G. Mennen Williams Building, 1st Floor Lansing, Michigan 48913 / (517) 335-7622	**WASHINGTON** Department of Financial Institutions Securities Division – 3rd Floor 150 Israel Road, Southwest Tumwater, Washington 98501 (360) 902-8760
MINNESOTA Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, Minnesota 55101 (651) 539-1600	**WISCONSIN** Division of Securities 4822 Madison Yards Way, North Tower Madison, Wisconsin 53705 (608) 266-2139

EXHIBIT B
TO QUALICARE OF AMERICA, INC.'S
FRANCHISE DISCLOSURE DOCUMENT

AGENTS FOR SERVICE OF PROCESS

We intend to register this disclosure document as a "franchise" in some or all of the following states, if required by the applicable state law. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, we will designate the following state offices or officials as our agents for service of process in these states:

CALIFORNIA Commissioner of Business Oversight Department of Business Oversight 320 West Fourth Street, Suite 750 Los Angeles, California 90013-2344 (213) 576-7500 Toll Free: (866) 275-2677	**NEW YORK** New York Secretary of State New York Department of State One Commerce Plaza, 99 Washington Avenue, 6th Floor Albany, New York 12231-0001 (518) 473-2492
HAWAII Commissioner of Securities of the State of Hawaii Department of Commerce & Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 205 Honolulu, Hawaii 96813 / (808) 586-2722	**NORTH DAKOTA** North Dakota Securities Commissioner State Capitol 600 East Boulevard Avenue, Fifth Floor Bismarck, North Dakota 58505-0510 (701) 328-4712
ILLINOIS Illinois Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465	**RHODE ISLAND** Director of Department of Business Regulation Department of Business Regulation Securities Division, Building 69, First Floor John O. Pastore Center 1511 Pontiac Avenue Cranston, Rhode Island 02920 / (401) 462-9527
INDIANA Secretary of State Franchise Section 302 West Washington, Room E-111 Indianapolis, Indiana 46204 (317) 232-6681	**SOUTH DAKOTA** Division of Insurance Director of the Securities Regulation 124 South Euclid Avenue, Suite 104 Pierre, South Dakota 57501 (605) 773-3563
MARYLAND Maryland Securities Commissioner 200 St. Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360	**VIRGINIA** Clerk of the State Corporation Commission 1300 East Main Street, 1st Floor Richmond, Virginia 23219 (804) 371-9733
MICHIGAN Michigan Attorney General's Office Consumer Protection Division, Franchise Section 525 West Ottawa Street G. Mennen Williams Building, 1st Floor Lansing, Michigan 48913 (517) 335-7622	**WASHINGTON** Director of Department of Financial Institutions Securities Division – 3rd Floor 150 Israel Road, Southwest Tumwater, Washington 98501 (360) 902-8760
MINNESOTA Commissioner of Commerce Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, Minnesota 55101 / (651) 539-1600	**WISCONSIN** Division of Securities 4822 Madison Yards Way, North Tower Madison, Wisconsin 53705 (608) 266-2139

EXHIBIT C
TO QUALICARE OF AMERICA, INC.'S
FRANCHISE DISCLOSURE DOCUMENT

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EXHIBIT E-1
TO QUALICARE OF AMERICA, INC.'S
FRANCHISE DISCLOSURE DOCUMENT

FRANCHISE AGREEMENT

QUALICARE OF AMERICA, INC.

FRANCHISE AGREEMENT

QUALICARE OF AMERICA, INC.
FRANCHISE AGREEMENT

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DATA SHEET

Franchisee: _____

Guarantors: _____

Effective Date: _____

Approved Location: _____

_____

Territory: _____

_____

Telephone Number: _____

Facsimile Number: _____

Initial Franchise Fee: _____

The terms of this Data Sheet are incorporated into the attached Franchise Agreement

QUALICARE OF AMERICA, INC.
FRANCHISE AGREEMENT

THIS AGREEMENT (the "Agreement" or "Franchise Agreement") is entered into and made effective this _____ day of _____, 20_____, by and between Qualicare of America, Inc., a Delaware corporation, with its principal business address at _____ ("Franchisor") and the Franchisee identified in the attached Data Sheet ("Franchisee").

RECITALS

A. Franchisor and its principals and affiliates have expended a considerable amount of time, effort, and money to develop a system for the operation of a unique business (the "Franchised Business" or "Qualicare Business") which offers personal care and companion care services, including companionship and conversation, meal preparation, light housekeeping, transportation, and telephone answering services the ("Personal Services") and medical services (the "Home Healthcare Services") provided by healthcare personnel, including nurses, licensed practical nurses, certified nursing assistants, home health aides, personal care aides and companions to seniors and other adults with chronic or acute illnesses (collectively, the "Services"); and

B. Franchisor is engaged in the business of granting franchises to operate Qualicare Businesses; and

C. Franchisee desires to enter into an agreement with Franchisor to obtain the rights to operate a Franchised Business using the system developed by Franchisor or its affiliate, including standards and procedures for the provision Personal Services and Home Healthcare Services, and strategies for client management in the manner set forth in this Agreement and in the Operations Manual provided by Franchisor and modified from time to time (the "System"). The System also offers unique sales techniques, marketing and advertising programs, and procedures for the operation and management of a Qualicare Business; and

D. Franchisor and its franchisees use various trade names, trademarks and service marks including, without limitation, the trademark "Qualicare," "Qualicare 360°" and "360°CaseManagement" in connection with the System (the "Proprietary Marks"). The rights to all such Proprietary Marks as are now, or shall hereafter be, designated as part of the System shall be owned exclusively by Franchisor or its affiliate and be used for the benefit of Franchisor, its affiliate and Franchisor's franchisees to identify to the public the source of the products and services marketed thereunder; and

E. Franchisee has applied to Franchisor for a franchise to operate a Qualicare Business and such application has been approved in reliance upon all of the representations made therein; and

F. Franchisee hereby acknowledges that adherence to the terms of this Agreement and the standards and specifications of Franchisor are essential to the operation of its Business and to the operations of the System.

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual promises, commitments and understandings contained herein, Franchisor and Franchisee hereby agree as follows:

1. GRANT OF FRANCHISE

1.1 **Grant and Acceptance.** Franchisor hereby grants to Franchisee, upon the express terms and conditions contained in this Agreement, and Franchisee hereby accepts, a franchise for the right to establish and operate one Qualicare Business, under the System and Proprietary Marks identified below, and the right to use the System and Proprietary Marks in the operation of the Franchised Business. Franchisor has the right to supplement, improve or otherwise modify the System from time to time in Franchisor's discretion, and Franchisee agrees to comply with all changes which may include, without limitation, the offer and sale of new or different services and ancillary products as Franchisor may specify. The foregoing grant to Franchisee does not include: (i) any right to offer any product or service via e-commerce; (ii) any right to establish an independent website or to establish a URL incorporating the Proprietary Marks or any variation thereof; or (iii) any right to distribute, market, or implement Franchisor's products and services in any channel of distribution not specifically identified in this Agreement. Franchisee expressly understands and agrees that Franchisor and Franchisor's affiliates shall have the right, in Franchisor's sole discretion, to: (i) own and operate Qualicare Businesses at any location(s) outside Franchisee's Territory under the same or different marks, or to license others the right to own and operate Qualicare Businesses at any location(s) outside Franchisee's Territory under the same or different marks; (ii) own and operate Qualicare Businesses at any location(s) within or outside Franchisee's Territory under the same or different marks, or to license others the right to own and operate Qualicare Businesses at any location(s) within or outside Franchisee's Territory under the same or different marks; (iii) to own, operate and license others to own and operate different businesses under different marks inside or outside Franchisee's Territory; (iv) use the Proprietary Marks and System in connection with ancillary services and products, promotional and marketing efforts without regard to location, and the operation of any businesses using the Qualicare name and mark; (v) own and operate and license others the right to own and operate businesses that do not offer Personal Services and Home Healthcare Services within or outside of the Territory; and (vi) use the Proprietary Marks, Proprietary Software, and System, and license others to use the Proprietary Marks, Proprietary Software, and System to engage in any other activities not expressly prohibited in this Agreement.

1.2 **Approved Location.** Franchisee may operate the Franchised Business only at the approved location identified in the Data Sheet (the "Approved Location"). Franchisee may not relocate the Franchised Business without Franchisor's prior written consent.

1.3 **Territory.** Franchisee shall acquire the right to offer and sell the services of the Franchised Business only to clients who are located in Franchisee's "Territory," as identified in the Data Sheet of this Franchise Agreement. Franchisee may not solicit clients and/or advertise outside the Territory or deliver any products or services to any destination outside the Territory without Franchisor's prior written consent. The boundaries of the Territory will not change, even if the population within the Territory increases or decreases. Prior to entering into this Agreement, certain franchisees under the System acquired clients located outside of their territories, which may include areas within Franchisee's Territory. Provided that Franchisee is actively engaged in the Franchised Business and in good standing, Franchisor will not establish or license any other party to establish a Qualicare Business within Franchisee's Territory and other System franchisees who previously obtained clients in Franchisee's Territory, shall no longer be authorized to solicit new clients in Franchisee's Territory. However, Franchisee acknowledges and agrees that other System franchisees may continue to service their pre-existing clients located in Franchisee's Territory, if applicable.

1.4 **Alternative Services.** Franchisee acknowledges and agrees that certain of Franchisor's or its affiliates' products and services, whether now existing or developed in the future, may be distributed in Franchisee's Territory by Franchisor, Franchisor's affiliates, or Franchisor's franchisees, licensees or designees, in such manner and through such channels of distribution as Franchisor, in its sole discretion,

shall determine. Franchisee understands that this Agreement grants Franchisee no rights: (i) to distribute such products or services as described in this Section 1.4; or (ii) to share in any of the proceeds received by any such party therefrom.

1.5 **National Account Sales.** Franchisor shall have the exclusive right, unless otherwise specifically delegated in writing, on behalf of itself, Franchisee, and/or other franchisees utilizing the Proprietary Marks, to negotiate and enter into agreements or approve forms of agreement to provide services to "National Account" clients, including any affiliate, Franchisor owned, or franchised locations within the Territory.

1.5.1 The term National Account means any client which on its own behalf or through agents, franchisees, or other third parties owns, manages, controls or otherwise has responsibility for a business in more than one (1) location, including institutional clients such as hospitals, senior citizen centers, senior day care facilities, nursing homes, and hospices, whose physical presence and/or clientele are not confined within any one particular franchisee's Territory regardless of the aggregate contract amount of the services to be performed. Any dispute as to whether a particular client is a National Account shall be determined by Franchisor in its sole discretion and Franchisor's determination shall be final and binding.

1.5.2 Following the execution of a contract with or the acceptance of a bid by a National Account client which contemplates the provision of services to one or more National Account locations or National Account clientele within or outside of the Territory, Franchisor will, if Franchisee is qualified to perform the services and conditioned upon Franchisee's substantial compliance with the terms of this Agreement and any addenda, provide Franchisee the option to perform such services pursuant to the terms and conditions of the National Account contract or on such terms and conditions as Franchisor in its discretion determines is appropriate.

1.5.3 If Franchisee elects not to provide services to a National Account client in conformity with the terms and conditions of the National Account bid or contract, or fails to make an election within the time specified by Franchisor, after being offered the opportunity by Franchisor, Franchisor shall have the right, exercisable in its sole discretion, to:

1.5.3.1 Provide, directly or through any affiliate, other licensee or franchisee utilizing the Proprietary Marks, services to the National Account client location(s) within the Territory on the terms and conditions contained in the National Account bid or contract; and/or

1.5.3.2 Contract with another party to provide such services to the National Account client location(s) within the Territory on the terms and conditions contained in the National Account bid or contract between Franchisor and the National Account client, utilizing the Franchisor's Proprietary Marks or any other trademarks, service marks or trade names.

1.5.3.3 Neither the direct provision by Franchisor (or an affiliate, franchisee, licensee, or agent of Franchisor) of services to National Account clients as authorized in Section 1.5.3.1 above, nor Franchisor's contracting with another party to provide such services as authorized in 1.5.3.2 above, shall constitute a violation of this Section 1 relating to territorial exclusivity, even if such services are delivered from a location within the Territory. Franchisee disclaims any compensation or consideration for work performed by others in the Exclusive Territory pursuant to this section.

1.6 **Minimum Annual Gross Sales Requirement.** Franchisee's right to operate a Qualicare Business within the protected Territory is dependent upon Franchisee's achievement of the following

minimum annual gross sales requirements in the operating years listed below (the "Minimum Annual Gross Sales Requirement"):

Year of Operations	Minimum Annual Gross Sales Requirement Per Territory
2nd Year	$200,000
3rd Year	$300,000
4th Year	$400,000
5th Year & Thereafter	$500,000

1.6.1 Franchisee's minimum annual Gross Sales will be calculated by adding the sum of Franchisee's monthly gross sales per Territory during each operating year. Franchisor will notify Franchisee of its non-compliance within 30 days after the end of each operating year.

1.6.2 Failure to achieve the Minimum Annual Gross Sales Requirement will constitute a material default of this Agreement unless, within 60 days, the Franchisee outlines a plan to achieve the Minimum Annual Gross Sales Requirement, which is agreed to and approved by the Franchisor. Otherwise, Franchisor has the right to terminate this Agreement and/or to grant additional franchises within the Territory to third parties. Upon termination of this Agreement, all rights granted to Franchisee end.

1.7 **Certification Program and Qualification Requirements**. Franchisor reserves the right, but is not obligated to, establish one or more certificate programs through which franchisees may be authorized to provide any additional services which Franchisor may now or in the future designate in connection with System ("Certification Program"), including comprehensive care and medical services to in-home clients or institutional clients, such as hospitals, nursing homes and clinics. All certificate programs will be designated as such in Franchisor's Operations Manual, as amended from time to time.

1.7.1 Program Participation Requirements. Franchisee acknowledges and agrees that Franchisee's participation in any Certification Program will be subject to the terms and conditions of such programs. Those terms and conditions may include, but will not be limited to the following:

1.7.1.1 Franchisee's compliance with the provisions of this Agreement and any other agreement between Franchisee and Franchisor, Franchisor's affiliates and Franchisee's substantial compliance with all such agreements during their respective terms;

1.7.1.2 Execution of Franchisor's then-current Certification Program Addendum, Which may require a Certification Program initial fee, additional or alternative Program Fees or royalty payments, and additional marketing requirements;

1.7.1.3 Franchisee's purchase or lease of additional equipment, inventory, and insurance meeting Franchisor's then-current standards and specifications;

1.7.1.4 Franchisee's satisfactory completion of Franchisor's training program, if any, for any Certification Program. Franchisee hereby acknowledges and agrees that Franchisee will be responsible for all travel, meal and lodging costs associated with Franchisee and Franchisee's employees' attendance at such training programs;

1.7.1.5 Franchisee's acquisition of any required licenses and permits necessary for the provision of Certification Program products and services; and

1.7.1.6 Any other requirements Franchisor deems necessary and appropriate in connection with Franchisor's Certification Program.

1.7.2 Franchisee hereby acknowledges and agrees that Franchisor may include a particular Certification Program as part of its standard offering now or in the future, or offer a Certification Program through a separate franchise offering using the Proprietary Marks or any other marks Franchisor may designate.

1.7.3 In the event that Franchisee is in default of this Agreement, or the Certification Program Addendum, and fails to cure such defaults within the time frame prescribed in such agreements, Franchisor may revoke Franchisee's Certification and/or require re-Certification if, in Franchisor's judgment, Franchisee's performance warrants such action(s).

1.7.4 In the event that Franchisee is unable or unwilling to participate in a Certification Program, Franchisee acknowledges and expressly understands and agrees that Franchisor, Franchisor's other franchisees, or any third party designated by Franchisor may perform Certification Program services within Franchisee's Territory. Franchisee disclaims any compensation or consideration for work performed by others in the Territory pursuant to this Section.

1.7.5 This Section 1.7 does not constitute a right of first refusal for any additional franchise programs which Franchisor may now or in the future create.

2. TERM AND RENEWAL

2.1 **Term**. The initial term of the Franchise is for a period of ten (10) years, which will begin on the date that Franchisor signs this Agreement.

2.2 **Renewal**. Franchisee has the right to renew this Agreement for three (3) successive, additional five (5) year periods, provided Franchisee has met the following conditions:

2.2.1 Franchisee has notified Franchisor of Franchisee's intention to renew this Agreement in writing at least one hundred twenty (120) days prior to expiration of the current term;

2.2.2 Franchisee has demonstrated to Franchisor's satisfaction that Franchisee has the right to operate the Franchised Business at the Approved Location for the duration of the renewal term; or, if Franchisee is unable to operate the Franchised Business at the Approved Location, Franchisee has secured a substitute location;

2.2.3 Franchisee has completed, to Franchisor's satisfaction, no later than ninety (90) days prior to the expiration of the then-current term, all maintenance, refurbishing, renovating, updating and remodeling of the Franchised Business premises, and any updates to QPID and accompanying Third Party materials, required to bring the Business and all equipment into full compliance with Franchisor's then-current System standards and specifications;

2.2.4 Franchisee is not in breach of any provision of this Agreement, or any other agreement between Franchisee and Franchisor, Franchisor's affiliates and Franchisee has substantially complied with all such agreements during their respective terms;

2.2.5 Franchisee has satisfied all monetary obligations Franchisee owes Franchisor, Franchisor's affiliates, Franchisor's approved/designated suppliers and vendors;

2.2.6 Franchisee executes Franchisor's then-current form of franchise agreement, the terms of which may vary materially from the terms of this Agreement and may include, without limitation, increased royalty fees and branding fund obligations;

2.2.7 Franchisee satisfies Franchisor's then-current training requirements for renewing franchisees at Franchisee's expense, as of the date of such renewal, if any;

2.2.8 Franchisee signs a general release, in the form Franchisor prescribes. The release shall not be inconsistent with any applicable state statute regulating franchises; and

2.2.9 Franchisee pays Franchisor a renewal fee of six thousand five hundred dollars ($6,500).

3. FEES

3.1 **Initial Franchise Fees**. Upon execution of this Agreement, Franchisee shall pay an initial franchise fee of _____($_____) via certified check or wire transfer in immediately available federal funds ("Franchise Fee") to Franchisor. The initial franchise fee is non-refundable and is deemed fully earned upon payment in consideration of administrative and other expenses Franchisor incurs in granting the franchise and for Franchisor's lost or deferred opportunity to franchise others.

3.2 **Royalty Fee**. From the commencement of operations, for each territory, Franchisee must pay Franchisor a royalty on or before the 15th of each month in the amount of five percent (5%) of Franchisee's "Gross Sales" from the prior month (the "Royalty"). Beginning the 7th month of operation, Franchisee must pay Franchisor a monthly Royalty in an amount the greater of (i) five percent (5%) of Gross Sales or (ii) six hundred dollars ($600) per Territory. Beginning with the 13th month of operation, Franchisee must pay Franchisor a monthly Royalty in an amount the greater of (i) five percent (5%) of Gross Sales or (ii) one thousand two hundred dollars ($1,200) per Territory.

"Gross Sales" includes all revenues Franchisee generates from all business conducted at, from, or through the Franchised Business during the preceding reporting period, including amounts received from the sale and delivery of services, products, merchandise, and tangible property of any nature whatsoever, whether in cash or for credit, and whether collected or uncollected. "Gross Sales" does not include the amount of any applicable sales tax imposed by any federal, state, municipal or other governmental authority if such taxes are stated separately when the client is charged, and Franchisee pays such amounts as and when due to the appropriate taxing authority. Gross Sales also does not include corrections for errors and billings, and any reductions Franchisee may choose to make to maintain client relationships and goodwill. Also excluded from Gross Sales are the amount of any documented refunds, charge backs, disbursements paid on behalf of clients, as well as credits and allowances given to clients in good faith pursuant to Franchisor's standard procedures for issuing such refunds. All barter and exchange transactions for which Franchisee furnishes services or products in exchange for goods or services to be provided to Franchisee by a vendor, supplier or client will be valued at the full retail value of the goods or services provided to Franchisee.

3.3 **CRM Software Maintenance Fee**. Franchisee must pay a monthly fee for licensing of our CRM, our operational software program (the "Software License Fee," $12.00 per active client per month with a minimum monthly payment of $120.00). The Software License Fee is presently payable on the 1st of each month. Franchisee must pay the Software License Fee directly to our Approved Supplier. Franchisee shall pay the Software License Fee according to the then-current payment schedule; provided, however that

Franchisor reserves the right, in Franchisor's sole and absolute discretion, to require Franchisee to pay the fee directly to Franchisor in the same manner as the Royalty Fees are due under this Agreement, to change the designated service provider, and/or to increase the amounts of the Software License Fee.

3.4 **Manner of Payment**. Unless otherwise agreed between Franchisor and Franchisee, all fees and other amounts paid to Franchisor or any affiliate shall be made in the form of an electronic or similar funds transfer in the appropriate amount(s) from Franchisee's bank account. Franchisor reserves the right to require Franchisee to pay any fees due under this agreement at any intervals Franchisor may designate and by such means as Franchisor may specify from time to time. Franchisee agrees to execute and deliver to its bank and to Franchisor those documents necessary to authorize such withdrawals and to make payment or deposit as directed by Franchisor. A form of authorization for electronic transfer of funds is attached hereto as Exhibit D. Franchisee further agrees that it will not thereafter terminate such authorization so long as the Franchise Agreement is in effect. Franchisee agrees that it will not close such bank account without prior notice to Franchisor and the establishment of a substitute bank account permitting such withdrawals. Franchisee also agrees that in the event that a direct electronic funds transfer or other withdrawal program is not available at the bank at which it currently does its business, it will take all reasonable and necessary steps to establish an account at a bank which does have such a program.

3.5 **Insufficient Funds**. If any check or other form of payment is not honored, Franchisee will be responsible for the amount of the payment plus any service charges Franchisor incurs.

3.6 **Failure to Pay Fees in a Timely Manner**. Any late payment or underpayment of the Royalty, Brand Development Fee, Invoicing Fee, and any other charges or fees Franchisee owes Franchisor or Franchisor's affiliates, will bear interest from the due date until paid at a rate of three (3%) per month. Nothing contained in this Section shall prevent Franchisor from exercising, in Franchisor's sole judgment, any other rights or remedies available to Franchisor under this Agreement.

