FRANCHISE DISCLOSURE DOCUMENT

TOWN SQUARE
FRANCHISING LLC
9708 Belair Road
Perry Hall, MD 21236
(410) 847-2150
www.townsquare.net

The franchisee will operate a high-quality adult day care facility to provide high-quality adult day care and support services to families affected by Alzheimer's and other forms of memory impairment diseases (the "**Town Square Franchised Business**").

The total estimated initial investment necessary to begin operation of a Town Square Franchised Business ranges from $847,224 - $1,387,268. This includes an initial fee of $99,500.

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 Lori McCauley, at 1-410-498-6562.

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

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "A Consumer's Guide to Buying a Franchise," which can help you understands 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.

The issuance date of this Franchise Disclosure Document is April 9, 2024.

How to Use This Franchise Disclosure Document

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

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

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution**. The franchise agreement requires you to resolve disputes with the franchisor by mediation or litigation only in the state where we have our principal place of business (currently Maryland). Out-of-state mediation or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate or litigate with the franchisor in the state where we have our principal place of business (currently Maryland) than in your own state.

2. **Financial Condition**. The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.

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

Michigan Disclosure

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

(A) A PROHIBITION ON THE RIGHT OF A FRANCHISEE TO JOIN AN ASSOCIATION OF FRANCHISEES.

(B) A REQUIREMENT THAT A FRANCHISEE ASSENT TO A RELEASE, ASSIGNMENT, NOVATION, WAIVER, OR ESTOPPEL WHICH DEPRIVES A FRANCHISEE OF RIGHTS AND PROTECTIONS PROVIDED IN THIS ACT. THIS SHALL NOT PRECLUDE 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 PROVISIONS 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 FRANCHISED 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 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 FRANCHISEE 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 FRANCHISOR.

(iii) THE UNWILLINGNESS OF THE PROPOSED TRANSFEREE TO AGREE IN WRITING TO COMPLY WITH ALL LAWFUL OBLIGATIONS.

(iv) THE FAILURE OF THE FRANCHISEE OR PROPOSED TRANSFEREE TO PAY ANY SUMS OWING TO THE FRANCHISOR OR TO CURE ANY DEFAULT IN THE FRANCHISE AGREEMENT EXISTING AT THE TIME OF THE PROPOSED TRANSFER.

(H) A PROVISION THAT REQUIRES THE FRANCHISEE TO RESELL TO THE FRANCHISOR ITEMS THAT ARE NOT UNIQUELY IDENTIFIED WITH THE FRANCHISOR. THIS SUBDIVISION DOES NOT PROHIBIT A PROVISION THAT GRANTS TO A FRANCHISOR A RIGHT OF FIRST REFUSAL TO PURCHASE THE ASSETS OF A FRANCHISE ON THE SAME TERMS AND CONDITIONS AS A BONA FIDE THIRD PARTY WILLING AND ABLE TO PURCHASE THOSE ASSETS, NOR DOES THIS SUBDIVISION PROHIBIT A PROVISION THAT GRANTS THE FRANCHISOR THE RIGHT TO ACQUIRE THE ASSETS OF A FRANCHISE FOR THE MARKET OR APPRAISED VALUE OF SUCH ASSETS IF THE FRANCHISEE HAS BREACHED THE LAWFUL PROVISIONS OF THE FRANCHISE AGREEMENT AND HAS FAILED TO CURE THE BREACH IN THE MANNER PROVIDED IN SUBDIVISION (C).

(I) A PROVISION WHICH PERMITS THE FRANCHISOR TO DIRECTLY OR INDIRECTLY CONVEY, ASSIGN, OR OTHERWISE TRANSFER ITS OBLIGATIONS TO FULFILL CONTRACTUAL OBLIGATIONS TO THE FRANCHISEE UNLESS PROVISION HAS BEEN MADE FOR PROVIDING THE REQUIRED CONTRACTUAL SERVICES.

* * * *

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

* * * *

IF THE FRANCHISOR'S MOST RECENT FINANCIAL STATEMENTS ARE UNAUDITED AND SHOW A NET WORTH OF LESS THAN $100,000.00, THE FRANCHISOR MUST, AT THE REQUEST OF THE FRANCHISEE, ARRANGE FOR THE ESCROW OF INITIAL INVESTMENT AND OTHER FUNDS PAID BY THE FRANCHISEE UNTIL THE OBLIGATIONS TO PROVIDE REAL ESTATE, IMPROVEMENTS, EQUIPMENT, INVENTORY, TRAINING, OR OTHER ITEMS INCLUDED IN THE FRANCHISE OFFERING ARE FULFILLED. AT THE OPTION OF THE FRANCHISOR, A SURETY BOND MAY BE PROVIDED IN PLACE OF ESCROW.

* * * *

THE NAME AND ADDRESS OF THE FRANCHISOR'S AGENT IN THIS STATE AUTHORIZED TO RECEIVE SERVICE OF PROCESS IS: MICHIGAN DEPARTMENT OF COMMERCE, CORPORATION AND SECURITIES BUREAU, 6546 MERCANTILE WAY, P.O. BOX 30222, LANSING, MICHIGAN 48910.