3.7 **Taxes on Payments**. In the event any taxing authority, wherever located, imposes any future tax, levy or assessment on any payment Franchisee makes to Franchisor, Franchisee must, in addition to all payments due to Franchisor, pay such tax, levy or assessment.

3.8 **Technology Fee**. In addition to the fees set forth above, Franchisee agrees to pay Franchisor or Franchisor's designated vendor(s) a fee associated with website maintenance, intranet, social media profiles, telephone system setup, software licenses, ongoing website marketing and required technology used in the operation of the Franchised Business. Such payment shall be made in the manner prescribed by Franchisor or Franchisor's designated vendor(s), as applicable. Franchisee must pay Franchisor a non-refundable initial technology set-up fee of $1,650 before attending initial training. This fee covers the initial costs associated with the set-up of your website, intranet, and social media profiles. Franchisee agrees to pay and authorizes Franchisor and/or its designated vendors to charge a recurring monthly technology fee, currently $400 and currently due on the 15th day of the preceding month (the "Technology Fee"). The Technology Fee covers the ongoing monthly costs for website maintenance, intranet, and software licenses. Franchisor has the right to increase or decrease the Technology Fees based on changes in Franchisor's vendor's pricing and Franchisor's technology needs. Franchisor reserves the right to impose and Franchisee agrees to pay additional fees, as changes are made to the System's technology platforms, including computer hardware, software and other computer requirements or as required by the third party service provider(s) or by any regulatory agency, or otherwise require Franchisee to pay the Technology Fee to a third party vendor.

4. PROPRIETARY MARKS

4.1 **Franchisee's Use of the Proprietary Marks and Other Proprietary Material**.

4.1.1 Franchisee shall use only the Proprietary Marks which Franchisor designates, and shall use them only in the manner Franchisor authorizes and permits.

4.1.2 Franchisee shall use the Proprietary Marks only for the operation of the Franchised Business and only at the Approved Location and in marketing for the Franchised Business.

4.1.3 Franchisee shall use all Proprietary Marks without prefix or suffix and in conjunction with the symbols "TM," "SM," "S," or "®," as applicable. Franchisee may not use the Proprietary Marks in connection with the offer or sale of any services or products which Franchisor has not authorized for use in connection with the System. Franchisee may not use the Proprietary Marks as part of Franchisee's corporate or other legal name. Franchisee's corporate name and all fictitious names under which Franchisee proposes to do business must be approved by Franchisor in writing before use. Franchisee must use Franchisee's corporate or limited liability company name followed by the phrase "an independently owned and operated Qualicare business." Franchisee must promptly register at the office of the county in which Franchisee's Business is located, or such other public office as provided for by the laws of the state in which Franchisee's Approved Location is located, as doing business under such assumed business name.

4.1.4 Franchisee must identify itself as the owner of the Franchised Business (in the manner Franchisor prescribes) in conjunction with any use of the Proprietary Marks including, without limitation, on invoices, order forms, receipts, client forms and questionnaires, business stationery, and advertisements, as well as at such conspicuous locations as Franchisor may designate in writing at the Approved Location.

4.1.5 Franchisee's right to use the Proprietary Marks is limited to such uses as are authorized under this Agreement, and any unauthorized use thereof shall constitute an infringement of Franchisor's rights.

4.1.6 Franchisee shall not use the Proprietary Marks to incur any obligation or indebtedness on Franchisor's behalf.

4.1.7 Franchisee shall execute all documents Franchisor deems necessary to obtain protection for the Proprietary Marks or to maintain their continued validity and enforceability.

4.1.8 Franchisee must promptly notify Franchisor of any suspected unauthorized use of the Proprietary Marks, or any proprietary software (as defined in Section 7.8.1 below). Franchisor may now or hereafter designate for use in connection with the System, any challenge to the validity of the Proprietary Marks, or any challenge to Franchisor's ownership of, Franchisor's right to use and to license others to use, or Franchisee's right to use, the Proprietary Marks.

4.1.9 Franchisee expressly understands and acknowledges that:

4.1.9.1 Franchisor owns all right, title, and interest in and to the Proprietary Marks and the goodwill associated with and symbolized by them, and Franchisor has the right to use, and license others to use, the Proprietary Marks;

4.1.9.2 The Proprietary Marks are valid and serve to identify the System and those who are authorized to operate under the System;

4.1.9.3 During the term of this Agreement and after its expiration or termination, Franchisee shall not directly or indirectly contest the validity of, or Franchisor's ownership of, or right to use and to license others to use, the Proprietary Marks or any other Proprietary Material;

4.1.9.4 Franchisee's use of the Proprietary Marks or Proprietary Materials does not give Franchisee any ownership interest or other interest in or to the Proprietary Marks or Proprietary Materials;

4.1.9.5 Any and all goodwill arising from Franchisee's use of the Proprietary Marks and Proprietary Material shall inure solely and exclusively to Franchisor's benefit, and upon expiration or termination of this Agreement, no monetary amount shall be assigned as attributable to any goodwill associated with Franchisee's use of the System, the Proprietary Marks, or any other Proprietary Material;

4.1.9.6 Except as specified in Section 1.3 hereof, the license of the Proprietary Marks granted to Franchisee hereunder is nonexclusive and Franchisor retains the right, among others, (i) to use the Proprietary Marks itself in connection with selling products and services; (ii) to grant other licenses for the Proprietary Marks; and (iii) to develop and establish other systems using the Proprietary Marks, similar proprietary marks, or any other proprietary marks, and to grant licenses thereto without providing any rights therein to Franchisee; and

4.1.9.7 Franchisor reserves the right, in Franchisor's sole discretion, to substitute different proprietary marks for use in identifying the System and the businesses operating thereunder. Franchisee shall discontinue using all Proprietary Marks which Franchisor has notified Franchisee, in writing, have been modified or discontinued within ten (10) days of receiving written notice and, at Franchisee's sole cost and expense, shall promptly begin using such additional, modified or substituted Proprietary Marks.

4.2 **Litigation Involving the Marks.** Franchisee acknowledges that Franchisor has the sole right to direct and control any administrative proceeding or litigation involving the Proprietary Marks, including any settlement thereof. Franchisor has the right, but not the obligation, to take action against uses by others that may constitute infringement of the Franchisor's rights to the Proprietary Marks. Franchisor shall defend Franchisee against any third-party claim, suit, or demand arising out of Franchisee's use of the Proprietary Marks. If Franchisor, in Franchisor's sole discretion, determines that Franchisee has used the Proprietary Marks in accordance with this Agreement, Franchisor shall bear the cost of such defense, including the cost of any judgment or settlement. If Franchisor, in Franchisor's sole discretion, determines that Franchisee has not used the Proprietary Marks in accordance with this Agreement, Franchisee shall bear the cost of such defense, including the cost of any judgment or settlement. In the event of any litigation relating to Franchisee's use of the Proprietary Marks, Franchisee shall execute any and all documents and do such acts as may, in Franchisor's opinion, be necessary to carry out such defense or prosecution including, without limitation, becoming a nominal party to any legal action. Except to the extent that such litigation is the result of Franchisee's use of the Proprietary Marks in a manner inconsistent with the terms of this Agreement, Franchisor agrees to reimburse Franchisee for Franchisee's out-of-pocket costs in performing such acts.

5. CONFIDENTIAL INFORMATION

5.1 **Nondisclosure.** During the term of this Agreement, Franchisee will receive information which Franchisor considers a trade secret and confidential information, including the Proprietary Software ("Confidential Information"). Franchisee shall not, during the term of this Agreement or thereafter, communicate, divulge, or use for the benefit of any other person, partnership, association, corporation, or

limited liability company any Confidential Information including, without limitation, methods and techniques for providing Personal Services, Home Healthcare Services or 360^0 Case Management trade secrets, online and Home Office Training, the company's client lists, copyrighted materials, methods, processes and other techniques and know-how concerning the operation of the Franchised Business which may be communicated to Franchisee or of which Franchisee may be apprised by virtue of Franchisee's operation of the Business. Franchisee acknowledges that certain information regarding clients, including (i) current client and prospective client names and addresses, (ii) information about credit extensions to clients, (iii) client service purchasing histories, (iv) rates charged to clients (subsections (i)-(iv) collectively "Client Lists"), and (v) sources of suppliers also constitute Franchisor's trade secrets and confidential information. Franchisee may divulge such Confidential Information and trade secrets only to such of Franchisee's employees as must have access to it in order to operate the Franchised Business. Any and all information, knowledge, know-how, techniques, and other data which Franchisor designates as confidential will be deemed Confidential Information for purposes of this Agreement. Franchisee further acknowledges and agrees to maintain the full and strictest confidentiality of all client information.

5.2 **Employees**. At Franchisor's request, Franchisee must require Franchisee's officers, directors, 360^0 Case Managers, General Manager, and any personnel having access to any of Franchisor's Confidential Information to execute the Confidentiality and Restrictive Covenant Agreement attached hereto as Exhibit C. The Confidentiality and Restrictive Covenant Agreement provides that they will maintain the confidentiality of information they receive in connection with their employment by Franchisee.

5.3 **New Concepts**. If Franchisee, Franchisee's employees, or principals develop any new concept, processes, or improvements in the operation or promotion of the Franchised Business or Proprietary Software, Franchisee shall promptly notify Franchisor and provide Franchisor with all necessary related information, without compensation. Any such concept, process or improvement shall become Franchisor's sole property and Franchisor shall be the sole owner of all patents, patent applications, trademarks, copyrights and other intellectual property rights related thereto. Franchisee and Franchisee's principals hereby assign to Franchisor any rights Franchisee may have or acquire therein, including the right to modify such concept, process or improvement, and otherwise waive and/or release all rights of restraint and moral rights therein and thereto. Franchisee and Franchisee's principals agree to assist Franchisor in obtaining and enforcing the intellectual property rights to any such concept, process or improvement in any and all countries and further agree to execute and provide Franchisor with all necessary documentations for obtaining and enforcing such rights. Franchisee and Franchisee's principals hereby irrevocably designate and appoint Franchisor as Franchisee's agent and attorney-in-fact to execute and file any such documentation and to do all other lawful acts to further the prosecution and issuance of patents or other intellectual property rights related to any such concept, process or improvement. In the event that the foregoing provisions of this Section 5.3 are found to be invalid or otherwise unenforceable, Franchisee and Franchisee's principals hereby grant to Franchisor a worldwide, perpetual, non-exclusive, fully-paid license to use and sublicense the use of the concept, process or improvement to the extent such use or sublicense would, absent this Agreement, directly or indirectly infringe Franchisee's rights therein.

6. FRANCHISOR'S OBLIGATIONS

6.1 **Operations Manual**. Franchisor will provide Franchisee with on-line access to Franchisor's proprietary and confidential Operations Manual and any other manual Franchisor may now or hereafter designate for use in operating a Business (collectively the "Operations Manual"). Franchisee shall operate the Franchised Business in strict compliance with the Operations Manual, as it may be reasonably changed from time to time. The Operations Manual shall remain confidential and Franchisor's exclusive property. Franchisee shall not disclose, duplicate or make any unauthorized use of any portion of the Operations Manual. The provisions of the Operations Manual constitute provisions of this Agreement as if fully set forth herein. If there is a dispute relating to the contents of the Operations Manual, the master

on-line copy, which Franchisor maintains, will control. Franchisor reserves the right to disclose updates to the Operations Manual in writing in any manner, including electronic means such as e-mail, Franchisor's website and any intranet or extranet that Franchisor establishes in connection with the System. Franchisee must operate the Franchised Business in accordance with all applicable federal, state, and local laws, regulations, and ordinances. Franchisee acknowledges that Franchisee has conducted a thorough independent investigation into all such laws and regulations with the advice of an attorney or other qualified advisor. Franchisee must obtain Franchisor's written consent prior to deviating from any of Franchisor's standards and specifications to comply with any law or regulation, which approval will not be unreasonably withheld.

6.2 **Equipment Selection**. Franchisor will provide Franchisee with specifications and requirements for computer hardware, software, and other electronic equipment required to operate the Franchisee's Qualicare Business.

6.3 **Start-up and Ongoing Inventory and Supplies**. Franchisor will provide specifications for and designate sources of supply from which Franchisee agrees to purchase inventory and other supplies necessary for the start-up and ongoing operations of Franchisee's Franchised Business, including stationery, marketing collateral and display materials.

6.4 **Pre-opening Marketing**. Franchisor will help plan Franchisee's grand opening campaign. Franchisor, at its sole discretion, may provide graphic designs, layouts and written copy for marketing material, which Franchisee may use (Franchisee must pay production costs for items such as advertisements and other promotional material for Franchisee's Franchised Business address). Franchisor will make available for sale the Start-Up Marketing Kit (as described in Section 12.4).

6.5 **Ongoing Assistance**. Franchisor will provide Franchisee continuing consultation and advice as Franchisor deems necessary and appropriate regarding the management and operation of the Franchised Business. Franchisor will provide such assistance, in Franchisor's discretion, by telephone, in person or by intranet communication.

6.6 **Toll Free Telephone Number**. Franchisor has the right, but not the obligation, to establish and maintain a toll free telephone number for the purpose of accepting and confirming client orders nationwide, customer service, and client follow-up and satisfaction surveys. If Franchisor establishes a toll free number, Franchisee must comply with Franchisor's procedures for implementing the nationwide service as Franchisor specifies in the Operations Manual or otherwise in writing and Franchisee may have to pay a fee related to the establishment, operation and maintenance of the toll free telephone number.

6.7 **Conferences**. Franchisor may, in Franchisor's discretion, hold an Annual Conference, Regional Conferences or other training sessions at locations to be selected by Franchisor. Franchisor shall determine the topics and agenda for any such conference to serve the purpose, among other things, of updating franchisees on new developments affecting franchisees, exchanging information between franchisees and Franchisor's personnel regarding Business operations and programs, and recognizing franchisees for their achievements. We will provide one free ticket to your first annual conference. After your first year of operation, you will be billed on a monthly basis for the cost of one ticket to the upcoming annual conference. If you fail to attend the annual conference, the cost of the ticket will not be refunded to you. Franchisor requires Franchisee to attend the Annual Conference, Regional Conferences or other training sessions and to pay Franchisor's then-current registration fee. All expenses, including Franchisee's and Franchisee's employees' transportation to and from the conference or training session, and lodging, meals, and salaries during the event, are Franchisee's sole responsibility. Franchisor may use expenditures from the Branding Fund for purposes related to the Annual Conference, including costs related to productions, programs, and materials.

6.8 **Refresher/On-going Training**. Franchisor may, in Franchisor's sole discretion, hold refresher and ongoing training courses, or training courses upon a significant change to the Franchise System. Franchisor may require Franchisee and Franchisee's employees to attend such training at its then-current fee for providing such training. All expenses, including Franchisee and Franchisee's employees' transportation, meal, and lodging expenses to attend such training shall be Franchisee's sole responsibility provided that such expenses shall not exceed $2,000.00 per year.

7. FRANCHISEE'S OBLIGATIONS

7.1 **Site Location and Lease Approval**. Franchisee will not initially be required to lease commercial office space unless the laws and regulations applicable to the Franchised Business prevent Franchisee from operating the Franchised Business from a home office. Franchisee must secure commercial office space for the operation of the Franchised Business prior to the conclusion of the first year of operations. Franchisor has the right to review, evaluate and approve Franchisee's proposed lease for the commercial office space ("Lease") prior to execution, approval of which will not be unreasonably withheld. Neither Franchisor's review of the Lease, nor Franchisor's acceptance of the site Franchisee has selected, constitutes a representation or guarantee that Franchisee will succeed at the selected Approved Location or an expression of Franchisor's opinion regarding the terms of the Lease. Franchisor encourages Franchisee to seek independent counsel from a lawyer or business adviser to assist Franchisee in selecting a location and negotiating a lease for the Franchised Business premises.

7.1.1 **Relocation**. If, for any reason, the Lease term is shorter than the term of this Agreement and the Lease cannot be renewed or extended, or Franchisee cannot continue for any other reason to occupy the Location, Franchisee must relocate Franchisee's Franchised Business to a mutually acceptable site within Franchisee's Territory to complete the unexpired portion of the term of this Agreement. Franchisee must notify Franchisor of Franchisee's intention to relocate, procure a site acceptable to Franchisor within ninety (90) days prior to closing operations at Franchisee's current Approved Location, and open for business at the new Approved Location within thirty (30) days of closing business at Franchisee's existing Approved Location.

7.2 **Training**. Franchisee (or Franchisee's principal, as applicable) or Franchisee's General Manager, if applicable and Franchisee's Nurse (if applicable), must attend and successfully complete Franchisor's Initial Training Program, as set forth in Section 8 of this Agreement.

7.3 **Opening Requirements**. Franchisee shall commence operations of the Franchised Business within 12 months from the date Franchisor signs this Agreement.

7.4 **Purchasing Requirements.**

7.4.1 Compliance with Standards. Franchisee acknowledges and agrees that Franchisee's obligations set forth in this Agreement and the Operations Manual are reasonable and necessary for the operation of the Business and to maintain uniformity throughout the System. Franchisee shall adhere to the standards and specifications set forth in this Agreement and the Operations Manual and any revisions or amendments to same. Franchisee shall use signs, furnishings, supplies, fixtures, equipment and inventory which comply with Franchisor's then-current standards and specifications (including, without limitation, standards and specifications for computer hardware and software, as well as other equipment and inventory items, furnishings, fixtures, and signage) which Franchisor establishes from time to time. Franchisor has the right to change Franchisor's standards and specifications in Franchisor's

discretion. Franchisee acknowledges that Franchisee may incur an increased cost to comply with such changes at Franchisee's expense.

7.4.2 Designated and Approved Suppliers. Recognizing that preservation of the System depends upon service and product uniformity and the maintenance of Franchisor's trade dress, Franchisee agrees to purchase products and services, including (but not limited to) certain signs, furnishings, supplies, fixtures, computer hardware and software, and services from Franchisor or from approved or designated third party suppliers as Franchisor shall specify, from time to time, in the Operations Manual and otherwise in writing. Franchisee hereby acknowledges that Franchisor, Franchisor's affiliate and/or a third party may be one of several, or the only, approved supplier of any item. Franchisee further acknowledges and agrees that Franchisor and/or Franchisor's affiliates have the right to realize a profit on any items that Franchisor, Franchisor's affiliates or Franchisor's approved suppliers provide to Franchisee.

7.4.3 Supplier Approval. In the event Franchisee wishes to purchase any approved items from an unapproved supplier, Franchisee must provide Franchisor the name, address and telephone number of the proposed supplier, a description of the item Franchisee wishes to purchase, and purchase price of the item, if known. At Franchisor's request, Franchisee must provide Franchisor, for testing purposes, a sample of the item Franchisee wishes to purchase. If Franchisor incurs any costs in connection with testing a particular product or evaluating an unapproved supplier at Franchisee's request, Franchisee or the supplier must reimburse Franchisor for Franchisor's reasonable testing costs, regardless of whether Franchisor subsequently approves the item or supplier. Franchisor will notify Franchisee of approval or disapproval within 15 business days of receiving all requested information. Nothing in the foregoing shall be construed to require Franchisor to approve any particular supplier. Franchisor may base Franchisor's approval of any such proposed item or supplier on considerations relating not only directly to the item or supplier itself, but also indirectly to the uniformity, efficiency, and quality of operation Franchisor deems necessary or desirable in Franchisor's System as a whole. Franchisor has the right to receive payments from suppliers on account of their dealings with Franchisee and other franchisees and to use all amounts Franchisor receives without restriction (unless instructed otherwise by the supplier) for any purposes Franchisor deems appropriate. Nothing herein shall require Franchisor to approve an unreasonable number of suppliers for a given item, which approval might, in Franchisor's reasonable judgment, result in higher costs or prevent the effective or economical supervision of approved suppliers. Franchisor may revoke Franchisor's approval of particular products or suppliers when Franchisor determines, in Franchisor's sole discretion, that such products or suppliers no longer meet Franchisor's standards. Upon receipt of written notice of such revocation, Franchisee must cease purchasing products from such supplier. Franchisee must use products purchased from approved suppliers solely in connection with the operation of Franchisee's Business and not for any competitive business purpose.

7.4.4 System Suppliers. Franchisor may establish business relationships, from time to time, with suppliers who may offer certain services (such as credit and background check services and asset identification services) or certain products such as furnishings, supplies, fixtures, equipment and inventory according to Franchisor's proprietary standards and specifications or private label goods which Franchisor has authorized and prescribed for sale by System franchisees ("System Suppliers"). Franchisee recognizes that such services and products are essential to the operation of the Franchised Business and to the System generally. Franchisee further recognizes that Franchisee's failure to pay System Suppliers may interfere with such suppliers' willingness to supply the System which may result in other System franchisees' inability to obtain product or ability to obtain product only on less favorable credit terms. Accordingly, Franchisee agrees to pay System Suppliers as and when due.

7.5 **Authorized Products and Services.** Franchisee shall offer for sale all services and products which Franchisor prescribes and only those services and products which Franchisor prescribes.

Franchisee may not offer any other services for sale or products for sale, rent, or lease without having received Franchisor's prior written authorization.

7.6 **Operations.**

7.6.1 Franchisee must operate Franchisee's Franchised Business for at least those months, hours and days that Franchisor specifies in the Operations Manual.

7.6.2 Franchisee must operate the Franchised Business in accordance with all applicable requirements of law, including all federal, state and local laws or regulations, and the Operations Manual. Franchisee and Franchisee's employees must give prompt, courteous and efficient service to the public and otherwise operate the Business so as to preserve, maintain and enhance the reputation and goodwill of the System.

7.6.2.1 Franchisee shall provide Personal Services, Home Healthcare Services and our 360^0 Approach strictly in accordance with Franchisor's techniques and processes for providing such services, as Franchisor may state in the Operations Manual or otherwise in writing and in compliance with all applicable laws and regulations. Such services may only be sold using Franchisor's marketing plan and concept. Franchisee acknowledges that such operational procedures are integral to the System and failure to strictly adhere to such procedures shall be detrimental to the System and Proprietary Marks and shall constitute a default of this Agreement.

7.6.3 Franchisee must employ a sufficient number of qualified, competent personnel, offer prompt, courteous and efficient service to the public, and otherwise operate the Business in compliance with the System so as to preserve, maintain and enhance the reputation and goodwill of the System and to receive any necessary state healthcare licensing. All employees, engaged in the operation of Franchisee's Franchised Business during working hours shall dress conforming to Franchisor's standards, shall present a neat and clean appearance in conformance with Franchisor's reasonable standards and shall render competent, efficient service to the clients of the Business.

7.6.4 Franchisee agrees to conduct the Franchised Business in accordance with the Operations Manual. Franchisee shall immediately train and instruct Franchisee's employees in accordance with the Operations Manual, and shall continue such training and instruction as long as each employee is employed. The Operations Manual shall set forth the practices, procedures and methods to be utilized in Franchisee's Franchised Business and Franchisor may require Franchisee to conform Franchisee's practices to national programs, which Franchisor has designed and promulgated as part of Franchisor's Franchise System.

7.6.5 Franchisee (or at least one of Franchisee's principals if Franchisee is a corporation or partnership) must personally supervise the day-to-day operations of the Business. Franchisee (or at least one of Franchisee's principals if Franchisee is a corporation or partnership) must devote Franchisee's personal full-time attention and best efforts to the management and operation of the Business. Franchisee may, however, delegate the day-to-day operation of Franchisee's Franchised Business to a manager ("General Manager"). Franchisor must approve Franchisee's General Manager in writing prior to hiring and Franchisee or Franchisee's General Manager must successfully complete Franchisor's initial training program before assuming any managerial responsibility. Franchisee's Business must, at all times, be staffed with at least one (1) individual who has successfully completed Franchisor's initial training program as set forth in Section 8.2. In the event that Franchisee operates more than one Business, Franchisee shall have a properly trained General Manager who has been approved by Franchisor at each location. Franchisee shall keep Franchisor informed at all times of the identity of any employee acting as General Manager of a Business. In the event that a General Manager resigns or is otherwise terminated from Franchisee's

Business, Franchisee shall hire a replacement approved of in writing by Franchisor who meets Franchisor's then current standards for General Managers within thirty (30) days after termination or resignation of the prior General Manager. The new General Manager must complete initial training to Franchisor's satisfaction within sixty (60) days of hiring, subject to the availability of Franchisor's personnel. Any General Manager(s) shall devote full time and best efforts to the day-to-day operation and management of the Business and shall not engage in any other business activity without Franchisor's prior written consent.

7.6.6 Franchisee must at all times maintain such working capital as may be reasonably necessary to enable Franchisee to properly and fully carry out and perform all of Franchisee's duties, obligations and responsibilities hereunder and to operate the business in a businesslike, proper and efficient manner.

7.6.7 All persons providing services to clients must be employed by Franchisee and be covered under Franchisee's insurance policies, and may not be classified as independent contractors.

7.6.8 Not later than 30 days after your official opening, you shall purchase or lease the automobile required and specified by us for your Business, unless we agree otherwise, in writing. Such vehicle shall be outfitted, wrapped and/or decaled to our specifications. You shall ensure that, at all times, the automobile is properly insured, according to our standards and/or as mandated by applicable laws and regulations, and is properly maintained and in good working order and you shall promptly pay all license and use charges and taxes assessed on or pertaining to your automobile, and shall hold us harmless therefrom. The automobile must be kept in a neat and clean condition at all times, performing scheduled maintenance as recommended by the manufacturer and repairing all malfunctions promptly. If you replace any automobile during the Term or any Renewal Term of this Agreement, you shall inform us of any such replacement;

7.6.9 In addition, Franchisee and all of Franchisee's employees must (a) undergo a criminal background check, which must be passed to our satisfaction; and (b) provide at least two (2) references meeting our satisfaction prior to entering into this Agreement and participating in the operation of the Franchised Business. Franchisee and Franchisee's employees must routinely undergo criminal background rescreening during the term of the Franchise Agreement as prescribed in the Operations Manual and immediately upon request. Franchisor must be provided with copies of all such reports on a periodic basis and immediately upon request. Any employee failing to meet Franchisor's criteria for a clean criminal background check must be terminated immediately. Franchisor has the right to terminate the Franchise Agreement immediately in the event Franchisee fails a criminal background check.

7.7 **Site Evaluation.** Franchisee agrees, that in order to maintain the high quality and uniform standards associated with the Franchise System and to protect its goodwill and reputation, Franchisee will permit Franchisor during business hours, to inspect Franchisee's Business, confer with Franchisee and Franchisee's employees and clients, conduct field investigations, and perform any other inspection which Franchisor deems necessary to protect the standards of quality and uniformity of the Franchise system and Franchisee's performance under this Agreement. Franchisee is obligated to make changes to Franchisee's operations based upon any inspections by Franchisor.

7.8 **Computer Software and Hardware.** Franchisee shall purchase and use any and all computer software programs ("Software") which Franchisor has developed or may develop and/or designate for use for the System, and shall purchase such computer hardware as may be necessary for the efficient operation of the Software, including without limitation, the Proprietary Software. Franchisor has the right to require Franchisee to update or upgrade computer hardware components and/or Software as Franchisor deems necessary from time to time but not more than two (2) times per calendar year, at your cost. In addition, Franchisor has the right to require Franchisee to enter into a separate maintenance

agreement for such computer hardware and/or Software. Franchisor reserves the right to require Franchisee to install a "systems backup solution", which backs up critical data in Franchisee's computer system using an off-premises storage scheme. Notwithstanding the fact that Franchisee must buy, use and maintain the computer hardware and Software under Franchisor's standards and specifications, Franchisee will have the sole and complete responsibility for: 1) the acquisition, operation, maintenance and upgrading of the computer hardware and Software; and 2) any and all consequences that may arise if the computer hardware and Software is not properly operated, maintained and upgraded.

7.8.1 Franchisor has developed a software management system for the management of the Franchised Business contemplated in this Franchise Agreement (the "Proprietary Software Program"), herein referred to as our CRM. Franchisee, at Franchisee's own expense, agrees to obtain the computer hardware required to implement the Proprietary Software Program into Franchisee's Business, and to comply with all specifications and standards prescribed by Franchisor regarding the Proprietary Software Program as provided from time to time in the Operations Manual. This Proprietary Software Program, and all modifications, upgrades, and substitutions thereto are Franchisor's proprietary intellectual property and Confidential Information. Franchisor or its designee will provide ongoing service and support to Franchisee regarding the Proprietary Software Program.

7.8.2. Franchisee shall be responsible for purchasing or obtaining a license for any third party software, programs, content, documentation, equipment, hardware or other products that are designated by Franchisor as being necessary for the use and operation of the CRM (the "Third Party Materials"). Franchisee acknowledges and agrees that from time to time Franchisor may require additional Third Party Materials, or may substitute other Third Party Materials for those originally or previously required. To the extent any Third Party Materials are packed with, incorporated into, or embedded in our CRM or otherwise provided by Franchisor hereunder, Franchisee agrees to comply with the terms and conditions of the third party licenses associated with such Third Party Materials.

7.8.3. Upon Franchisor's request, Franchisee agrees to install, update or replace any equipment or software related to the CRM, including any modifications and improvements to the CRM in such manner as is specified by Franchisor from time to time. Franchisee further agrees to be responsible for all costs and expenses not covered by the CRM Software Maintenance Fee. Franchisee acknowledges and agrees that the CRM Monthly Service Fee is subject to change periodically and will increase with the number of transactions. Franchisor reserves the right to collect the CRM Monthly Service Fee directly or require Franchisee to pay the fee directly to Franchisor's service provider.

7.8.4 If and at such time Franchisor develops and custom designs additional or substitute software programs in addition to the Proprietary Software for conducting accounting, point-of-sale functions and other related activities, ("Additional Proprietary Software Program"), Franchisee, at Franchisee's own expense, agrees to obtain the computer hardware and software required to implement any such software program into Franchisee's Business, and to comply with all specifications and standards prescribed by Franchisor regarding the Additional Proprietary Software Program as provided from time to time in the Operations Manual.

7.8.5. Franchisor may lend Franchisee some or all Software and/or hardware at no extra cost to Franchisee and Franchisee must immediately return such equipment to Franchisor in working order upon the expiration or termination of this agreement.

7.9 **Computer Network, Intranet or Extranet Participation**. Franchisee is required to participate in any System-wide computer network, intranet system or extranet system that Franchisor implements and may be required by Franchisor to use such area computer network, intranet system or extranet system to, among other things: (i) submit Franchisee's reports due under this Agreement to

Franchisor on-line; (ii) view and print portions of the Operations Manual; (iii) download approved local marketing materials; (iv) communicate with Franchisor and other System franchisees; (v) complete any initial and ongoing training; and (vi) view and retrieve standard business forms. Franchisee agrees to use the facilities of any such area computer network, intranet system or extranet system in strict compliance with the standards, protocols, and restrictions that Franchisor included in the Operations Manual, including those related to the encryption of confidential information and prohibitions against the transmission of libelous, derogatory or defamatory statements.

7.10 **Personal Conduct**. Franchisee agrees to refrain from committing any act or pursuing any course of conduct that tends to bring Franchisor's Proprietary Marks into disrepute.

7.11 **Best Efforts**. Franchisee must use best efforts to promote and increase the demand for the goods and services of the Business. All of Franchisee's marketing and promotion shall be completely factual and shall conform to the highest standards of ethical advertising. Franchisee agrees to refrain from any business or marketing practice which may be injurious to the Franchised Business or the goodwill associated with the Proprietary Marks and System.

7.12 **Telephone**. Franchisor will obtain on behalf of Franchisee, a new telephone number and telephone listing at Franchisee's expense, to be listed under the "Qualicare" name and not under Franchisee's corporate, partnership, or individual name, to be used exclusively in connection with Franchisee's operation of the Business. Upon the expiration, transfer or termination of this Agreement for any reason, Franchisee shall terminate Franchisee's use of such telephone number and listing and assign same to Franchisor or Franchisor's designee. Franchisee must answer the telephone in the manner Franchisor specifies in the Operations Manual.

7.13 **Payment of Debts**. Franchisee is solely responsible for selecting, retaining and paying Franchisee's employees; the payment of all invoices for the purchase of goods and services used in connection with operating the Franchised Business; and determining whether, and on what terms, to obtain any financing or credit which Franchisee deems advisable or necessary for the conduct of the Franchised Business. Franchisee agrees to pay all current obligations and liabilities to suppliers, lessors and creditors on a timely basis. Franchisee agrees to indemnify Franchisor in the event that Franchisor is held responsible for debts owed by Franchisee if Franchisor elects to pay any of Franchisee's obligations in order to preserve the relationship between System Suppliers and System franchisees. Franchisee agrees to make prompt payment of all federal, state and local taxes, including individual and corporate taxes, sales and use taxes, franchise taxes, gross receipts taxes, employee withholding taxes, FICA taxes, personal property and real estate taxes arising from Franchisee's operation of the Franchised Business. Franchisee agrees to indemnify Franchisor in the event that Franchisor is held responsible for these taxes.

7.14 **Compliance with Applicable Laws**. Franchisee must comply with all applicable Federal, State and local laws, ordinances and regulations regarding the operation of the Franchised Business (including, without limitation, all government regulations relating to the healthcare industry, employment agency licenses, senior care, housekeeping laws, occupational hazards and health, consumer protection, trade regulation, worker's compensation, unemployment insurance, withholding and payment of federal and state income taxes and social security taxes and sales, use and property taxes, and the applicable provisions of the Americans with Disabilities Act ("ADA") regarding the construction, design, and operation of the Franchised Business). Franchisee must obtain and maintain in good standing all applicable federal, state and local permits and licenses necessary to operate the Franchised Business. If Franchisee obtains accreditation from a national accreditation service (The Joint Commission or other providers), Franchisee must maintain such accreditation in good standing. Franchisee will provide Franchisor with a list of third party consultants that may assist Franchisee in obtaining all required licenses and permits necessary to operate the Franchised Business at Franchisee's expense. Franchisor does not anticipate or

recommend that Franchisee seek Medicare/Medicaid certification from the federal government and Franchisor will not support Franchisee in achieving and/or maintaining Medicare/Medicaid certification. If Franchisee determines to obtain Medicare/Medicaid certification, Franchisee agrees to assume all associated costs and risks. Franchisee will be required to pay Franchisor royalties on account of Gross Sales resulting from Franchisee's Medicare/Medicaid certification. Franchisee will have sole authority and control over the day-to-day operations of the Franchised Business and Franchisee's employees and/or independent contractors. Franchisee agrees to be solely responsible for all employment decisions and to comply with all state, federal, and local hiring laws, including without limitation, those related to hiring, firing, training, wage and hour requirements, compensation, promotion, record-keeping, supervision, and discipline of employees, paid or unpaid, full or part-time. At no time will Franchisee or Franchisee's employees be deemed to be employees of Franchisor or Franchisor's affiliates.

7.15 **Trade Secrets and Confidential Information.** Franchisee must maintain the confidentiality of all Confidential Information as set forth in Section 5 of this Agreement. Moreover, Franchisee and Franchisee's employees must keep information regarding clients' health and financial position and holdings confidential at all times during and after the term of this agreement.

7.16 **Image.** Franchisee acknowledges that Franchisor has developed the System to offer and sell products which will distinguish the Business as a Business of distinction from other businesses and chains which offer similar services valued at different prices and with less attention paid to customer service excellence. Franchisee agrees to offer services and products and to conduct the Business in such a manner which will serve to emulate and enhance the image Franchisor intended for the System. Franchisee further acknowledges and agrees that each aspect of the System is important not only to Franchisee but also to Franchisor and to other System franchisees in order to maintain the highest operating standards, achieve system wide uniformity and increase the demand for the customized personal care services rendered by System franchisees. Franchisee agrees to comply with the standards, specifications and requirements Franchisor set forth in order to uniformly convey the distinctive image of a Qualicare Franchised Business. Franchisee shall, in the operation of the Business, use only such displays, labels, forms, and stationary imprinted with the Proprietary Marks and colors as prescribed from time to time by Franchisor.

7.17 **Pending Actions.** Franchisee shall notify Franchisor, in writing, within five (5) days of the commencement of any action, suit or proceeding and the issuance of any order, suit or proceeding of any court, agency or other government instrumentality, including the receipt of any notice or citation, which may adversely affect the operation or financial condition of Franchisee or the Franchised Business.

7.18 **Standard Maintenance.** Franchisee agrees to repair, refinish, repaint, or replace, the furnishings, fixtures, decor, and any other tangible part or property of the Franchised Business at Franchisee's sole expense at such times as Franchisor may reasonably direct. Franchisee agrees that Franchisor has the right to direct Franchisee to remodel, re-equip, and otherwise refurbish the Franchised Business premises in the manner necessary to bring it into conformance with other franchises of the type Franchisor and Franchisor's franchisees are opening at the time of such direction.

8. TRAINING

8.1 **Pre-Opening On-Line Training.** Franchisor will provide Franchisee with pre-opening on-line training course ("On-Line Training") immediately after signing this Agreement. Franchisee must complete On-Line Training to Franchisor's satisfaction within six months of signing this Agreement and the failure to do so shall constitute a default of this Agreement and Franchisor may terminate the Agreement.

8.2 **Home Office Training Program.** Franchisee and at least one (1) of Franchisee's employees who may be a nurse shall attend, and complete to Franchisor's satisfaction, Franchisor's initial

tuition-free home office training program. If Franchisee is a partnership, corporation or limited liability company, at least one (1) of the trainees must be Franchisee's general partner, principal shareholder, or manager as appropriate. If Franchisee has a General Manager, as described in Section 7.6.5, then he/she shall be the other trainee along with the nurse (if applicable). The required training lasts approximately 5 days for the Franchisee, Franchisee's nurse, if applicable, Franchisee's General Manager and shall consist of classroom and practical experience, including training in evaluating clients' healthcare and financial needs, guidelines for providing Personal Services and Home Healthcare Services, financial controls, operational techniques as well as using our Proprietary Software, marketing and advertising techniques, pre-opening procedures, deployment of labor, customer service, ethics and maintenance of quality standards. All training shall be held at Franchisor's headquarters in Toronto, Canada, or a site designated by Franchisor. All trainees designated by Franchisee must attend the training course at the same time. All training-related expenses, including Franchisee and Franchisee's employees' transportation to and from the training site, lodging, meals, and salaries during training, are Franchisee's sole responsibility. Franchisee and Franchisee's employee shall attend and complete Franchisor's initial training class to Franchisor's satisfaction days prior to the opening of Franchisee's Franchised Business. Should Franchisee or Franchisee's employee fail to complete the initial training program to Franchisor's satisfaction, the respective person may repeat the course, or in the case of an employee, Franchisee may send a replacement (the "Replacement Personnel") to the next available initial training program for an additional fee. Failure by Franchisee, Franchisee's employees, General Manager or any Replacement Personnel to complete the initial training program to Franchisor's satisfaction within the time period prescribed in this Agreement shall constitute default of this Agreement and Franchisor may terminate the Agreement.

8.2.1 **Case Management Accreditation Training.** A Qualicare 360° Case Manager's role is to advocate for their clients, help them understand their options, navigate through the healthcare system, coordinate the care required from all sources and support the family to make their lives better. 360° Case Managers can coordinate care by collaborating with the patient's physicians, hospitals and social agencies to leverage all of the resources that are available, including both public and private services. They are a single point of contact for their clients. This enhances the patient's level of support and eases and improves both the patient and family's quality of life. To become a Qualicare 360° Case Manager, the employee must be a Nurse, Occupational Therapist, Physical Therapist, or possess a Master's in Social Work. Employee must be approved by the Franchisor to enroll in the Franchisor's 360° Case Management Accreditation. There is currently no cost to achieve 360° Case Management Accreditation, but Franchisor reserves the right to charge its then current fee in the future.

8.2.2 **Additional Mandatory Training.** Franchisor reserves the right to require Franchisee to participate in certain other training program or certification programs in order to remain current with System standards and specifications. Franchisee acknowledges and agrees to complete any additional training or certification programs that Franchisor may designate now or in the future.

8.3 **Training Materials.** Franchisor will provide Franchisee with training materials for Franchisee to use in training Franchisee's personnel. Only Franchisor's approved training materials may be used by Franchisee in training Franchisee's personnel. Updated training materials will be provided to Franchisee by Franchisor upon written request. All training materials provided to Franchisee, by Franchisor, shall at all times remain Franchisor's property, and Franchisee agrees not to challenge Franchisor's or Franchisor's affiliates' title or rights in or to the training materials. Franchisee may not make any disclosure, duplication or other unauthorized use of any portion of the training materials. All training-related expenses for Franchisee's additional teaching personnel, including transportation to and from the training site, lodging, meals, and salaries during training, are Franchisee's sole responsibility. All training related expenses for Franchisee's additional teaching personnel, including transportation to and from the training site, lodging, meals, and salaries during training, are Franchisee's sole responsibility.

8.4. **Additional Assistance.** To assist Franchisee in the operation of Franchisee's Business, Franchisor may offer additional training programs and/or refresher courses to Franchisee, Franchisee's General Manager and/or Franchisee's employees. Franchisor may provide such assistance, in its discretion, by telephone, intranet communication, web portals or on-site visits. Franchisor may require Franchisee's attendance at these programs and/or courses. Franchisee is responsible for the expenses of Franchisee, Franchisee's General Manager, and Franchisee's employees, including transportation to and from the training site and lodging, meals, and salaries during such training. The additional training programs and refresher courses will be at Franchisor's then-current tuition for such training. At Franchisee's request, Franchisor will train additional management personnel at Franchisor's then current fee. All training related expenses for any additional trainees you designate, including transportation to and from the training site, lodging, meals, and salaries during training, are Franchisee's sole responsibility.

9. INSURANCE

Franchisee agrees to purchase/procure and maintain such insurance covering the operation and location of the Franchised Business as Franchisor may designate from time to time. Franchisor presently requires System franchisees to maintain the following types of insurance, in the amounts specified in the operations manual: (a) comprehensive public liability insurance; (b) personal injury insurance; (c) bonding for employees; (d) commercial property insurance, (e) general liability insurance; and (f) professional liability insurance. All insurance policies shall be issued by insurance companies with a financial rating of at least A4 status or better as rated in the most recent edition of AM Best's Insurance Reports. Franchisee further agrees to purchase hired and non-hired auto insurance to cover all vehicles used in connection with operating Franchisee's Qualicare Business. Franchisor's acceptance of an insurance carrier does not constitute Franchisor's representation or guarantee that the insurance carrier will be capable of meeting claims during the term of the insurance policy. Franchisee agrees to carry such insurance as may be required by the lease of the Approved Location or by any of Franchisee's lenders or equipment lessors and such workers' compensation insurance as may be required by applicable law. Franchisee shall add Franchisor and its designees and assignees to all insurance contracts as additional insureds under the insurance policies, the cost of which will be paid by Franchisee. No insurance policy must be subject to cancellation, termination, non-renewal or material modification, except upon at least thirty (30) calendar days' prior written notice from the insurance carrier to Franchisor. Franchisee must submit a certification of insurance which demonstrates compliance with this Section. If Franchisee fails to comply with the minimum insurance requirements set forth herein, Franchisor has the right to obtain such insurance and keep same in force and effect and Franchisee shall pay Franchisor, on demand, the premium cost thereof and administrative costs of ten percent (10%) in connection with Franchisor's obtaining the insurance. Franchisor has the right to increase or otherwise modify the minimum insurance requirements upon thirty (30) days prior written notice to Franchisee, and Franchisee shall comply with any such modification within the time specified in said notice.

10. FINANCIAL RECORDS AND REPORTS

Franchisee must maintain for at least seven (7) fiscal years from their preparation complete financial records for the operation of the Business in accordance with generally accepted accounting principles. Franchisee must provide Franchisor unaudited monthly financial statements including a monthly Profit & Loss Statement within fifteen (15) days of each month's end as well as year-end unaudited financial statements, including a Profit & Loss Statement and Balance Sheet to be prepared by a certified public accountant or state licensed public accountant and provided to Franchisor within ninety (90) days of the calendar year end. Franchisee's fiscal year must be on a calendar year basis. Franchisor will provide Franchisee with a Chart of Accounts that Franchisee must follow in preparation of its financial statements. Any reports requested by Franchisor will be in a format specified by Franchisor.

Additionally, Franchisor may request copies of any other financial and tax reports including but not limited to (i) a quarterly income statement and profit and loss statement, and (ii) state and local sales tax returns or reports and federal, state and local income tax returns for each year in which Franchisee's Business is operated, within thirty (30) days after their timely completion.

To assist Franchisee in recording and keeping accurate and detailed financial records for reports and tax returns, Franchisor, at Franchisor's discretion, may specify the form in which the business records are to be maintained, and provide a uniform set of business records for Franchisee to use. Franchisor shall have full access to all of Franchisee's data, system, and related information by means of direct access, whether in person, or by telephone/modem installed and maintained at Franchisee's sole expense.

11. BOOKS AND RECORDS

Franchisee must maintain accurate business records, reports, accounts, books and data relating to the operation of Franchisee's Business. Franchisor and Franchisor's designees have the right to inspect and/or audit Franchisee's business records at any time during normal business hours, to determine whether Franchisee is current with suppliers and are otherwise operating in compliance with the terms of this Agreement and the Operations Manual. If any audit reveals that Franchisee has understated Franchisee's royalty or marketing payments, or Franchisee's Local Marketing Requirement expenditures, by more than two percent (2%), or if Franchisee has failed to submit timely reports and/or remittances for any three (3) reporting periods within any twelve (12)-month period, Franchisee must pay the reasonable cost of such audit and/or inspection, including the cost of outside auditors and attorneys (to the extent Franchisor incurs such costs), together with amounts due for royalty and other fees as a result of such underreporting and/or failure to submit reports, along with all late fees and interest which may otherwise be due under this Agreement.

12. MARKETING

Recognizing the value of marketing and promotion, and the importance of the standardization of marketing and promotion programs to the furtherance of the goodwill and public image of the System, the parties agree as follows:

12.1 **Generally**. With regard to marketing generally for the Business, Franchisee shall place or display at the Approved Location (interior and exterior) only such signs, emblems, lettering, logos and displays and marketing materials as Franchisor approves in writing from time to time. Franchisee shall submit to Franchisor, at least ten (10) days prior to publication or use, samples of all sales, promotional, and marketing materials Franchisee desires to use, including, but not limited to, all print, radio and television material, signage, supplies and packaging which Franchisor has not previously approved. Such submission shall not affect Franchisee's right to determine the prices at which Franchisee sells Franchisee's products. Within five (5) days of Franchisor's receipt of any sample sales promotional material or marketing materials from Franchisee, Franchisor shall notify Franchisee in writing of Franchisor's approval or disapproval of the materials. Franchisee shall not use any marketing materials for which Franchisor has not given Franchisor's prior written approval. All marketing materials shall prominently display the Proprietary Marks and shall comply with any standards for use of the Proprietary Marks Franchisor establishes as set forth in the Operations Manual or otherwise in writing. Franchisor may require Franchisee to discontinue the use of any marketing material, within time frames prescribed by Franchisor, at Franchisee's sole cost and expense.

12.2 **Territorial Marketing Restriction**. Franchisee is not permitted to solicit clients and/or market outside Franchisee's Territory, except to the extent that Franchisee has received Franchisor's prior written authorization, which Franchisor will not unreasonably withhold. Franchisor may condition

Franchisor's authorization upon Franchisee's agreement to offer System franchisees that are operating System Businesses in territories encompassed by the circulation base of the proposed marketing opportunity to participate in, and share the expense of, such solicitation and/or marketing opportunity. Notwithstanding the foregoing, Franchisee may not accept clients from outside Franchisee's Territory. Franchisee may not advertise the Business or any products or services offered by the Business via the Internet or any other means of e-commerce, except as permitted in Section 12.3.

12.3 **Internet Website.**

12.3.1 Franchisor will establish a website that provides information about the System and Franchisor's products and services. Franchisor may use the Technology Fees and monies from the Branding Fund that Franchisor collects under this Agreement to pay or reimburse the costs associated with the development, maintenance and update of such website. Franchisor will also provide, through a third party internet marketing company of its choice, an integrated customizable and supported mobile-friendly website to Franchisee, which includes maintenance updates, changes, enhancements, form support and security protection. In addition, the website will have the same Qualicare branding as the corporate site with templated pages, layout and content. All local website pages will be in a subdirectory of the qualicare.com domain formatted as ***www.qualicare.com/territoryname***. Franchisor will be the web master, either directly or through a third party, and will have absolute discretion and control over such a web page. All information on the website must be approved by Franchisor prior to posting, pursuant to Section 12.1 above. Franchisee is prohibited from maintaining an individual website related to the Franchised Business, or establishing a URL incorporating any variation of the "Qualicare" name or the Proprietary Marks. Franchisee cannot violate Franchisor's privacy policies or user terms posted on its website. Franchisor has the right to modify the provisions of this Section 12.3 relating to Internet websites as Franchisor deems necessary or appropriate in the best interest of the System.

12.3.2 Franchisee may not establish a URL incorporating any variation of the "Qualicare", "Qualicare 360°", "360° Case Management" or the "Brain Workout+" name or the Proprietary Marks, without Franchisor's prior written approval. Franchisee will not violate Franchisor's privacy policies as posted on the website. Franchisee must also participate in any System-wide area computer network, intranet system, or extranet system implemented by Franchisor as described in Section 7.9 above. The Franchisee shall, during the term of this Agreement, maintain access to the Internet and comply with all Internet and privacy policies announced by the Franchisor from time to time, and as required by applicable law. Any advertising or other presence or promotion by Franchisee on the Internet must comply with Franchisor's internet and privacy policies, data protection requirements and applicable law, including the contents of any Franchisee website (the Franchisee Home Page). Any website property, including social media, mobile property, address, domain name and other identifiers used in any website owned or maintained by or for the benefit of the Franchisee shall belong to Franchisor.

12.3.3 The Franchisee agrees that it will not utilize any approved website used to promote the Franchised Business in any manner not approved by Franchisor including but not exclusive to misuse of the Proprietary Marks, and Franchisee agrees to abide by all terms and conditions prescribed by Franchisor in relation to any website provided to Franchisee or authorized for use by Franchisee for the promotion of the Franchised Business. Franchisee may not conduct business hereunder through the Internet without Franchisor's consent. In connection with any such consent, Franchisor may establish such requirements as it deems appropriate, including:

12.3.3.1 obtaining its prior written approval of any Internet domain name, home page and social media addresses;

12.3.3.2 obtaining of account information for any of the Internet customer accounts used by Franchisee in the Franchised Business;

12.3.3.3 submission for its approval of all website pages, advertising materials and content;

12.3.3.4 use of all meta-tags, hyperlinks and other links;

12.3.3.5 restrictions on use of any materials (including text, video clips, photographs, images and audio clips) in which any third party has any ownership interest;

12.3.3.6 obtaining its prior written approval of any modifications; and

12.3.3.7 consenting in advance to its removal of any website pages, materials, advertising and content as it deems desirable, in its sole discretion, to maintain and enhance the goodwill associated with the Marks.

12.3.4 Franchisee acknowledges that Franchisor is the lawful, rightful and sole owner of the Internet domain name www.qualicare.com, and any other Internet domain names registered by Franchisor, and unconditionally disclaims any ownership interest in those or any arguably similar Internet domain names. Franchisee agrees not to register any Internet domain name in any class or category that contains words used in or similar to any brand name owned by Franchisor or Franchisor's affiliates or any abbreviation, acronym, phonetic variation or visual variation of those words.

12.4 **Grand Opening Marketing & Promotion.** Franchisee must spend between $4,000 and $7,500 to promote the grand opening of Franchisee's Business ("Grand Opening Marketing Requirement") within the first six (6) months of opening Franchisee's Business. Franchisee may expend additional sums on advertising its grand opening at its sole discretion. Franchisor reserves the right to collect the Grand Opening Marketing Requirement and implement a grand opening marketing and promotions program on Franchisee's behalf. All marketing must be approved by Franchisor in writing prior to publication, as described in Section 12.1, above. In addition, prior to attending Home Office Training, Franchisee must purchase from Franchisor or its designated supplier, a start-up marketing kit (the "Start-Up Marketing Kit"), which includes a short-term supply of marketing collateral. The cost of the Start-Up Marketing Kit is $2,500 and is not refundable.

12.5 **Branding Fund.** Franchisor has established a brand development fund (the "Fund") for the common benefit of System Franchisees. Franchisee will participate in and contribute monthly to the Fund an amount of one percent (1%) of Franchisee's Gross Sales (the "Brand Development Fee") in the manner Franchisor prescribes. If Franchisor requires Franchisee to contribute to the Fund, Franchisee must pay the Brand Development Fee in the same manner as the Royalty fees due under this Agreement. Franchisor has the right to require that an advertising cooperative and/or franchisee advisory council be formed, changed, dissolved or merged.

12.5.1 Franchisor will use Fund contributions, in Franchisor's sole discretion, to develop, produce and distribute national, regional and/or local advertising and to create advertising materials and public relations programs which promote, in Franchisor's sole judgment, the services offered by System Franchisees. Franchisor has the sole right to determine contributions and expenditures from the Fund, or any other advertising program, and sole authority to determine, without limitation, the selection of the advertising materials and programs; provided, however, that Franchisor will make a good faith effort to expend Fund contributions in the general best interests of the System on a national or regional basis. Franchisor may use the Fund to satisfy any and all costs of maintaining, administering, directing, preparing,

and producing advertising, including the cost of preparing and producing television, radio, magazine and newspaper advertising campaigns; the cost of direct mail and outdoor billboard advertising; the cost of public relations activities and advertising agencies; the cost of developing and maintaining an Internet website; and personnel and other departmental costs for advertising that Franchisor internally administers or prepares. Nevertheless, Franchisee acknowledges that not all System Franchisees will benefit directly or on a pro rata basis from such expenditures. While Franchisor does not anticipate that any part of the Fund contributions will be used for advertising which is principally a solicitation for franchisees, Franchisor reserves the right to use the Fund for public relations or recognition of the Qualicare brand.

12.5.2 Franchisor may periodically assist franchises to maintain high quality standards through client surveys, client interviews, and other similar initiatives ("Surveys"). The cost of such programs will be borne by the Fund. The cost of these programs may be charged directly to Franchisee if Franchisee's results from a Survey fall below System established minimum standards for such Surveys.

12.5.3 Franchisor has the right to reimburse itself from the Fund contributions for such reasonable costs and overhead, if any, as Franchisor may incur in activities reasonably related to the direction and implementation of the Fund.

12.5.4 Franchisor's contribution to the Fund for subsequent company owned units will be equal to that provided for in Franchisor's Franchise Disclosure Document in the year that the company owned unit is established. Should the advertising contribution for the System decrease at any time, Franchisor has the right to reduce Franchisor's contribution from company owned units to the rate specified for franchised locations.

12.5.5 Upon Franchisee's request, Franchisor will make available for Franchisee within sixty (60) days of the end of the fiscal year, a statement of contributions and expenditures for the Fund. The Fund is not required to be independently audited.

12.6 **Regional Marketing and Promotional Cooperative.** Franchisor shall have the right, in Franchisor's discretion, to designate any geographical area for purposes of establishing a regional marketing and promotional cooperative ("Cooperative"), and to determine whether a Cooperative is applicable to the Franchised Business. If a Cooperative has been established applicable to the Franchised Business at the time Franchisee begins operating under this Agreement, Franchisee must immediately become a member of such Cooperative. If a Cooperative applicable to the Franchised Business is established at any later time during the term of this Agreement, Franchisee must become a member of such Cooperative no later than thirty (30) days after the date on which the Cooperative begins operation. If the Franchised Business is within the territory of more than one Cooperative, Franchisee is required to be a member of only one such Cooperative. The following provisions will apply to each Cooperative:

12.6.1 Each Cooperative will be organized and governed in a form and manner, and will commence operation on a date, approved in advance by Franchisor;

12.6.2 Each Cooperative will be organized for the exclusive purpose of administering regional marketing programs and developing, subject to Franchisor's approval, standardized marketing materials for use by the members in local marketing;

12.6.3 No promotional or marketing plans or materials may be used by a Cooperative or furnished to its members without Franchisor's prior approval. All such plans and materials shall be submitted to Franchisor in accordance with the procedure set forth in Section 12.1 hereof;

12.6.4 All activities and contributions (which may exceed the Local Marketing Requirement as described in Section 12.7, however, Franchisee will receive credit for Cooperative contributions against the Local Marketing Requirement) to the Cooperative shall be determined by a majority vote of the member franchisees in the Cooperative;

12.6.5 Each member franchisee must submit to the Cooperative, no later than the Tuesday following the first Monday of each month, for the preceding month, its respective contribution as provided in this Agreement together with such other statements or reports as Franchisor may require or as may be required the Cooperative with Franchisor's approval; and

12.6.6 Franchisor may grant to any franchisee, in Franchisor's sole discretion, an exemption for any length of time from the requirement of membership in a Cooperative, upon written request of such franchisee stating reasons supporting such exemption. Franchisor's decision concerning such request for exemption will be final.

12.7 **Local Marketing Requirement**. Franchisee must spend a minimum of One Thousand Dollars ($1,000) each month on local marketing and advertisements (the "Local Marketing Requirement"). Franchisee will be required to spend the Local Marketing Requirement as Franchisor prescribes in the Operations Manual or otherwise in writing, which may include, without limitation, requirements for placing a certain number and/or type(s) of media advertisements or changes to the manner and formats in which the Local Marketing Requirement is spent. Franchisee acknowledges and agrees that Franchisee's local marketing obligation must be expended regardless of the amount(s) spent by other System franchisees on local marketing. Franchisee may spend any additional sums Franchisee wishes on local marketing. Franchisee must use only such marketing and promotional materials as have been previously approved by Franchisor. Franchisee must send Franchisor proof of these expenditures within fifteen (15) days of the end of each month. Franchisee must use any required local advertising materials designated by Franchisor. All advertising must prominently display the Proprietary Marks and comply with any standards for use of the Proprietary Marks Franchisor establishes from time to time. Franchisor may require Franchisee to discontinue use of any advertising or marketing materials at any time at your expense.

12.8 **Online Lead Generation Requirement**. Franchisee is required to spend a minimum of $1,000 per month on online lead generating advertising with Franchisor's designated vendors (the "Online Lead Generation Requirement"). Franchisee must spend the Online Lead Generation Requirement in the manner Franchisor prescribes in the Operations Manual or as otherwise in writing. Franchisee must send Franchisor proof of Franchisee's expenditures which satisfy the Online Lead Generation requirement in the form requested by Franchisor within 15 days of the end of each month. Franchisee shall follow up on all customer leads provided to Franchisee through this advertising within twenty-four (24) hours of the potential client enquiry by way of home visit, telephone or by email.

13. INDEPENDENT CONTRACTOR; INDEMNIFICATION

13.1 **Independent Contractor Status**. Franchisee is an independent contractor responsible for full control over the internal management and daily operation of Franchisee's Business, and neither party to this Agreement is the agent, principal, partner, employee, employer or joint venture partner of the other party. Franchisee may not act or represent itself, directly or by implication, as Franchisor's agent, partner, employee or joint venture partner, and Franchisee may not incur any obligation on Franchisor's behalf or in Franchisor's name. All stationery, business cards and contractual agreements entered into by Franchisee shall contain Franchisee's corporate or fictitious name and a conspicuously displayed notice in the place Franchisor designates, that Franchisee operates Franchisee's Business as an independently owned and operated Qualicare franchise and that Franchisee independently owns and operates the Business as a System franchisee. Nothing in this Agreement authorizes Franchisee to make any contract, agreement warranty, or

representation on Franchisor's behalf, or to incur any debt or other obligation in Franchisor's name; and Franchisor shall in no event assume liability for, or be deemed liable hereunder as a result of, any such action; nor shall Franchisor be liable by reason of any of Franchisee's acts or omissions in the operation of the franchised business or for any claim or judgment arising therefrom against Franchisee or Franchisor.

13.2 **Indemnification**. Franchisee and Franchisee's principals agree to indemnify, defend and hold Franchisor, Franchisor's affiliates and their respective shareholders, directors, officers, employees, agents, successors and assignees ("Indemnitees") harmless against and to reimburse them for all claims, obligations, liabilities and damages ("Claims"), including any and all taxes, directly or indirectly arising out of, in whole or in part: (a) the operation of Franchisee's Business, including the use, condition, or construction, equipping, decorating, maintenance or operation of the Franchised Business Premises, the sale or provision of any services, including supplemental healthcare staffing services or personal care services, and Franchisee's advertising; (b) the use of the Proprietary Marks and other Proprietary Material; (c) the transfer of any interest in this Agreement or Franchisee's Business in any manner not in accordance with this Agreement; (d) the infringement, alleged infringement, or any other violation or alleged violation by Franchisee or any of Franchisee's principals of any patent, mark or copyright or other proprietary right owned or controlled by third parties; or (e) libel, slander or any other form of defamation of Franchisor, the System or any franchisee or developer operating under the System, by Franchisee or by any of Franchisee's principals. For purposes of this indemnification, "Claims" shall mean and include all obligations, actual, consequential, punitive and other damages, and costs reasonably incurred in the defense of any action, including attorneys', attorney assistants' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses, whether or not such claims exceed the amount of insurance coverage available through Franchisee to Franchisor. Franchisor shall have the right to defend any such claim against it in such manner as Franchisor deems appropriate or desirable in Franchisor's sole discretion. Such an undertaking by Franchisor shall, in no manner or form, diminish Franchisee's and each of Franchisee's principals' obligations to indemnify the Indemnities and to hold them harmless. This indemnity shall continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

14. SALE OR TRANSFER

14.1 **Transfer**. Franchisee's rights under this Agreement are personal, and Franchisee shall not sell, transfer, assign or encumber Franchisee's interest in the Franchise Business without Franchisor's prior written consent. Any sale, transfer, assignment or encumbrance made without Franchisor's prior written consent shall be voidable at Franchisor's option and shall subject this Agreement to termination as specified herein.

14.2 **Death or Disability**.

14.2.1 Representative's Right to Continue as Franchisee. In the event of Franchisee's death, disability or incapacitation (or the death, disability or incapacitation of Franchisee's partners or personal guarantors, Franchisee's legal representative, or Franchisee's partner's or guarantor's respective legal representative, as applicable) shall have the right to continue the operation of the Business as franchisee under this Agreement if: (i) within forty-five (45) days from the date of death, disability or incapacity (the "45 day period"), such person has obtained Franchisor's prior written approval and has executed Franchisor's then-current Franchise Agreement for the unexpired term of the franchise, or has furnished a personal guaranty of any partnership, corporate or limited liability company franchisee's obligations to Franchisor and Franchisor's affiliates; and (ii) such person successfully completes Franchisor's training program (which Franchisor will provide at Franchisor's then-current tuition rate). Such assignment by operation of law will not be deemed in violation of this Agreement, provided such

heirs or legatees accept the conditions imposed by the Franchise Agreement and are acceptable to Franchisor.

14.2.2 Business Operation During and After 45 Day Period. Franchisor is under no obligation to operate the Business, or incur any obligation on behalf of any incapacitated franchisee, during or after the 45-day period. If necessary, Franchisee (or Franchisee's legal representative, as applicable) shall appoint a previously approved acting interim manager to operate the Business during the 45-day period. In the event of Franchisee's death, disability, absence or otherwise, Franchisor may (but is not required to) operate Franchisee's Business on Franchisee's behalf and at Franchisee's expense for such period of time (and under such terms and conditions) as Franchisor determines, including paying out the assets and/or revenues of the Business to cover any or all past, current and/or future obligations of the Business (including any amounts owed to Franchisor and/or any affiliate) in such priorities as Franchisor determines from time-to-time in Franchisor's sole and absolute discretion. Franchisor may pay itself a reasonable amount to reimburse Franchisor for Franchisor's management services and other costs. Franchisor may obtain approval of a court or arbitrator for any such arrangements, the attorney's fees and other costs incurred in connection with obtaining such approval to be charged against the assets and/or revenues of Franchisee's Business. Franchisee (and/or Franchisee's estate) will indemnify Franchisor against any costs and/or liabilities incurred by it in connection with, or related in any way to, the operation (or otherwise) of Franchisee's Business.

14.3 **Ownership Changes**. A sale, transfer or assignment requiring Franchisor's prior written consent shall be deemed to occur: (i) if Franchisee is a corporation, upon any assignment, sale, pledge or transfer of any fractional portion of Franchisee's voting stock or any increase in the number of outstanding shares of Franchisee's voting stock which results in a change of ownership, (ii) if Franchisee is a partnership, upon the assignment, sale, pledge or transfer of any fractional partnership ownership interest; or (iii) if Franchisee is a limited liability company, upon the assignment, sale, pledge or transfer or any interest in the limited liability company. Any new partner, shareholder, or member or manager owning more than ten percent (10%) of the outstanding shares of the corporation, will be required to personally guarantee Franchisee's obligations under this Agreement. A transfer pursuant to (i) and (iii) above shall not be subject to Franchisor's right of first refusal as set forth in Section 14.3.1.

14.3.1 Right of First Refusal. If Franchisee proposes to transfer either this Agreement or all, or substantially all, of the assets used in connection with the Franchised Business or any interest in Franchisee's lease to any third party (other than a corporation or limited liability company as set forth in Section 14.4 hereof), Franchisee shall first offer to sell such interest to Franchisor on the same terms and conditions as offered by such third party. Franchisee shall obtain from the third party and provide Franchisor a statement in writing, signed by the third party and Franchisee, of the terms of the offer ("Letter of Intent"). If Franchisor elects not to accept the offer within a thirty (30) day period, Franchisee shall have a period not to exceed sixty (60) days to complete the transfer described in the Letter of Intent subject to the conditions for approval set forth in Section 14.3.2 hereof. Franchisee shall effect no other sale or transfer as contemplated under the Letter of Intent without first complying with this Section 14.3.1. Any material change in the terms of the offer, shall be deemed a new proposal subject to Franchisor's right of first refusal. So long as Franchisee has obtained Franchisor's prior written consent, which shall not be unreasonably withheld, a transfer to an existing partner or shareholder, or a transfer as a result of the death, disability or incapacitation of a shareholder or partner, in accordance with the provisions set forth below, is not subject to Franchisor's first right of refusal.

14.3.2 Conditions for Approval. Franchisor may condition Franchisor's approval of any proposed sale or transfer of the Franchise Business or of Franchisee's interest in this Agreement upon satisfaction of the following occurrences:

14.3.2.1 All of Franchisee's accrued monetary obligations to Franchisor, Franchisor's affiliates, and Franchisor's designated/approved suppliers and vendors, are satisfied;

14.3.2.2 Franchisee must cure all existing defaults under this Agreement, or any other agreement between Franchisee and Franchisor, Franchisor's affiliates, Franchisor's designated/approved suppliers and vendors, within the period permitted for cure and have substantially complied with such agreements during their respective terms;

14.3.2.3 Franchisee and Franchisee's principals (if Franchisee is a partnership, corporation or limited liability company), and the transferee (if it has had any previous relationship with Franchisor or Franchisor's affiliates), must execute a general release under seal, in a form satisfactory to Franchisor, of any and all claims against Franchisor and Franchisor's affiliates and officers, directors, shareholders and employees, in their corporate and individual capacities; provided, however, the release shall not be inconsistent with any applicable state statute regulating franchising;

14.3.2.4 Franchisee or transferee shall provide Franchisor a copy of the executed purchase agreement relating to the proposed transfer with all supporting documents and schedules, including transferee's assumption of and agreement to faithfully perform all of Franchisee's obligations under this Agreement;

14.3.2.5 The transferee shall demonstrate to Franchisor's satisfaction that he or she meets Franchisor's educational, managerial and business standards; possesses a good moral character, business reputation and credit rating; has the aptitude and ability to conduct the business to be transferred; and has adequate financial resources and capital to meet the performance obligations under this Agreement; however, transferee shall not be in the same business as Franchisor either as licensor, franchisor, independent operator or licensee of any other personal care business, chain or business which is similar in nature or in competition with Franchisor, except that the transferee may be an existing franchisee of ours;

14.3.2.6 The transferee shall execute Franchisor's then-current Franchise Agreement for the unexpired term of this Agreement;

14.3.2.7 Franchisee or transferee shall pay Franchisor a transfer fee equal to fifteen thousand dollars ($15,000);

14.3.2.8 The transferee shall satisfactorily complete Franchisor's training program at the transferee's expense within the time frame Franchisor sets forth;

14.3.2.9 Franchisee (and Franchisee's principals if Franchisee is a partnership, corporation or limited liability company), and the members of their respective families must comply with the post-termination provisions of this Agreement;

14.3.2.10 The transferee must obtain, within the time limits set by Franchisor, and maintain thereafter, all permits and licenses required for the operation of the Franchised Business;

14.3.2.11 To the extent required by the terms of any leases or other agreements, the lessors or other parties must have consented to the proposed transfer;

14.3.2.12 The transfer must be made in compliance with any laws that apply to the transfer, including state and federal laws governing the offer and sale of franchises;

14.3.2.13 The purchase price and terms of the proposed transfer are not so burdensome to the prospective transferee as to impair or materially threaten its future operation of the Business and performance under its franchise agreement;

14.3.2.14 Franchisee must request that Franchisor provide the prospective transferee with Franchisor's current form of Franchise Disclosure Document and Franchisor shall not be liable for any representations not included in the Disclosure Document;

14.3.2.15 Franchisor's approval of the transfer shall not constitute a waiver of any claims Franchisor may have against the transferring party;

14.3.2.16 Franchisor shall have the right to disclose to any prospective transferee such revenue reports and other financial information concerning Franchisee and Franchisee's Business as Franchisee has supplied Franchisor hereunder; and

14.3.2.17 In any event, Franchisor may withhold or condition Franchisor's consent to any transfer as Franchisor deems appropriate based on the circumstances of the transfer or otherwise.

14.4 **Transfer to a Corporation or Limited Liability Company.** If Franchisee is an individual and desires to assign its rights under this Agreement to a corporation or limited liability company, and if all of the following conditions are met, Franchisor will consent to the transfer without assessing the transfer fee set forth in Section 14.3.2.7, and such assignment will not be subject to Franchisor's right of first refusal in Section 14.3.1:

14.4.1 The corporation or limited liability company is newly organized and its activities are confined to operating the Franchised Business;

14.4.2 Franchisee is, and at all times remains, the owner of fifty-one percent (51%) of the outstanding shares of the corporation or a controlling interest in the limited liability company;

14.4.3 The corporation or limited liability company agrees in writing to assume all of Franchisee's obligations hereunder; and

14.4.4 All stockholders of the corporation, or members and managers of the limited liability company, as applicable, personally guarantee prompt payment and performance by the corporation or limited liability company of all its obligations to Franchisor and Franchisor's affiliates, under this Agreement and any other agreement between Franchisee and Franchisor and/or Franchisor's affiliates and execute a non-compete agreement as set forth in Section 17.4 hereof.

14.5 **Franchisor's Right to Transfer.** Franchisor has the right to sell, transfer, assign and/or encumber all or any part of Franchisor's assets and Franchisor's interest in, and rights and obligations under, this Agreement in Franchisor's sole discretion.

15. BREACH AND TERMINATION

15.1 **Automatic Termination.** This Agreement shall automatically terminate without notice or an opportunity to cure upon the occurrence of any of the following:

15.1.1 Voluntary Bankruptcy. If Franchisee makes an assignment for the benefit of creditors, files a voluntary petition in bankruptcy, is adjudicated bankrupt or insolvent, files or acquiesces in the filing of a petition seeking reorganization or arrangement under any federal or state bankruptcy or

insolvency law, or consents to or acquiesces in the appointment of a trustee or receiver for Franchisee or the franchised business.

15.1.2 Involuntary Bankruptcy. If proceedings are commenced to have Franchisee adjudicated bankrupt or to seek Franchisee's reorganization under any state or federal bankruptcy or insolvency law, and such proceedings are not dismissed within sixty (60) days, or a trustee or receiver is appointed for Franchisee or the franchised business without Franchisee's consent, and the appointment is not vacated within sixty (60) days.

15.1.3 Unauthorized Transfer. Franchisee purports to sell, transfer or otherwise dispose of the franchise or any interest in the Franchise Business in violation of Section 14 hereof.

15.2 **With Notice and Without Opportunity to Cure.** Franchisor has the right to terminate this Agreement upon notice without providing Franchisee an opportunity to cure for any of the following breaches or defaults:

15.2.1 Criminal Acts. If Franchisee or Franchisee's principals or employees are convicted of or plead guilty or no contest to a felony; take part in any criminal misconduct relevant to the operation of Franchisee's Franchised Business; refuse to undergo or fail to pass a criminal background check to Franchisors satisfaction; or if Franchisee fails to terminate any employee who fails to pass a criminal background check to Franchisor's satisfaction.

15.2.2 Fraud. If Franchisee or Franchisee's principals commit any fraud or misrepresentation in the operation of Franchisee's Business.

15.2.3 Misrepresentation. If Franchisee or Franchisee's principals make any misrepresentation or omission in connection with Franchisee's franchise application, including but not limited to any financial misrepresentation.

15.2.4 Failure to Complete Training. If Franchisee fails to complete training as provided in Section 8.1 and 8.2.

15.2.5 Repeated Breaches. If Franchisor sends Franchisee two (2) or more written notices to cure pursuant to Sections 15.3 or 15.4 hereof in any twelve (12)-month period.

15.2.6 Breach of Other Agreements. If Franchisee or Franchisee's principals materially breach any other agreement with Franchisor or any of Franchisor's affiliates, or threaten any material breach of any such agreement, or any lease for the Approved Location, and fail to cure such breach within any permitted period for cure.

15.2.7 Misuse of the Proprietary Marks or Confidential Information. If Franchisee or Franchisee's principals materially violate any provision hereof pertaining to Proprietary Marks or Confidential Information or misuse the Proprietary Marks or Confidential Information, or you misuse or disseminate Client information.

15.2.8 Violation of Law. If Franchisee or Franchisee's principals violate any health, safety or sanitation law, ordinance or regulation or operates the Franchised Business in a manner that presents a health or safety hazard to any clients or the general public.

15.2.9 Violation of In-term Restrictive Covenant. If Franchisee violates the in-term restrictive covenant contained in Section 17.1.

15.2.10 Liens. If a levy of writ of attachment or execution or any other lien is placed against Franchisee or any of Franchisee's principals or any of their assets which is not released or bonded against within thirty (30) days.

15.2.11 Insolvency. If Franchisee or any of Franchisee's principals become insolvent.

15.2.12 Abandonment. If Franchisee voluntarily or otherwise abandons the Franchised Business. The term "abandon" includes any conduct which indicates a desire or intent to discontinue the Franchised Business in accordance with the terms of this Agreement and shall apply in any event Franchisee fails to operate the Business as a System Business for a period of two (2) or more consecutive days without Franchisor's prior written approval.

15.2.13 Unauthorized Products or Services. If Franchisee offers any unauthorized and unapproved products or services at or from the Business.

15.2.14 Unapproved Purchases. Franchisee orders or purchases equipment or supplies for resale telephone equipment or CRM and operational software from a supplier which Franchisor has not approved.

15.2.15 Proprietary Software. Franchisee misuses or makes unauthorized use of the Proprietary Software or Franchisor's other proprietary software, if any.

15.2.16 Insurance. Franchisee fails to maintain insurance or to repay Franchisor for insurance paid for by it, or otherwise fails to adhere to the requirements of Section 9.

15.2.17 Government Regulations. Franchisee fails, within fifteen (15) calendar days after notification of non-compliance by federal, state or local government authorities, to comply with any law or regulation applicable to the Business.

15.2.18 Government Actions. Any government action is taken against Franchisee that results in any obligation upon Franchisor which in Franchisor's sole judgment is uneconomical, not in the best interests of Franchisor, or would result in Franchisor having an unintended relationship or obligation.

15.2.19 Anti-Terrorist Activities. Franchisee fails to comply with the provisions of Section 22.7.

15.2.20 Insufficient Funds. If there are insufficient funds in Franchisee's bank account to cover a check or EFT payment to Franchisor three (3) or more times within any twelve (12) month period.

15.2.21 Misuse of Property. Franchisee uses Franchised Business assets or the assets of Clients for personal use.

15.2.22 Failure to Meet Gross Sales Requirement. Franchisee fails to meet the Minimum Annual Gross Sales Requirement, and fails to cure such breach within the time frame and in the manner set forth in Section 1.6 above.

15.2.23 Violence, Abuse or Neglect. Franchisee or Franchisee's employee is found guilty of committing any act of violence or abuse or financial exploitation against any client.

15.3 **Upon 15 Days' Notice to Cure.** Franchisor has the right to terminate this Agreement if any of the following defaults remain uncured after expiration of the fifteen (15) day cure period:

15.3.1 Nonpayment. If Franchisee fails to pay, as and when due, any sums owed to Franchisor, any of Franchisor's affiliates, or any of Franchisor's major suppliers or vendors.

15.3.2 Under-reporting of Gross Sales. If any audit reveals that Franchisee has understated Franchisee's royalty or marketing payments, Online Lead Generation Requirement payments, Local Marketing Requirement expenditures, or any other amounts owed to Franchisor under this Agreement by more than two percent (2%), or if Franchisee has failed to submit timely reports and/or remittances for any three (3) reporting periods within any twelve (12)-month period, as described in Section 11.

15.3.3 Endorsement of Checks. Franchisee fails to immediately endorse and deliver to Franchisor any payments due to Franchisor from any third party that is erroneously made to Franchisee.

15.3.4 Failure to Open. If Franchisee fails to commence operations of Franchisee's Business within the time prescribed in Section 7.3 of this Agreement.

15.3.5 Interruption of Service. If Franchisee fails to maintain the prescribed months, days or hours of operation at the Business as described in the Operations Manual.

15.3.6 Failure to Personally Supervise Business Operations or Employ Adequate Personnel. If Franchisee fails, in Franchisor's sole discretion, to personally supervise day-to-day operation of the Business or fails to employ a sufficient number of qualified, competent personnel as Franchisor requires from time to time.

15.3.7 Quality Control. If Franchisee fails to maintain the strict quality controls reasonably required by this Agreement and/or the Operations Manual.

15.3.8 Other Conduct Reflecting Adversely on System. Franchisee conducts itself in a manner that, although not criminal, reflects adversely on the System, the Proprietary Marks, or the products offered through the System.

15.3.9 Licenses and Permits. Franchisee fails to procure or maintain any licenses, certifications, or permits necessary for the operation of Franchisee's Business.

15.4 **Upon 30 Days' Notice to Cure.** Franchisor has the right to terminate this Agreement upon thirty (30) days' notice if Franchisee fails to perform or comply with any one or more of the terms or conditions of this Agreement or any ancillary agreements between Franchisee and Franchisor or Franchisor's affiliates.

15.5 **Step In Rights.** In addition to Franchisor's right to terminate this Agreement, and not in lieu of such right, or any other rights, Franchisor may have against Franchisee, upon a failure to cure any default within the applicable time period (if any), Franchisor has the right, but not the obligation, to enter upon the Franchised Business premises and exercise complete authority with respect to the operation of the Business until such time as Franchisor determines, in Franchisor's sole discretion, that the default has been cured, and Franchisee is otherwise in compliance with this Agreement. In the event Franchisor exercises the rights described in this Section, Franchisee must reimburse Franchisor for all reasonable costs and overhead, if any, incurred in connection with its operation of Franchisee's Business including, without limitation, costs of personnel for supervising and staffing the Franchised Business and their travel and lodging accommodations. If Franchisor undertakes to operate the Business pursuant to this Section,

Franchisee agrees to indemnify and hold Franchisor (and Franchisor's representative(s) and employees) harmless from and against any fines, claims, suits or proceedings which may arise out of Franchisor's operation of the Business.

15.6 **Nonwaiver**. Franchisor's delay in exercising or failing to exercise any right or remedy under this Agreement or Franchisor's acceptance of any late or partial payment due hereunder shall not constitute a waiver of any of Franchisor's rights or remedies against Franchisee.

16. RIGHTS AND DUTIES UPON TERMINATION OR EXPIRATION

16.1 **Franchisee's Obligations**. Upon termination of this Agreement, regardless of the cause, and upon expiration and non-renewal or transfer of this Agreement, Franchisee must, at Franchisee's cost and expense:

16.1.1 Cease immediately all operations under this Agreement;

16.1.2 Pay Franchisor immediately all unpaid fees and pay Franchisor, Franchisor's affiliates, Franchisor's major suppliers and vendors, all other monies owed;

16.1.3 Discontinue immediately the use of the Proprietary Marks;

16.1.4 Immediately return the Operations Manual, Proprietary Software and Third Party Material, client lists, all other Proprietary Materials and Confidential Information Franchisor loaned to Franchisee and immediately and permanently cease use of such information and materials;

16.1.5 Immediately cease using all telephone numbers and listings used in connection with the operation of the Franchised Business and direct the telephone company to transfer all such numbers and listings to Franchisor or Franchisor's designee pursuant to the Conditional Assignment of Telephone Numbers attached hereto as Exhibit B or, if Franchisor directs, to disconnect the numbers;

16.1.6 Promptly surrender all stationery, printed matter, signs, advertising materials and other items containing the Proprietary Marks as Franchisor directs and all items which are a part of the trade dress of the System;

16.1.7 Cease to hold itself out as Franchisor's franchisee;

16.1.8 Take such action as shall be necessary to amend or cancel any assumed name, business name or equivalent registration which contains any trade name or other Proprietary Mark Franchisor licensed to Franchisee and furnish Franchisor evidence satisfactory to Franchisor of compliance with this obligation within thirty (30) calendar days after the termination, expiration or transfer of this Agreement;

16.1.9 Permit Franchisor to make final inspection of Franchisee's financial records, books, and other accounting records within six (6) months of the effective date of termination, expiration, or transfer;

16.1.10 Comply with the post-termination covenants set forth in Section 17 hereof, all of which shall survive the transfer, termination or expiration of this Agreement;

16.1.11 Cease to use in marketing materials or in any other manner, any methods, procedures or techniques associated with Franchisor or the System; and

16.1.12 Execute from time to time any necessary papers, documents, and assurances to effectuate the intent of this Section 16.

16.1.13 Promptly turn over all Client Lists and any other information Franchisee may have about former, existing, or potential clients, including health related information and financial information.

16.2 **Power of Attorney**. Franchisee hereby irrevocably appoints Franchisor as Franchisee's attorney-in-fact to execute in Franchisee's name and on Franchisee's behalf all documents necessary to discontinue Franchisee's use of the Proprietary Marks and the Confidential Information.

16.3 **Option to Purchase Personal Property.**

16.3.1 Upon the termination or expiration of this Agreement, Franchisor, or Franchisor's designee shall also have the option, but not the obligation, to purchase any personal property used in connection with operation of Franchisee's Business by providing Franchisee written notice of Franchisor's election within sixty (60) calendar days after such termination or expiration and paying Franchisee the book value for such personal property within sixty (60) calendar days of such notice. For purposes of this paragraph, "book value" means the amount Franchisee actually paid for the personal property less depreciation (calculated by using the straight-line depreciation method on a ten (10) year depreciation schedule irrespective of the depreciation method or schedule Franchisee uses for accounting purposes). Notwithstanding the foregoing, to the extent that Franchisor exercises Franchisor's right to purchase any personal property that is subject to a lease or finance agreement, the purchase price of such personal property shall equal the amount of Franchisee's remaining obligations under the lease or finance agreement, as applicable. Franchisor shall be entitled to offset the purchase price by the amount of money owed by Franchisee to Franchisor for any payments necessary to acquire clear title to property or for any other debt. If Franchisor exercises Franchisor's option to purchase, pending the closing of such purchase, Franchisor has the right to appoint a manager to maintain operation of the Business, or Franchisor may require that Franchisee close the Franchised Business during such period without removing any assets. Franchisee is required to maintain in force all insurance policies required under this Agreement until the date of such closing. Franchisor has the unrestricted right to assign this option to purchase the Business. Franchisor will be entitled to all customary warranties and representations in connection with Franchisor's purchase of Franchisee's property, including, without limitation, representations and warranties as to ownership and condition of and title to the property; liens and encumbrances on the property; validity of contracts and agreements; and liabilities affecting the property, contingent or otherwise.

16.3.2 Exclusions. Franchisor may exclude from the personal property purchased hereunder cash or its equivalent and any equipment, signs, inventory, materials and supplies that are not reasonably necessary (in function or quality) to the Business's operation or that Franchisor has not approved as meeting standards for the Business.

16.4 **Damages, Costs, and Expenses.** In the event of termination for any default by Franchisee, Franchisee shall promptly pay to Franchisor all damages, costs and expenses, including reasonable attorneys' fees, incurred by Franchisor as a result of the default, which obligation shall give rise to and remain, until paid in full, a lien in favor of Franchisor against any and all of Franchisee's personal property, furnishings, equipment, signs, fixtures and inventory related to the operation of the Business.

17. COVENANTS

Franchisee acknowledges that as a participant in Franchisor's Franchise System, Franchisee will receive proprietary and confidential information and materials, trade secrets, and the unique methods,

procedures and techniques which Franchisor has developed. Therefore, to protect Franchisor and all Franchisor's franchisees, Franchisee agrees as follows:

17.1 **During the Term of This Agreement.** During the term of this Agreement, neither Franchisee, Franchisee's principals, General Managers, officers, directors, or principals, nor any member of the immediate family of Franchisee or Franchisee's principals, officers, directors, and General Managers may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation:

17.1.1 Own, maintain, engage in, lend money to, extend credit to, have any interest in, or be employed as an officer, director, executive, or principal of any other business offering Personal Services, including companion care, Home Healthcare Services, including supplemental healthcare staffing services or skilled nursing services or other goods or services offered or authorized for sale by System franchisees; provided, however, that this Section does not apply to Franchisee's operation of any other Qualicare Business; or

17.1.2 Divert or attempt to divert any business or client of the Business to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Proprietary Marks or the System.

17.2 **After the Term of This Agreement.**

17.2.1 For a period of two (2) years after the expiration and non-renewal, transfer or termination of this Agreement, regardless of the cause, neither Franchisee, Franchisee's principals, nor any member of the immediate family of Franchisee or Franchisee's principals may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation, enter into any business competing in whole or in part with Franchisor granting franchises or licenses for businesses offering Personal Services, including companion care, Home Healthcare Services, including supplemental healthcare staffing services or skilled nursing services or other goods or services offered or authorized for sale by System franchisees at the time this Agreement is terminated or otherwise expires and is not renewed.

17.2.2 For a period of two (2) years after the expiration, transfer or termination of this Agreement, regardless of the cause, neither Franchisee, Franchisee's principals, nor any member of the immediate family of Franchisee or Franchisee's principals may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation:

17.2.2.1 Own, maintain, engage in, lend money to, extend credit to, have any interest in, or be employed as an officer, director, executive, or principal of any other business offering, in whole or in part, Personal Services, including companion care, Home Healthcare Services, including supplemental healthcare staffing services or skilled nursing services or other goods or services offered or authorized for sale by System franchisees at the time this Agreement is terminated or otherwise expires and is not renewed, (i) at the Franchised Business premises; (ii) within the Territory; or (iii) within a radius of twenty (20) miles of the perimeter of (a) the Territory being granted hereunder or (b) any other territory licensed by Franchisor as of the date of expiration or termination of this Agreement; or

17.2.2.2 Solicit business from clients of Franchisee's former Business or contact any of Franchisor's suppliers or vendors for any competitive business purpose or solicit any of our employees, or the employees of Franchisor's affiliates or any other System franchisee to discontinue employment.

17.3 **Intent and Enforcement**. It is the parties' intent that the provisions of this Section 17 be judicially enforced to the fullest extent permissible under applicable law. Accordingly, the parties agree that any reduction in scope or modification of any part of the noncompetition provisions contained herein shall not render any other part unenforceable. In the event of the actual or threatened breach of this Section 17 by Franchisee, any of Franchisee's principals, or any member of the immediate family of Franchisee or Franchisee's principals, Franchisor shall be entitled to an injunction restraining such person from any such actual or threatened breach. Franchisee agrees that in the event of the actual or threatened breach of this Section 17, Franchisor's harm will be irreparable and that Franchisor has no adequate remedy at law to prevent such harm. Franchisee acknowledges and agrees on Franchisee's own behalf and on behalf of the persons who are liable under this Section 17 that each has previously worked or been gainfully employed in other careers and that the provisions of this Section 17 in no way prevent any such person from earning a living. Franchisee further acknowledges and agrees that the time limitation of this Section 17 shall be tolled during any default under this Section.

17.4 **Employees**. Franchisee shall ensure that Franchisee's principals, employees and members of their immediate families who have access to Franchisor's Confidential Information, including all of Franchisee's managers and other key employees, execute a Confidentiality and Restrictive Covenant Agreement, in the form attached as Exhibit C to the Franchise Agreement, or as Franchisor, in Franchisor's sole discretion, otherwise prescribes. Franchisee must furnish Franchisor a copy of each and/or any executed agreement, upon request.

17.5 **No Defense**. Franchisee hereby agrees that the existence of any claim Franchisee may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to Franchisor's enforcement of the covenants contained in this Section 17. Franchisee agrees to pay all costs and expenses (including reasonable attorneys' fees) which Franchisor incurs in connection with the enforcement of this Section 17.

18. DISPUTE RESOLUTION

18.1 **Choice of Law**. This Agreement takes effect only when all of the parties have signed this document. The parties agree that New York has a deep body of law that will aid in interpreting and understanding the terms of this Agreement and that they therefore have agreed that this Agreement will be interpreted and construed exclusively under the laws of the State of New York (which laws will prevail in the event of any conflict of law, without applying New York choice-of-law rules); provided, however, that if the covenants in Section 17 of this Agreement would not be enforced as written under New York law, then the parties agree that those covenants will instead be interpreted and construed under the laws of the state in which the Franchised Business is located. Nothing in this Section 18.1 is intended by the parties to invoke the application of any franchise, business opportunity, antitrust, implied covenant, unfair competition, fiduciary, and/or other doctrine of law of the State of New York (or any other state) that would not otherwise apply without the words of this Section 18.1.

18.2 **Mediation**. Before any party may bring an action in court against the other, the parties agree that they must first meet to mediate the dispute (except as otherwise provided in Section 18.7 below). Any such mediation will be non-binding and will be conducted in accordance with the then-current rules for mediation of commercial disputes of JAMS, Inc. (formerly, "Judicial Arbitration and Mediation Services, Inc.") at its location in Erie County, New York.

18.3 **Choice of Venue**. Subject to Section 18.7 below, the parties agree that any action that Franchisee brings against Franchisor, in any court, whether federal or state, must be brought only within the courts that have jurisdiction over Erie County, New York. Any action that Franchisor brings against

Franchisee in any court, whether federal or state, may be brought within any court, whether federal or state, in Erie County, New York.

18.3.1 The parties agree that this Section 18.3 will not be construed as preventing either party from removing an action from state to federal court; provided, however, that venue will be as set forth above.

18.3.2 The parties hereby waive all questions of personal jurisdiction or venue for the purpose of carrying out this provision.

18.3.3 Any such action will be conducted on an individual basis, and not as part of a consolidated, common, or class action.

18.4 **Third-Party Beneficiaries**. Franchisor's officers, directors, shareholders, agents and/or employees are express third-party beneficiaries of the provisions of this Agreement, including the mediation set forth in this Section 18, each having authority to specifically enforce the right to mediate or arbitrate claims asserted against such person(s) by Franchisee.

18.5 **Prior Notice of Claims.** As a condition precedent to commencing an action for damages or for violation or breach of this Agreement, Franchisee must notify Franchisor within thirty (30) days after the occurrence of the violation or breach, and failure to timely give such notice shall preclude any claim for damages.

18.6 **No Right to Offset**. Franchisee shall not withhold all or any part of any payment to Franchisor or any of its affiliates on the grounds of Franchisor's alleged nonperformance or as an offset against any amount Franchisor or any of Franchisor's affiliates allegedly may owe Franchisee under this Agreement or any related agreements.

18.7 **Injunctive Relief**. Nothing in this Agreement shall prevent Franchisor from seeking to obtain injunctive relief, without posting a bond, against threatened conduct that will cause Franchisor loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary and permanent injunctions. If injunctive relief is granted, Franchisee's only remedy will be the court's dissolution of the injunctive relief. If the injunctive relief was wrongfully issued, Franchisee expressly waives all claims for damages Franchisee incurred as a result of the wrongful issuance.

18.8 ***MUST BRING CLAIMS WITHIN ONE YEAR.*** **EACH PARTY TO THIS AGREEMENT AGREES THAT ANY AND ALL CLAIMS AND ACTIONS ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE PARTIES' RELATIONSHIP, AND/OR FRANCHISEE'S OPERATION OF THE FRANCHISED BUSINESS, BROUGHT BY ANY PARTY HERETO AGAINST THE OTHER, SHALL BE COMMENCED WITHIN ONE (1) YEAR FROM THE OCCURRENCE OF THE FACTS GIVING RISE TO SUCH CLAIM OR ACTION, OR, IT IS EXPRESSLY ACKNOWLEDGED AND AGREED BY ALL PARTIES, SUCH CLAIM OR ACTION SHALL BE IRREVOCABLY BARRED.**

18.9 ***WAIVER OF PUNITIVE DAMAGES.*** **EACH PARTY TO THIS AGREEMENT HEREBY WAIVES TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM OF ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER, AND AGREE THAT IN THE EVENT OF A DISPUTE BETWEEN THEM EACH SHALL BE LIMITED TO THE RECOVERY OF ANY ACTUAL DAMAGES SUSTAINED BY IT.**

18.10 ***WAIVER OF JURY TRIALS.*** **EACH PARTY TO THIS AGREEMENT IRREVOCABLY WAIVES TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY,**

BROUGHT BY EITHER OF THEM AGAINST THE OTHER, WHETHER OR NOT THERE ARE OTHER PARTIES IN SUCH ACTION OR PROCEEDING.

18.11 **Payment of Legal Fees.** Franchisee agrees to pay Franchisor all damages, costs and expenses (including without limitation reasonable attorneys' fees, court costs, discovery costs, and all other related expenses) that Franchisor incurs in: **(a)** obtaining injunctive or other relief for the enforcement of any provisions of this Agreement (including without limitation Sections 5 and 17 above); and/or **(b)** successfully defending a claim from Franchisee that Franchisor misrepresented the terms of this Agreement, fraudulently induced Franchisee to sign this Agreement, that the provisions of this Agreement are not fair, were not properly entered into, and/or that the terms of this Agreement (as it may be amended by its terms) do not exclusively govern the parties' relationship.

19. REPRESENTATIONS

19.1 **No Authority.** NO SALESPERSON, REPRESENTATIVE OR OTHER PERSON HAS THE AUTHORITY TO BIND OR OBLIGATE FRANCHISOR EXCEPT FRANCHISOR'S AUTHORIZED OFFICER BY A WRITTEN DOCUMENT. FRANCHISEE ACKNOWLEDGES THAT NO REPRESENTATIONS, PROMISES, INDUCEMENTS, GUARANTEES OR WARRANTIES OF ANY KIND WERE MADE BY FRANCHISOR OR ON FRANCHISOR'S BEHALF WHICH HAVE LED FRANCHISEE TO ENTER INTO THIS AGREEMENT. FRANCHISEE UNDERSTANDS THAT WHETHER FRANCHISEE SUCCEEDS AS A FRANCHISEE IS DEPENDENT UPON FRANCHISEE'S EFFORTS, BUSINESS JUDGMENTS, THE PERFORMANCE OF FRANCHISEE'S EMPLOYEES, MARKET CONDITIONS AND VARIABLE FACTORS BEYOND FRANCHISOR'S CONTROL OR INFLUENCE. FRANCHISEE FURTHER UNDERSTANDS THAT SOME FRANCHISEES ARE MORE OR LESS SUCCESSFUL THAN OTHER FRANCHISEES AND THAT FRANCHISOR HAS MADE NO REPRESENTATION THAT FRANCHISEE WILL DO AS WELL AS ANY OTHER FRANCHISEE.

19.2 **Receipt.** THE UNDERSIGNED ACKNOWLEDGES RECEIPT OF THIS AGREEMENT, WITH ALL BLANKS COMPLETED AND WITH ANY AMENDMENTS AND EXHIBITS, AT LEAST SEVEN (7) DAYS PRIOR TO EXECUTION OF THIS AGREEMENT. IN ADDITION, THE UNDERSIGNED ACKNOWLEDGES RECEIPT OF FRANCHISOR'S UNIFORM FRANCHISE DISCLOSURE DOCUMENT AT LEAST FOURTEEN (14) DAYS PRIOR TO THE EXECUTION OF THIS AGREEMENT OR FRANCHISEE'S PAYMENT OF ANY MONIES TO FRANCHISOR, REFUNDABLE OR OTHERWISE.

19.3 **Opportunity for Review by Franchisee's Advisors.** FRANCHISEE ACKNOWLEDGES THAT FRANCHISOR HAS RECOMMENDED, AND THAT FRANCHISEE HAS HAD THE OPPORTUNITY TO OBTAIN, REVIEW OF THIS AGREEMENT AND FRANCHISOR'S FRANCHISE DISCLOSURE DOCUMENT BY FRANCHISEE'S LAWYER, ACCOUNTANT OR OTHER BUSINESS ADVISOR PRIOR TO EXECUTION HEREOF.

19.4 **Execution of Agreement.** EACH OF THE UNDERSIGNED PARTIES WARRANTS THAT IT HAS THE FULL AUTHORITY TO SIGN AND EXECUTE THIS AGREEMENT. IF FRANCHISEE IS A PARTNERSHIP OR CORPORATION, THE PERSON EXECUTING THIS AGREEMENT ON BEHALF OF SUCH PARTNERSHIP OR CORPORATION WARRANTS TO FRANCHISOR, BOTH INDIVIDUALLY AND IN HIS CAPACITY AS PARTNER OR OFFICER, THAT ALL OF THE PARTNERS OF THE PARTNERSHIP OR ALL OF THE SHAREHOLDERS OF THE CORPORATION, AS APPLICABLE, HAVE READ AND APPROVED THIS AGREEMENT, INCLUDING ANY RESTRICTIONS WHICH THIS AGREEMENT PLACES UPON RIGHTS TO TRANSFER THEIR INTEREST IN THE PARTNERSHIP OR CORPORATION.

20. GUARANTEE OF PRINCIPALS AND THEIR AND SPOUSES

If Franchisee is a corporation, or subsequent to execution hereof, Franchisee assigns this Agreement to a corporation, all shareholders owning more than ten percent (10%) of Franchisee's outstanding shares and their spouses (or if Franchisee is a partnership, or subsequent to execution hereof, Franchisee assigns this Agreement to a partnership, all general partners and their spouses, or if Franchisee is a limited liability company, or subsequent to execution hereof Franchisee assigns this Agreement to a limited liability company, all members and managers and their spouses) hereby personally and unconditionally guarantee without notice, demand or presentment, the payment of all of Franchisee's monetary obligations under this Agreement and any other agreement between Franchisee and Franchisor and/or Franchisor's affiliates, as if each were an original party to this or any other agreement in his or her individual capacity. All such personal guarantors further agree to be bound by the restrictions upon Franchisee's activities upon transfer, termination or expiration and non-renewal of this Agreement as if each were an original party to this Agreement in his or her individual capacity. All such personal guarantors and their spouses must execute a continuing personal guarantee in the form attached hereto as Exhibit A.

21. NOTICES

All notices and requests to be given under this Agreement are to be in writing, and delivered by either hand delivery or overnight mail by a recognized carrier offering a delivery receipt, to the following addresses (which may be changed by written notice):

Franchisee's Address: _____

_____

_____

Franchisor's Address: Qualicare of America, Inc.
830 Dixon Road, Suite 300
Toronto, Ontario M9W 6Y8
Canada
Attention: Brian Church

22. MISCELLANEOUS

22.1 **Entire Agreement**. This Agreement contains the entire Agreement of the parties. There are no representations either oral or written, except those contained in this Agreement. This written Agreement includes all representations between the parties. This Agreement may not be modified except by a written document signed by both parties. Nothing in the Agreement is intended to disclaim the representations Franchisor makes in the Franchise Disclosure Document provided to Franchisee.

22.2 **Construction of Language**. The language of this Agreement shall be construed according to its fair meaning, and not strictly for or against either party. All words in this Agreement refer to whatever number or gender the context requires. If more than one party or person is referred to as Franchisee, their obligations and liabilities shall be joint and several. Headings are for reference purposes and do not control interpretation. Reference to Franchisee's "immediate family" means Franchisee's spouse, parents, children and siblings and Franchisee's spouse's parents, children and siblings. Reference to Franchisee's "principals" means Franchisee's partners, officers, directors, shareholders, members and managers, as

applicable. References to "Franchisor" and "Franchisee" include the party's successors, assigns or transferees.

22.3 **Severability**. If any provision of this Agreement is deemed invalid or inoperative for any reason, that provision shall be deemed modified to the extent necessary to make it valid and operative or, if it cannot be so modified, it shall then be severed, and the remainder of that provision shall continue in full force and effect as if this Agreement had been signed with the invalid portion so modified or eliminated; provided, however, that if any part of this Agreement relating to payments to Franchisor or any of its affiliates or protection of the Proprietary Marks or the Confidential Information, including the Operations Manual and Franchisor's other trade secrets, is declared invalid or unenforceable, then Franchisor at Franchisor's option may terminate this Agreement immediately upon written notice to Franchisee.

22.4 **State Law Applies**. If any provision of this Agreement, including but not limited to its provisions for transfer, renewal, termination, notice of termination, or cure rights, is inconsistent with any valid law or regulation of the state in which the Business is located, then the valid law or regulation of that state applicable to the franchise shall supersede any provision of this Agreement that is less favorable to Franchisee.

22.5 **Additional Documentation**. Franchisee must from time to time, subsequent to the date first set forth above, at Franchisor's request and without further consideration, execute and deliver such other documentation or agreement and take such other action as Franchisor reasonably may require in order to effectuate the transactions contemplated herein. In the event that Franchisee fails to comply with the provisions of this Section, Franchisee hereby appoints Franchisor as Franchisee's attorney-in-fact to execute any and all documents on Franchisee's behalf that are reasonably necessary to effectuate the transactions contemplated herein.

22.6 **Force Majeure**. Neither Franchisee, Franchisor, or Franchisor's affiliates will be liable for loss or damage or deemed to be in breach of this Agreement or any related agreement if its failure to perform its obligations is not the fault nor within the reasonable control of the person due to perform but results from, without limitation, fire, flood, natural disasters, acts of God, governmental acts or orders, or civil disorders. Any delay resulting from any such cause will extend the time of performance for the period of such delay or for such other reasonable period of time as the parties agree in writing or will excuse performance, in whole or in part, as Franchisor deems reasonable.

22.7 **Anti-Terrorist Activities**. Franchisee certifies that neither Franchisee, nor Franchisee's owners, principals, employees or anyone associated with Franchisee is listed in the Annex to Executive Order 13224. (The Annex is available at http://www.treasury.gov/offices/enforcement/ofac/sanctions/terrorism.html.) Franchisee agrees not to hire or have any dealings with a person listed in the Annex. Franchisee certifies that Franchisee has no knowledge or information that, if generally known, would result in Franchisee, Franchisee's owners, principals, employees, or anyone associated with Franchisee being listed in the Annex to Executive Order 13224. Franchisee agrees to comply with and/or assist Franchisor to the fullest extent possible in Franchisor's efforts to comply with the Anti-Terrorism Laws (as defined below). In connection with such compliance, Franchisee certifies, represents, and warrants that none of Franchisee's property or interests are subject to being "blocked" under any of the Anti-Terrorism Laws and that Franchisee and Franchisee's owners or principals are not otherwise in violation of any of the Anti-Terrorism Laws. Franchisee is solely responsible for ascertaining what actions must be taken by Franchisee to comply with all such Anti-Terrorism Laws, and Franchisee specifically acknowledges and agrees that Franchisee's indemnification responsibilities as provided in Section 13.2 of this Agreement pertain to Franchisee's obligations under this Section 22.7. Any misrepresentation by Franchisee under this Section or any violation of the Anti-Terrorism Laws by Franchisee, Franchisee's owners, principals or employees shall constitute grounds for immediate termination of this Agreement and any other agreement

Franchisee has entered into with Franchisor or one of Franchisor's affiliates in accordance with the terms of Section 15.2.3 of this Agreement. As used herein, "Anti-Terrorism Laws" means Executive Order 13224 issued by the President of the United States, the Terrorism Sanctions Regulations (Title 31, Part 595 of the U.S. Code of Federal Regulations), the Foreign Terrorist Organizations Sanctions Regulations (Title 31, Part 597 of the U.S. Code of Federal Regulations), the Cuban Assets Control Regulations (Title 31, Part 515 of the U.S. Code of Federal Regulations), the USA PATRIOT Act, and all other present and future federal, state and local laws, ordinances, regulations, policies lists and any other requirements of any Governmental Authority (including without limitation, the United States Department of Treasury Office of Foreign Assets Control) addressing or in any way relating to terrorist acts and acts of war.

22.8 **Attorneys' Fees.** If Franchisee is in breach or default of any monetary or non-monetary material obligation under this Agreement or any related agreement between Franchisee and Franchisor and/or Franchisor's affiliates, and Franchisor engages an attorney to enforce Franchisor's rights (whether or not formal judicial proceedings are initiated), Franchisee must pay all reasonable attorneys' fees, court costs and litigation expenses Franchisor incurs. If Franchisee institutes any legal action to interpret or enforce the terms of this Agreement, and Franchisee's claim in such action is denied or the action is dismissed, Franchisor is entitled to recover Franchisor's reasonable attorneys' fees, and all other reasonable costs and expenses incurred in defending against same, and to have such an amount awarded as part of the judgment in the proceeding.

23. ACKNOWLEDGMENTS

23.1 Independent Investigation. Franchisee acknowledges that Franchisee has conducted an independent investigation of the Franchised Business contemplated by this Agreement and recognizes that it involves business risks which make the success of the venture largely dependent upon Franchisee's business abilities and efforts. Franchisee acknowledges that Franchisee has been given the opportunity to clarify any provision of this Agreement that Franchisee may not have initially understood and that Franchisor has advised Franchisee to have this Agreement reviewed by an attorney.

23.2 No Guarantee of Earnings. Franchisee understands that Franchisor and any of Franchisor's representatives and/or agents with whom Franchisee has met have not made and are not making any guarantees as to the extent of Franchisee's success in Franchisee's Franchised Business, and have not and are not in any way representing or promising any specific amounts of earnings or profits in association with Franchisee's Franchised Business.

23.3 Receipt of Disclosure Document. Franchisee acknowledges that this Agreement and Franchisor's Franchise Disclosure Document have been in Franchisee's possession for at least fourteen (14) days before Franchisee signed this Agreement and that any material changes to this Agreement were in writing in this Agreement for at least seven (7) days before Franchisee signed this Agreement.

23.4 No Personal Liability. Franchisee agrees that fulfillment of any and all of Franchisor's obligations written in this Agreement or based on any oral communications which may be ruled to be binding in a Court of Law shall be Franchisor's sole responsibility and none of Franchisor's agents, representatives, nor any individuals associated with Franchisor's franchise company shall be personally liable to Franchisee for any reason. This is an important part of this Agreement. Franchisee agrees that nothing that Franchisee believes Franchisee has been told by Franchisor or Franchisor's representatives shall be binding unless it is written in this Agreement. This is an important part of this Agreement. Do not sign this Agreement if there is any question concerning its contents or any representations made.

IN WITNESS WHEREOF, AND INTENDING TO BE LEGALLY BOUND HEREBY, THE PARTIES HERETO HAVE CAUSED THIS AGREEMENT TO BE EXECUTED EFFECTIVE THE DATE FIRST SET FORTH ABOVE.

FRANCHISEE:

By:

_____

(Individual, Partnership or Corporation Name)
Title: Owner

By:

_____

(Individual, Partnership or Corporation Name)
Title: Owner

PERSONAL GUARANTORS:

By:

_____

Name:

_____

By:

_____

Name:

_____

QUALICARE OF AMERICA, INC.

By:

_____

Name:

Brian Church

EXHIBIT A
to
QUALICARE OF AMERICA, INC.
FRANCHISE AGREEMENT

GUARANTEE, INDEMNIFICATION, AND ACKNOWLEDGMENT

In order to induce Qualicare of America, Inc. ("**Franchisor**") to sign the Qualicare Franchise Agreement between Franchisor and _____ ("**Franchisee**"), dated _____, 20____ (the "**Agreement**"), each of the undersigned parties, jointly and severally, hereby unconditionally guarantee to Franchisor and its successors and assigns that all of Franchisee's obligations (monetary and otherwise) under the Agreement as well as any other contract between you and Franchisor (and/or Franchisor's affiliates) will be punctually paid and performed.

Each person signing this Guarantee acknowledges and agrees, jointly and severally, that:

- Upon Franchisor's demand, s/he will immediately make each payment required of Franchisee under the Agreement and/or any other contract with Franchisor and/or its affiliates.

- S/he waives any right to require Franchisor to: ***(a)*** proceed against Franchisee for any payment required under the Agreement (and/or any other contract with Franchisor and/or its affiliates); ***(b)*** proceed against or exhaust any security from Franchisee; ***(c)*** pursue or exhaust any remedy, including any legal or equitable relief, against Franchisee; and/or ***(d)*** give notice of demand for payment by Franchisee.

- Without affecting the obligations of the undersigned persons under this Guarantee, Franchisor may, without notice to the undersigned, extend, modify, or release any of Franchisee's indebtedness or obligations, or settle, adjust, or compromise any claims against Franchisee. Each of the undersigned persons waive notice of amendment of the Agreement (and any other contract with Franchisor and Franchisor's affiliates) and notice of demand for payment by Franchisee, and agree to be bound by any and all such amendments and changes to the Agreement (and any other contract with Franchisor and Franchisor's affiliates).

- S/he will defend, indemnify and hold Franchisor harmless against any and all losses, damages, liabilities, costs, and expenses (including without limitation reasonable attorneys' fees, court costs, discovery costs, and all other related expenses) resulting from, consisting of, or arising out of or in connection with any failure by Franchisee to perform any of its obligations under the Agreement (and any other contract with Franchisor and Franchisor's affiliates) and/or any amendment to the Agreement.

- S/he will be personally bound by all of Franchisee's covenants, obligations, and promises in the Agreement.

- S/he agrees to be individually bound by all of Franchisee's covenants, obligations, and promises in the Agreement, which include, but are not limited to, the covenants in the following portions of the Agreement: **Section 4** (generally regarding trademarks), **Section 5** (generally regarding confidentiality), **Section 14** (generally regarding Transfers), **Section 16** (generally regarding obligations upon termination or expiration of this Agreement), and **Section 17** (generally regarding covenants against competition) of the Agreement.

- S/he understands that: **(a)** this Guarantee does not grant her/him any rights under the Agreement (including but not limited to the right to use any of Franchisor's marks such as the "Qualicare" marks) and/or the system licensed to Franchisee under the Agreement; **(b)** that they have read, in full, and understand, all of the provisions of the Agreement that are referred to above in this Guarantee, and that they intend to fully comply with those provisions of the Agreement as if they were printed here; and **(c)** s/he has had the opportunity to consult with a lawyer of their own choosing in deciding whether to sign this Guarantee.

This Guarantee will be interpreted and construed in accordance with **Section 18** of the Agreement (including but not limited to the waiver of punitive damages, waiver of jury trial, agreement to bring claims within one year, and agreement not to engage in class or common actions). Among other things, that means that this Guarantee will be interpreted and construed exclusively under the laws of the State of New York, and that in the event of any conflict of law, New York law will prevail (without applying New York conflict of law rules).

IN WITNESS WHEREOF, each of the undersigned persons has signed this Guarantee as of the date of the Agreement.

_____	_____	_____
(in his/her personal capacity)	(in his/her personal capacity)	(in his/her personal capacity)
Printed Name:_____	Printed Name:_____	Printed Name:_____
Date:_____	Date:_____	Date:_____
Home Address:	Home Address:	Home Address:
_____	_____	_____
_____	_____	_____

EXHIBIT B
to
QUALICARE OF AMERICA, INC.
FRANCHISE AGREEMENT

CONDITIONAL ASSIGNMENT
OF FRANCHISEE'S TELEPHONE NUMBERS

1. _____, doing business at _____ ("Assignor"), in exchange for valuable consideration provided by Qualicare of America, Inc. ("Assignee"), receipt of which is hereby acknowledged hereby conditionally assigns to Assignee all telephone numbers and listings utilized by Assignor in the operation of its Business at Assignor's above-referenced address. Those numbers are as follows:

_____

_____

2. The conditional agreement will become effective automatically upon termination of Assignor's franchise. Upon the occurrence of that condition, Assignor must do all things required by the telephone company to assure the effectiveness of the assignment of telephone numbers as if the Assignee had been originally issued such telephones, telephone numbers, telephone listings and the usage thereof.

3. Assignor agrees to pay the telephone company on or before the effective date of assignment all amounts owed for the use of the telephone number(s) including, without limitation, Yellow Pages advertising. Assignor further agrees to indemnify Assignee for any sums Assignee must pay the telephone company to effectuate this agreement, and agrees to fully cooperate with the telephone company and Assignee in effectuating this assignment.

ASSIGNOR:

BY:_____ Date: _____

TITLE:_____

ASSIGNEE:

QUALICARE OF AMERICA, INC.:

BY:_____ Date: _____

TITLE:_____

EXHIBIT C
to
QUALICARE OF AMERICA, INC.
FRANCHISE AGREEMENT

CONFIDENTIALITY AND RESTRICTIVE COVENANT AGREEMENT
(for trained employees, shareholders, officers, directors, general partners, members and managers and General Manager of Franchisee)

In consideration of my being a _____ of _____ (the "Franchisee"), and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, I hereby acknowledge and agree that: _____, doing business as _____ (the "Franchisee"), has acquired the right and franchise from Qualicare of America, Inc. (the "Company") to establish and operate a Qualicare Franchised Business (the "Business" or "Franchised Business") and the right to use in the operation of the Business the Company's trade names, trademarks and service marks (the "Proprietary Marks") and the Company's unique and distinctive format and system relating to the establishment and operation of Businesses (the "System"), as they may be changed, improved and further developed from time to time in the Company's sole discretion, only at the following authorized and approved location: _____

_____

(the "Business Premises").

1. The Company possesses certain proprietary and confidential information relating to the operation of the System, which includes certain trade secrets, the Proprietary Software (as defined in the Franchise Agreement) and copyrighted materials, methods and other techniques and know-how (the "Confidential Information").

2. Any and all information, knowledge, know-how, and techniques which the Company specifically designates as confidential shall be deemed to be Confidential Information for purposes of this Agreement.

3. As _____ of the Franchisee, the Company and Franchisee will disclose the Confidential Information to me in furnishing to me the training program and subsequent ongoing training, the Qualicare of America, Inc. Operations Manual (the "Manual") and other general assistance during the term of this Agreement.

4. I will not acquire any interest in the Confidential Information, other than the right to utilize it in the operation of the Franchised Business during the term hereof, and the use or duplication of the Confidential Information for any use outside the System would constitute an unfair method of competition.

5. The Confidential Information is proprietary, involves trade secrets of the Company, and is disclosed to me solely on the condition that I agree, and I do hereby agree, that I shall hold in strict confidence all Confidential Information and all other information designated by the Company as confidential. Unless the Company otherwise agrees in writing, I will disclose and/or use the Confidential Information only in connection with my duties as _____ of the Franchisee, and will continue not to disclose any such information even after I cease to be in that position and will not use any such information even after I cease to be in that position unless I can demonstrate that such information has become generally known or easily accessible other than by the breach of an obligation of Franchisee under the Franchise Agreement.

6. Except as otherwise approved in writing by the Company, I shall not, while in my position with the Franchisee, for myself, or through, on behalf of, or in conjunction with any person, persons, partnership, corporation or limited liability company, own, maintain, engage in, be employed by, or have any interest in any other business which operates or licenses any other Businesses, which offer personal care services, including companionship, assistance with bathing and grooming, assistance with medicinal intake, assistance in preparing meals, in addition to housekeeping, transportation, and bill payment assistance to seniors or to the physically or mentally impaired, except a Qualicare Business operating under the System and Proprietary Marks.

7. Except as otherwise approved in writing by the Company, I will not, for a period of two years after my position with the Franchisee expires or is terminated, for myself, or through, on behalf of, or in conjunction with any person, persons, partnership, corporation or limited liability company:

(a) Own, maintain, engage in, be employed as an officer, director, or principal of, lend money to, extend credit to or have any interest in any other business which operates or licenses the sale of businesses which offer personal care services, including companionship, assistance with bathing and grooming, assistance with medicinal intake, assistance in preparing meals, in addition to housekeeping, transportation, and bill payment assistance to seniors or to the physically or mentally impaired; (i) at the Franchised Business premises; (ii) within the Territory; or (iii) within a radius of twenty (20) miles of the perimeter of (a) the Territory being granted hereunder or (b) any other Territory licensed by Franchisor as of the date of expiration or termination of this Agreement; or (i) within the Franchisee's territory; or (iii) within a ten (10) mile radius of (a) the Franchisee's territory; or (b) any other territory licensed by the Company as of the date of expiration or termination of this Agreement.

(b) Solicit the Franchised Business' Guests or contact any of the Company's suppliers or vendors for any competitive business purpose.

The prohibitions in this Section 8 do not apply to my interests in or activities performed in connection with a Qualicare Business. This restriction does not apply to my ownership of less than a five percent (5%) beneficial interest in the outstanding securities of any publicly held corporation. I agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which the Company is a party, I expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Agreement.

8. I understand and acknowledge that the Company shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Agreement, or any portion thereof, without my consent, effective immediately upon receipt by me of written notice thereof; and I agree to comply forthwith with any covenant as so modified.

9. The Company is a third-party beneficiary of this Agreement and may enforce it, solely and/or jointly with the Franchisee. I am aware that my violation of this Agreement will cause the Company and the Franchisee irreparable harm; therefore, I acknowledge and agree that the Franchisee and/or the Company may apply for the issuance of an injunction preventing me from violating this Agreement, and I agree to pay the Franchisee and the Company all the costs it/they incur(s), including, without limitation, legal fees and expenses, if this Agreement is enforced against me. Due to the importance of this Agreement to the Franchisee and the Company, any claim I have against the Franchisee or the Company is a separate matter and does not entitle me to violate, or justify any violation of this Agreement.

10. This Agreement shall be construed under the laws of the _____ _____. The only way this Agreement can be changed is in writing signed by both the Franchisee and me.

Executed the _____ day of _____, 20_____.

EMPLOYEE

Signature:_____

ACKNOWLEDGED BY FRANCHISEE

Franchisee Name:_____

By:_____

Name:_____

Title:_____

EXHIBIT D
to
QUALICARE OF AMERICA, INC.
FRANCHISE AGREEMENT

ELECTRONIC FUNDS WITHDRAWAL AUTHORIZATION

Bank Name: _____

ABA No.: _____

Account No.: _____

Account Name: _____

Effective as of the date of the signature below, [Franchisee Name] hereby authorizes Qualicare of America, Inc. ("Company") or its designee to withdraw funds from the above-referenced bank account, electronically or otherwise, to make the following payments to Company under the Franchise Agreement for the franchise located at [_____]: (1) all Royalty Fees and (2) all contributions to the Brand Development Fund. Such withdrawals will occur on a weekly basis, or on such other schedule as Company will specify in writing. Company is also authorized to deposit funds into the above-referenced account, electronically or otherwise. This authorization will remain in full force and effect until terminated in writing by Company. [Franchisee Name] will provide Company, in conjunction with this authorization, a voided check from the above-referenced account.

AGREED:

FRANCHISEE

By: _____

Print Name: _____

Its: _____

EXHIBIT E-2
TO QUALICARE OF AMERICA, INC.'S
FRANCHISE DISCLOSURE DOCUMENT

COMMUNITY BUILDER ADDENDUM

QUALICARE OF AMERICA, INC.
ADDENDUM TO FRANCHISE AGREEMENTS

COMMUNITY BUILDER PROGRAM

THIS ADDENDUM ("**Addendum**") dated this ____ day of _____, 201___ is entered into by and between Qualicare of America, Inc., a Delaware corporation having its principal place of business located at _____ (hereinafter "**Franchisor**") and _____, a _____ with its principal place of business at _____ ("**Franchisee**").

Background

A. Franchisee wishes to participate in Franchisor's "Community Builder Program," pursuant to which Franchisee is entering into with Franchisor simultaneously with this Addendum three Qualicare of America, Inc. franchise agreements. Unless otherwise stated in this Addendum, all three franchise agreements will be referred to collectively as the "**Franchise Agreements.**"

B. In recognition of Franchisee's participation in the Community Builder Program, Franchisor is willing to amend the Franchise Agreements according to the terms and conditions of this Addendum.

In recognition of all of the details noted above, the parties have decided to enter into this Addendum, taking into account all of the promises and commitments that they are each making to one another, and they agree as follows:

1. Any capitalized terms used in this Addendum but not otherwise defined will have the same meaning as set out in the Franchise Agreement.

2. Franchisee will not be required to pay the Initial Franchise Fee due to Franchisor under Section 4.1 of the third franchise agreement. Therefore, Franchisee must pay to Franchisor the Initial Franchise Fee, in the amount of $49,700, for each of the first two franchise agreements, for a total Initial Franchise Fee payment to Franchisor under the Franchise Agreements in the amount of $99,400.

3. Except as expressly modified by this Addendum, the Franchise Agreements remain unmodified and in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Addendum as of the date first written above.

QUALICARE OF AMERICA, INC.

_____
Witness

By: _____
Name: _____
Title: _____

FRANCHISEE:

_____

_____

EXHIBIT F
TO QUALICARE OF AMERICA, INC.'S
FRANCHISE DISCLOSURE DOCUMENT

SAMPLE TERMINATION OF FRANCHISE AGREEMENT AND RELEASE UPON TRANSFER TO AN AUTHORIZED FRANCHISEE

This Termination of Franchise Agreement and Release (the "Agreement") is made this _____ day of _____, 20__, by and between Qualicare of America, Inc., a Delaware corporation with its principal business address at _____ ("Franchisor") and _____, a _____ with an address at _____ ("Transferor" or "you").

BACKGROUND

A. On _____, Transferor entered into a franchise agreement (the "Franchise Agreement") with Franchisor for the right to operate a Franchised Business at _____.

B. Transferor has satisfied all conditions of transfer as specified in the Franchise Agreement and now desires to sell the business to _____, who has been approved by Franchisor as an authorized transferee.

C. In order to complete Transferor's sale of the business, Transferor now desires to terminate the Franchise Agreement and all rights and obligations between the parties relating to the Franchise Agreement, and Franchisor desires to accept such termination, pursuant to the terms of this Agreement.

AGREEMENT

In consideration of the mutual promises and covenants contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which is acknowledged, and intending to be legally bound, the parties agree as follows:

1. Subject to the terms and conditions contained in this Agreement, the Franchise Agreement and all rights and obligations between Franchisor and Transferor arising from or related to the Franchise Agreement are terminated, effective as of the date of this Agreement.

2. Notwithstanding anything in this Agreement to the contrary, the parties agree that Transferor shall remain bound by all of the post-term covenants and obligations contained in the Franchise Agreement including, without limitation, those relating to Confidential Information and Non-competition.

3. Transferor represents and warrants that all of Transferor's monetary obligations to Franchisor and its subsidiaries and affiliates have been satisfied in full as of the date of this Agreement.

4. Transferor, for itself and all persons and entities claiming by, through or under it, release, acquit and forever discharge Franchisor and its present and former officers, employees, shareholders, directors, agents, servants, representatives, affiliates, successors and assigns (the "Franchisor Releasees") from all obligations, claims, debts, demands, covenants, contracts, promises, agreements, liabilities, costs, attorney's fees, actions or causes of action whatsoever, whether known or unknown, which he or she, by itself, on behalf of, or in conjunction with any other person, persons,

partnership or corporation, have, had or claim to have against the Franchisor Releasees arising out of or related to the offer, sale and operation of the business, and the parties' rights or obligations under the Franchise Agreement.

5. Excluding the indemnification obligations set forth in the Franchise Agreement, and Transferor's obligations as set forth in paragraph 2 of this Agreement, Franchisor, for itself and all persons and entities claiming by, through or under it, releases, acquits and forever discharges Transferor and Transferor's employees, agents, servants, representatives, affiliates, successors and assigns (the "Transferor Releasees") from all obligations, claims, debts, demands, covenants, contracts, promises, agreements, liabilities, costs, attorney's fees, actions or causes of action whatsoever, whether known or unknown, which it, by itself, on behalf of, or in conjunction with any other person, persons, partnership or corporation, have, had or claim to have against the Transferor Releasees arising out of or related to the offer, sale and operation of the business, and the parties' rights or obligations under the Franchise Agreement.

6. This Agreement constitutes the entire integrated agreement of the parties with respect to the subject matter contained in this Agreement, and may not be subject to any modification without the written consent of the parties.

7. This Agreement shall be construed under the laws of the State of New York, which laws shall control in the event of any conflict of law.

8. This Agreement shall be for the benefit of and binding upon the parties and their respective representatives, successors and assigns.

9. Each party acknowledges that the terms of this Agreement have been completely read and are fully understood and voluntarily accepted by each party, after having a reasonable opportunity to retain and confer with counsel. This Agreement is entered into after a full investigation by the parties, and the parties are not relying upon any statements or representations not embodied in this Agreement.

10. In the event that Franchisor retains the services of legal counsel to enforce the terms of this Agreement, it shall be entitled to recover all costs and expenses, including reasonable attorney's fees, incurred in enforcing the terms of this Agreement.

11. The parties expressly agree to the jurisdiction and venue of any court of general jurisdiction in the state closest to where Franchisor's principal business address then is located and Franchisee irrevocably submits to the jurisdiction of such courts and waives any objection Franchisee may have to either the jurisdiction of or venue in such courts. Notwithstanding the foregoing, you agree that Franchisor may enforce this Agreement and any court orders in the courts of the state or states in which you are domiciled or the Franchise Business is located.

12. This Agreement may be executed in multiple counterparts by the various parties and the failure to have the signatures of all parties on a single Agreement shall not affect the validity or enforceability of any part of this Agreement against any party who executes any counterpart of the Agreement. Executed facsimile copies of this Agreement shall be deemed to be effective as original signatures.

Signatures appear on the following page.

I HAVE READ THE ABOVE AGREEMENT AND UNDERSTAND ITS TERMS. I WOULD NOT SIGN THIS AGREEMENT IF I DID NOT UNDERSTAND AND AGREE TO BE BOUND BY ITS TERMS.

FRANCHISEE:

By: _____
(Individual, Partnership or Corporation Name)

Title: Owner

By: _____
(Individual, Partnership or Corporation Name)

Title: Owner

QUALICARE OF AMERICA, INC.

By: _____

EXHIBIT G
TO QUALICARE OF AMERICA, INC.'S FRANCHISE DISCLOSURE DOCUMENT

STATE SPECIFIC ADDENDA

ADDENDUM TO QUALICARE OF AMERICA, INC.'S FRANCHISE DISCLOSURE DOCUMENT REQUIRED BY THE STATE OF CALIFORNIA

In recognition of the requirements of the California Franchise Investment Law, Cal. Corporations Code Sections 31000 et seq. the Franchise Disclosure Document for Qualicare of America, Inc. for use in the State of California shall be amended as follows:

Item 1 of the FDD is supplemented to include the following: The following list of laws and licenses may apply to your franchise:

1. HS 200 - Licensure & Certification Application
2. HS 215A - Applicant Individual Information
3. HS 309 - Administrative Organization
4. HS 322 - Transmittal Application for Criminal Background Investigation
5. CDPH 325 - Criminal Record Clearance Submissions
6. BCII 8016 Request for Live Scan Service
7. DHCS 9098 (PDF) Medi-Cal Provider Agreement

Item 3 of the FDD is supplemented to include the following:

Neither the Franchisor nor any person or franchise broker in Item 2 of the FDD is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a *et seq.*, suspending or expelling such person from membership in such association or exchange.

Item 17 of the FDD shall be supplemented to include the following:

California Business & Professions Code Sections 20000 through 20043 provides rights to the franchisee concerning termination or nonrenewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will provide rights control.

The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 *et seq.*).

The Franchise Agreement contains a covenant not to compete, which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

The Franchise Agreement requires application of the law of the State of New York. This provision may not be enforceable under California law.

> Section 31125 of the California Corporation Code requires the franchisor to give the Franchisee a disclosure document, in a form and containing such information as the Commissioner may by rule or order require, prior to a solicitation of a proposed material modification of an existing franchise.

You must sign a release if you transfer your franchise. California Corporations Code 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code 31000 through 31516). Business and Professions Code 20010 voids a waiver of your rights under the Franchise Relations Act (Business Professions Code 2000 through 20043).

As per California Rule 310.156.3(a)(3):

> OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT, ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT at www.dbo.ca.gov.

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE FRANCHISE DISCLOSURE DOCUMENT.

QUALICARE OF AMERICA, INC.
ILLINOIS ADDENDUM AND FRANCHISE AGREEMENT

This addendum is entered into this ____ day of _____, 20___, between Qualicare of America, Inc. and _____(Franchisee); is made a part of; and where relevant, qualifies or supersedes certain provisions of the Franchise Disclosure Document and the Franchise Agreement between the parties of today's date, which are amended as follows:

1. Based on Franchisor's financial condition, the Illinois Attorney General's office requires that in lieu of an impound of franchise fees, the Franchisor will not require or accept the payment of any initial franchise fees until the franchisee has (a) received all initial training that it is entitled to under the franchise agreement or offering circular, and (b) is open for business.

2. Nothing in the Franchise Agreement shall limit or prevent the enforcement of any cause of action otherwise enforceable in Illinois or arising under the Illinois Franchise Disclosure Act of 1987, as amended. Any condition, stipulation or provision in the Franchise Agreement purporting to bind Franchisee to a waiver of compliance with the Illinois Franchise Act of 1987, as amended, is void.

3. The choice of law provision in Section 18.1 of the Franchise Agreement should not be considered a waiver of any right conferred upon Franchisee by the Illinois Franchise Disclosure Act and the Rules and Regulations under the Act with respect to the offer and sale of a franchise and the franchise relationship. Where required under Illinois law, the laws of the State of Illinois will control. The conditions under which this Franchise can be terminated and the Franchisee's rights upon non-renewal may be affected by Illinois law, 815 ILCS 705/19 and 705/20.

4. Notwithstanding the language contained in Section 18.5 of the Franchise Agreement or Item 17 v and w of the Franchise Disclosure Document, pursuant to 815 ILCS 705/4, any action brought by either the Company or the Franchisee against the other shall be instituted in the courts of the State of Illinois or may be arbitrated in the state within which the principal office of the Company is located.

This addendum is entered into on the date above referenced.

Qualicare of America, Inc. Franchisee

_____ _____

ADDENDUM TO QUALICARE OF AMERICA, INC.
DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT
FOR THE STATE OF INDIANA

1. Item 17 of the Disclosure Document is amended to reflect the requirement under Indiana Code 23-2-2.7-1 (9), which states that any post term non-compete covenant must not extend beyond the Franchisee's exclusive territory.

2. Item 17 is amended to state that this is subject to Indiana Code 23-2-2.7-1 (10).

3. Under Indiana Code 23-2-2.7-1 (10), jurisdiction and venue must be in Indiana if the Franchisee so requests. This amends Section 22.6 of the Franchise Agreement.

4. Under Indiana Code 23-2-2.7-1 (10), Franchisee may not agree to waive any claims or rights.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this _____ day of _____, 20___.

ATTEST

_____
Witness

QUALICARE OF AMERICA, INC.

By: _____
Name: _____
Title: _____

FRANCHISEE:

_____
Witness

_____

ADDENDUM TO QUALICARE OF AMERICA, INC.
DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT
FOR THE STATE OF MICHIGAN

THE FOLLOWING DISCLOSURES 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.

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

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

(b) A requirement that a Franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this Act. This shall not preclude a Franchisee, after entering into a Franchise Agreement, from settling any and all claims.

(c) A provision that permits a Franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the Franchisee to comply with any lawful provision of the Franchise Agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.

(d) A provision that permits a Franchisor to refuse to renew a franchise without fairly compensating the Franchisee by repurchase or other means for the fair market value at the time of expiration of the Franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the Franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation.

This subsection applies only if:

(i) the term of the franchise is less than 5 years; and

(ii) the Franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the Franchisee does not receive at least 6 months' advance notice of Franchisor's intent not to renew the franchise.

(e) A provision that permits the Franchisor to refuse to renew a franchise on terms generally available to other Franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

(f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the Franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

(g) A provision which permits a Franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a Franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

(i) The failure of the proposed transferee to meet the Franchisor's then current reasonable qualifications or standards.

(ii) The fact that the proposed transferee is a competitor of the Franchisor or Subfranchisor.

(iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(iv) The failure of the Franchisee or proposed transferee to pay any sums owing to the Franchisor or to cure any default in the Franchise Agreement existing at the time of the proposed transfer.

(h) A provision that requires the Franchisee to resell to the Franchisor items that are not uniquely identified with the Franchisor. This subdivision does not prohibit a provision that grants to a Franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the Franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the Franchisee has breached the lawful provisions of the Franchise Agreement and has failed to cure the breach in the manner provided in subdivision (c).

(i) A provision which permits the Franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the Franchisee unless provision has been made for providing the required contractual services.

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

IF YOU HAVE ANY QUESTIONS ABOUT THIS NOTICE, DIRECT THEM TO THE DEPARTMENT OF THE ATTORNEY GENERAL OF THE STATE OF MICHIGAN, 670 LAW BUILDING, 525 WEST OTTAWA, LANSING, MICHIGAN 48913, (517) 373-7117.

ADDENDUM TO QUALICARE OF AMERICA, INC.'S FRANCHISE DISCLOSURE DOCUMENT REQUIRED FOR THE STATE OF MINNESOTA

For franchises and franchisees subject to the Minnesota Franchise Act, the following information supersedes or supplements, as the case may be, the corresponding disclosures in the main body of the text of the Qualicare of America, Inc. Franchise Disclosure Document.

Item 13

Qualicare of America, Inc. will protect your right to use the trademarks, service marks, trade names, logotypes or other commercial symbols or will indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the marks to the extent required by Minnesota law.

Item 17

Minnesota law provides franchisees with certain termination and non-renewal rights. As of the date of this Franchise Disclosure Document, Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 require, except in certain specified cases, that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement.

Minn. Stat. Sec. 80C.21 provides that any condition, stipulation or provision, including any choice of law provision, purporting to bind any person who, at the time of acquiring a franchise is a resident of Minnesota or, in the case of a partnership or corporation, organized or incorporated under the laws of Minnesota, or purporting to bind a person acquiring any franchise to be operated in Minnesota to waive compliance or which has the effect of waiving compliance with any provision of §§80C.01 to 80C.22 of the Minnesota Franchises Act, or any rule or order thereunder, is void.

Minn. Stat. §80.C.21 and Minn. Rule 2860.4400J prohibits Qualicare of America, Inc. from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Franchise Disclosure Document or Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

To the extent you are required to execute a general release in favor of Qualicare of America, Inc., such release shall exclude liabilities arising under the Minnesota Franchises Act, Minn. Stat. §80C.01 *et seq.* as provided by Minn. Rule 2860.4400J.

ADDENDUM TO THE QUALICARE OF AMERICA, INC.'S FRANCHISE AGREEMENT
REQUIRED FOR THE STATE OF MINNESOTA

This Amendment shall pertain to franchises sold in the State of Minnesota and shall be for the purpose of complying with Minnesota statutes and regulations. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the Agreement shall be amended as follows:

1. Minnesota law provides franchisees with certain termination and non-renewal rights. As of the date of this Agreement, Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 require, except in certain specified cases, that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice of non-renewal of the Franchise Agreement.

2. Qualicare of America, Inc. will protect your right to use the trademarks, service marks, trade names, logotypes or other commercial symbols or will indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the marks to the extent required by Minnesota law.

3. The Franchise Agreement shall be supplemented by the following provision:

> Pursuant to Minn. Stat. Sec. 80C.21, nothing in this Agreement shall, in any way abrogate or reduce any of your rights as provided in Minnesota Statutes, Chapter 80C, including but not limited to the right to submit matters to the jurisdiction of the courts of Minnesota.

4. Minn. Stat. Section 80.C.21 and Minn. Rule 2860.4400J prohibit Qualicare of America, Inc., from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Franchise Disclosure Document or Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

5. To the extent you are required to execute a general release in favor of Qualicare of America, Inc., such release shall exclude liabilities arising under the Minnesota Franchises Act, Minn. Stat. Section 80C.01 *et seq.* as provided by Minn. Rule 2860.4400J.

6. Any claims brought pursuant to the Minnesota Franchises Act, Section 80.C.01 *et seq.* must be brought within 3 years after the cause of action accrues. To the extent that any provision of the Franchise Agreement imposes a different limitations period, the provision of the Act shall control.

_____ _____

Franchisee's Initials / Date Franchisor's Initials / Date

ADDENDUM TO QUALICARE OF AMERICA, INC.'S FRANCHISE DISCLOSURE DOCUMENT REQUIRED BY THE STATE OF NEW YORK

STATEMENT REQUIRED BY THE STATE OF NEW YORK

THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE PROSPECTUS. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS PROSPECTUS.

In recognition of the requirements of the New York General Business Law, Article 33, Section 680 through 695, and of the Codes, Rules, and Regulations of the State of New York, Title 13, Chapter VII, Section 200.1 through 201.16 the Franchise Disclosure Document for Qualicare of America, Inc. for use in the State of New York shall be amended as follows:

1. Item 3 shall be supplemented by the following:

   Neither we, our predecessor, nor any person identified in Item 2 or an affiliate offering franchises under our principal trademark has an administrative, criminal or civil action pending against that person alleging: a felony; a violation of a franchise, antitrust or securities law; fraud, embezzlement, fraudulent conversion, misappropriation of property; unfair or deceptive practices or comparable civil or misdemeanor allegations.

   Neither we, our predecessor, nor any person identified in Item 2 or an affiliate offering franchises under our principal trademark has been convicted of a felony or pleaded *nolo contendere* to a felony charge or, within the ten-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud or securities law; fraud, embezzlement, fraudulent conversion or misappropriation of property, or unfair or deceptive practices or comparable allegations.

   Neither we, our predecessor, any person identified in Item 2 or an affiliate offering franchises under our principal trademark is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a federal, state or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

2. Item 5 shall be supplemented by the following:

All franchisee fees are applied to the franchisor's general operating fund. All obligations of franchisor, whether to franchisees or otherwise, are paid out of this fund.

3. Item 4 shall be supplemented by the following:

During the 10-year period immediately before the application for registration, neither we nor our affiliate, any predecessor, current officers or general partner has: (a) filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after our officer or general partner held this position in the company or partnership.

4. Paragraph "j" under the section labeled "assignment of contract by us" in Item 17 shall be supplemented by the following provision:

However, no assignment shall be made except to an assignee who, in our good faith judgment, is willing and able to assume your obligations under the Franchise Agreement.

5. Paragraph "m" under the section in Item 17 titled "conditions for our approval of transfer" shall be supplemented as follows with respect to your execution of a general release:

Provided, however, that all rights you enjoy and any causes of action which arise in its favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder remain in force; it being the intent of this proviso that the nonwaiver provisions of the GBL Sections 687.4 and 687.5 be satisfied.

ADDENDUM TO QUALICARE OF AMERICA, INC.'S FRANCHISE DISCLOSURE DOCUMENT REQUIRED BY THE STATE OF WASHINGTON

In recognition of the requirements of the Washington Franchise Investment Protection Act, Wash. Rev. Code §§ 19.100.180, the Franchise Disclosure Document for Qualicare of America, Inc. in connection with the offer and sale of franchises for use in the State of Washington shall be amended to include the following:

1. Items 5 and 7 shall be amended by the addition of the following language:

In lieu of an impound of franchise fees, the Franchisor will not require or accept the payment of any initial franchise fees until the franchisee has (a) received all initial training that it is entitled to under the franchise agreement or offering circular, and (b) is open for business.

2. Item 17, "Renewal, Termination, Transfer and Dispute Resolution," shall be amended by the addition of the following paragraphs at the conclusion of the Item:

The state of Washington has a statute, RCW 19.100.180, which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

3. Each provision of this addendum to the disclosure document shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Washington Franchise Investment Protection Act, Wash. Rev. Code §§ 19.100.180, are met independently without reference to this addendum to the disclosure document.

ADDENDUM TO THE QUALICARE OF AMERICA, INC.'S FRANCHISE AGREEMENT
REQUIRED FOR THE STATE OF WASHINGTON

In recognition of the requirements of the Washington Franchise Investment Protection Act, Wash. Rev. Code §§ 19.100.010 through 19.100.940, the parties to the attached Qualicare of America, Inc. Franchise Agreement agree as follows:

1. In lieu of an impound of franchise fees, the Franchisor will not require or accept the payment of any initial franchise fees until the franchisee has (a) received all initial training that it is entitled to under the franchise agreement or offering circular, and (b) is open for business.

2. The state of Washington has a statute, RCW 19.100.180, which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

3. In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.

4. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

5. A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable.

6. Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

7. Each provision of this amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Washington Franchise Investment Protection Act, Wash. Rev. Code §§ 19.100.010 through 19.100.940, are met independently without reference to this amendment.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Washington amendment to the Franchise Agreement on the same date as the Franchise Agreement was executed.

_____ _____

Franchisee's Initials / Date Franchisor's Initials / Date

ADDENDUM TO QUALICARE OF AMERICA, INC.'S FRANCHISE DISCLOSURE DOCUMENT REQUIRED FOR THE STATE OF WISCONSIN

For franchises and Franchisees subject to the Wisconsin Fair Dealership Law, the following information supersedes or supplements, as the case may be, the corresponding disclosures in the main body of the text of the Qualicare of America, Inc. Wisconsin Franchise Disclosure Document.

Item 17

For Wisconsin Franchisees, ch. 135, Stats., the Wisconsin Fair Dealership Law, supersedes any provisions of the Franchise Agreement or a related contract between Franchisor and Franchisee inconsistent with the Law.

ADDENDUM TO THE QUALICARE OF AMERICA, INC.'S FRANCHISE AGREEMENT
REQUIRED FOR THE STATE OF WISCONSIN

This Amendment shall pertain to franchises sold in the State of Wisconsin and shall be for the purpose of complying with the Wisconsin Fair Dealership Law. Notwithstanding anything which may be contained in the body of the Franchise Agreement to be contrary, the Agreement shall be amended as follows:

> Ch. 135, Stats., the Wisconsin Fair Dealership Law, supersedes any provisions of this Agreement or a related document between Franchisor and Franchisee inconsistent with the Law.

_____ _____

Franchisee's Initials/Date Franchisor's Initials/Date

EXHIBIT H
TO QUALICARE OF AMERICA, INC.'S
FRANCHISE DISCLOSURE DOCUMENT

COMPLIANCE CERTIFICATION

As you know, Qualicare of America, Inc. (the "Franchisor") and you are preparing to enter into a franchise agreement (the "Franchise Agreement") for the establishment and operation of a "Qualicare" business (the "Franchised Business"). The purpose of this Questionnaire is to determine whether any statements or promises were made to you by employees or authorized representatives of the Franchisor, or by employees or authorized representatives of a broker acting on behalf of the Franchisor ("Broker") that have not been authorized, or that were not disclosed in the Disclosure Document or that may be untrue, inaccurate or misleading. The Franchisor, through the use of this document, desires to ascertain (a) that the undersigned, individually and as a representative of any legal entity established to acquire the franchise rights, fully understands and comprehends that the purchase of a franchise is a business decision, complete with its associated risks, and (b) that you are not relying upon any oral statement, representations, promises or assurances during the negotiations for the purchase of the franchise which have not been authorized by Franchisor.

In the event that you are intending to purchase an existing Franchised Business from an existing Franchisee, you may have received information from the transferring Franchisee, who is not an employee or representative of the Franchisor. The questions below do not apply to any communications that you had with the transferring Franchisee. Please review each of the following questions and statements carefully and provide honest and complete responses to each.

1. Are you seeking to enter into the Franchise Agreement(s) in connection with a purchase or transfer of an existing Franchised Business from an existing Franchisee?

Yes _____ No _____

2. I had my first face-to-face meeting with a Franchisor representative on _____, 201__.

3. Have you received and personally reviewed the Franchise Agreement(s), each addendum, and/or related agreement provided to you?

Yes _____ No _____

4. Do you understand all of the information contained in the Franchise Agreement(s), each addendum, and/or related agreement provided to you?

Yes _____ No _____

If no, what parts of the Franchise Agreement(s), any Addendum, and/or related agreement do you not understand? (Attach additional pages, if necessary.)

_____
_____
_____
_____
_____
_____

5. Have you received and personally reviewed the Franchisor's Disclosure Document that was provided to you?

Yes _____ No _____

6. Did you sign a receipt for the Disclosure Document indicating the date you received it?

Yes _____ No _____

7. Do you understand all of the information contained in the Disclosure Document and any state-specific Addendum to the Disclosure Document?

Yes _____ No _____

If No, what parts of the Disclosure Document and/or Addendum do you not understand? (Attach additional pages, if necessary.)

_____
_____
_____
_____
_____
_____

8. Have you discussed the benefits and risks of establishing and operating a Franchised Business with an attorney, accountant, or other professional advisor?

Yes _____ No _____

If No, do you wish to have more time to do so?

Yes _____ No _____

9. Do you understand that the success or failure of your Franchised Business will depend in large part upon your skills and abilities, competition from other businesses, interest rates, inflation, labor and supply costs, location, lease terms, your management capabilities and other economic, and business factors?

Yes _____ No _____

10. Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise concerning the actual or potential revenues, profits or operating costs of any particular Franchised Business operated by the Franchisor or its franchisees (or of any group of such businesses), that is contrary to or different from the information contained in the Disclosure Document?

Yes _____ No _____

11. Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise regarding the amount of money you may earn in operating the franchised business that is contrary to or different from the information contained in the Disclosure Document?

Yes _____ No _____

12. Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise concerning the total amount of revenue the Franchised Business will generate, that is contrary to or different from the information contained in the Disclosure Document?

Yes _____ No _____

13. Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise regarding the costs you may incur in operating the Franchised Business that is contrary to or different from the information contained in the Disclosure Document?

Yes _____ No _____

14. Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating a Franchised Business?

Yes _____ No _____

15. Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement, promise or agreement concerning the advertising, marketing, training, support service or assistance that the Franchisor will furnish to you that is contrary to, or different from, the information contained in the Disclosure Document or Franchise Agreement(s)?

Yes _____ No _____

16. Have you entered into any binding agreement with the Franchisor concerning the purchase of this franchise prior to today?

Yes _____ No _____

17. Have you paid any money to the Franchisor concerning the purchase of this franchise prior to today?

Yes _____ No _____

18. Have you spoken to any other franchisee(s) of this system before deciding to purchase this franchise? If so, who? _____

_____

If you have answered No to question 9, or Yes to any one of questions 10-17, please provide a full explanation of each answer in the following blank lines. (Attach additional pages, if necessary, and refer to them below.) If you have answered Yes to question 9, and No to each of questions 10-17, please leave the following lines blank.

I signed the Franchise Agreement(s) and Addendum (if any) on _____, 201___, and acknowledge that no Agreement or Addendum is effective until signed and dated by the Franchisor.

Please understand that your responses to these questions are important to us and that we will rely on them. By signing this Questionnaire, you are representing that you have responded truthfully to the above questions. In addition, by signing this Questionnaire, you also acknowledge that:

A. You recognize and understand that business risks, which exist in connection with the purchase of any business, make the success or failure of the franchise subject to many variables, including among other things, your skills and abilities, the hours worked by you, competition, interest rates, the economy, inflation, franchise location, operation costs, lease terms and costs and the marketplace. You hereby acknowledge your awareness of and willingness to undertake these business risks.

B. You agree and state that the decision to enter into this business risk is in no manner predicated upon any oral representation, assurances, warranties, guarantees or promises made by Franchisor or any of its officers, employees or agents (including the Broker or any other broker) as to the likelihood of success of the franchise. Except as contained in the Disclosure Document, you acknowledge that you have not received any information from the Franchisor or any of its officers, employees or agents (including the Broker or any other broker) concerning actual, projected or forecasted franchise sales, profits or earnings. If you believe that you have received any information concerning actual, average, projected or forecasted franchise sales, profits or earnings other than those contained in the Disclosure Document, please describe those in the space provided below or write "None."

C. You further acknowledge that the President of the United States of America has issued Executive Order 13224 (the "Executive Order") prohibiting transactions with terrorists and terrorist organizations and that the United States government has adopted, and in the future may adopt, other anti-terrorism measures (the "Anti-Terrorism Measures"). The Franchisor therefore requires certain certifications that the parties with whom it deals are not directly involved in terrorism. For that reason, you hereby certify that neither you nor any of your employees, agents or representatives, nor any other person or entity associated with you, is:

(i) a person or entity listed in the Annex to the Executive Order;

(ii) a person or entity otherwise determined by the Executive Order to have committed acts of terrorism or to pose a significant risk of committing acts of terrorism;

(iii) a person or entity who assists, sponsors, or supports terrorists or acts of terrorism; or

(iv) owned or controlled by terrorists or sponsors of terrorism.

You further covenant that neither you nor any of your employees, agents or representatives, nor any other person or entity associated with you, will during the term of the Franchise Agreement(s) become a person or entity described above or otherwise become a target of any Anti-Terrorism Measure.

Acknowledged this _____ day of _____, 201____.

Sign here if you are taking the franchise as an

INDIVIDUAL

_____
Signature

Print Name_____

_____
Signature

Print Name_____

_____
Signature

Print Name_____

_____
Signature

Print Name_____

Sign here if you are taking the franchise as a CORPORATION, LIMITED LIABILITY COMPANY OR PARTNERSHIP

_____
Print Name of Legal Entity

By:_____
Signature

Print Name_____

Title_____

EXHIBIT I
TO QUALICARE OF AMERICA, INC.'S
FRANCHISE DISCLOSURE DOCUMENT

LIST OF FRANCHISEES
AS OF May 31st, 2019

NAME	CITY	ADDRESS	CONTACT INFO.
Joseph Inyang*	Corona Riverside	400 South Ramona Avenue -212N Corona, CA 92879	206-333-4952 jinyang@qualicare.om
Steve Kidwell	North San Diego	1645 Mission Meadows Drive Oceanside, CA 92057	760-936-4000 skidwell@qualicare.om
Scott Miller	Orange Coast, California	12 Hunter Street CotoDeCaza, CA 92679	949-793-8282 smiller@qualicare.com
Mike Adams	Sacramento East	6757 Koster Way Elk Grove, CA 95758	916-435-6218 madams@qualicare.com
Amy Gehlhausen	Jasper, Indiana, USA	3115 Howard Drive Jasper, IN 47546	812-817-3009 agehlhausen@qualicare.com
Cora Small	Farmington Hills, Michigan	22390 Innsbrook Drive Northville, MI 48167	csmall@qualicare.com
Jennifer Krum	Bozeman, MT USA	702 North 19th Avenue #2C Bozeman, MT 59718	406-551-6700 jkrum@qualicare.com

* This franchisee has not operated their Franchised Business for more than 12 months and is in the process of termination.

LIST OF FRANCHISEES AND FRANCHISEES THAT HAVE LEFT THE SYSTEM AS OF MAY 31st, 2019

NAME	ADDRESS	TELEPHONE NO.
Joseph Marsalese	13101 Lincoln Drive Huntington Woods, MI 48070	248-752-5318

EXHIBIT J
TO QUALICARE OF AMERICA, INC.'S FRANCHISE DISCLOSURE DOCUMENT
RECEIPTS

RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Qualicare of America, Inc. ("**QAI**") offers you a franchise, it must provide this disclosure document to you: (a) 14 calendar days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale; or (b) under New York law, at the earlier of (i) your first personal meeting to discuss the franchise, or (ii) 10 business days before you sign a binding agreement with, or make payment to, us or an affiliate in connection with the proposed franchise sale; or (c) Iowa requires that we give you this disclosure document at the earlier of the first personal meeting or 14 days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship; or (d) Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If QAI does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and the appropriate state agency listed on Exhibit A.

QAI is the franchisor, with its offices at 830 Dixon Road, Suite 300, Toronto, Ontario M9W 6Y8 Canada (tel: (888) 561-0616).

The issuance date of this disclosure document is September 26, 2019.

The franchise sellers are: Brian Church and Nathan Weber, each at 830 Dixon Rd, Suite 300, Toronto, ON, M9W 6Y8 (416) 630-0202. Any additional individual franchise sellers involved in offering the franchise are: _____.

QAI authorizes the agents listed in Exhibit B to receive service of process for it in the particular state.

I received a disclosure document dated September 26, 2019, that included the following Exhibits:

Exhibit A – List of State Administrators
Exhibit B – List of Agents for Service of Process
Exhibit C – Table of Contents of Operations Manual
Exhibit D – Financial Statements
Exhibit E-1 – Franchise Agreement
Exhibit E-2 – Community Builder Addendum
Exhibit F – Sample Termination and Release Agreement
Exhibit G – State Specific Addenda
Exhibit H – Compliance Certification
Exhibit I – List of Franchisees and Franchisees That Have Left the System
Exhibit J – Receipts

Dated: _____

_____
Signed

_____
Printed Name

RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Qualicare of America, Inc. ("**QAI**") offers you a franchise, it must provide this disclosure document to you: (a) 14 calendar days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale; or (b) under New York law, at the earlier of (i) your first personal meeting to discuss the franchise, or (ii) 10 business days before you sign a binding agreement with, or make payment to, us or an affiliate in connection with the proposed franchise sale; or (c) Iowa requires that we give you this disclosure document at the earlier of the first personal meeting or 14 days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship; or (d) Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If QAI does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and the appropriate state agency listed on Exhibit A.

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Exhibit E-1 – Franchise Agreement	
Exhibit E-2 – Community Builder Addendum	Exhibit J – Receipts

Dated: _____

_____
Signed

_____
Printed Name

Please sign, date, and return this copy to us