ANY QUESTIONS REGARDING THIS NOTICE SHOULD BE DIRECTED TO:

DEPARTMENT OF THE ATTORNEY GENERAL'S OFFICE
CONSUMER PROTECTION DIVISION
ATTN: FRANCHISE
670 G. MENNEN WILLIAMS BUILDING
LANSING, MICHIGAN 48913

NOTE: NOTWITHSTANDING PARAGRAPH (F) ABOVE, WE INTEND TO, AND YOU AGREE THAT WE AND YOU WILL, ENFORCE FULLY THE PROVISIONS OF THE ARBITRATION SECTION OF OUR AGREEMENTS. WE BELIEVE THAT PARAGRAPH (F) IS UNCONSTITUTIONAL AND CANNOT PRECLUDE US FROM ENFORCING THE ARBITRATION PROVISIONS.

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

The Franchisor

Town Square Franchising LLC is the franchisor. For ease of reference, we will refer to Town Square Franchising LLC as "us", "our" or "we." (We will sometimes refer to the franchisor, or us, as "**Town Square**" to distinguish us from our related entities or former related entities, some of which have similar entity names.) We are a Delaware limited liability company and were formed in Delaware on December 19, 2023. Our principal business address is 9708 Belair Road, Perry Hall, Maryland 21236. We have had no predecessors. Our agents for service of process are listed in Exhibit C to this Disclosure Document.

We conduct our business under our entity name and the name "Town Square," and no others.

We began to offer franchises for Town Square Franchised Businesses (as defined below) in April 2024.

Other than the franchises being offered in this Disclosure Document, we do not and have not in the past offered franchises in this or any other line of business, and we are not involved in other business activities. We do not operate, and have not operated, a business of the type described in this Disclosure Document.

Our Parents, Predecessors and Affiliates

Our parent company is SH Town Square Franchising, Inc. ("Former Franchisor"). Former Franchisor is a Delaware corporation, and was formed on March 20, 2018. Former Franchisor's principal place of business is 9708 Belair Road, Perry Hall, Maryland 21236. Former Franchisor does not have any predecessors. Former Franchisor offered franchises for "Town Square" businesses from June 2018 until March 2024. Former Franchisor operated as the franchisor of the Town Square franchise system from June 2018 through March 2024. Former Franchisor maintains its franchisor-franchisee relationships, pursuant to franchise agreements with existing franchises of the Town Square system. But as of April 2024, Former Franchisor ceased offering or selling franchises for Town Square businesses. Other than these previous Town Square franchises, Former Franchisor has not in the past, offered franchises in this or any other line of business. Former Franchisor does not operate, and has not operated, a business of the type described in this Disclosure Document. Former Franchisor is the owner of the trademark registrations for Marks (defined below), and other intellectual property, trade secrets, and confidential information that is part of the System (defined below). Former Franchisor and we executed an Intellectual Property License Agreement, effective April 1, 2024, in which Former Franchisor licensed us the rights to use the Marks and other intellectual property of the System to offer and sell Town Square franchises, and to service, support, and provide assistance to franchisees that operate under the Marks and the System.

We do not have any predecessors.

Former Franchisor's parent company is SHF Holding Company, LLC, a Delaware limited liability company ("SHFHC"). SHFHC's principal business address is 9708 Belair Road, Perry Hall,

Maryland 21236. SHF Holding Company, LLC has not operated a business of the type being offered in this Disclosure Document. SHFHC does not have any predecessors.

SH Town Square Corporate Company, Inc. ("**Town Square Corporate**"), a Delaware corporation is a subsidiary of SHFHC, and is also an affiliate of ours. Town Square Corporate's principal address is 9708 Belair Road, Perry Hall, Maryland 21236. Town Square Corporate had an opening of its own TOWN SQUARE® Center in the Baltimore, Maryland area in November 2019, but was unable to allow participants to attend the Center since the COVID-19 pandemic began due to government closures of certain businesses from March 2020 through part of June 2021, when it re-opened. Town Square Corporate does not offer franchises in any line of business or provide products or services to franchisees of Town Square.

Our affiliates do not offer, and have not offered, franchises for adult day care businesses or any line of business.

The Franchise Offered

On May 23, 2019, George G. Glenner Alzheimer's Family Centers, Inc., a California non-profit corporation ("**Glenner**"), assigned to Former Franchisor certain intellectual property and know-how that was utilized by Former Franchisor and is utilized by us and the franchise system including the registered trademarks TOWN SQUARE® and TOWN SQUARE A GEORGE G. GLENNER ALZHEIMER'S FAMILY CENTER® (design) and associated trade dress, copyrights, patents, and proprietary information. Glenner developed an adult day care and support services facility featuring a unique indoor, interactive, simulated urban environment utilizing reminiscence therapy operated as TOWN SQUARE® (the "**Center**"). The Center will consist of several storefronts and stations made to resemble a town in our member's youth where participants will be able to participate in activities, socialize, enjoy entertainment, and receive services. The Center uses reminiscence therapy as part of the adult day care and support services. This is a type of therapy that utilizes tangible prompts from a person's past to elicit memories. Reminiscence therapy is one of the most popular psychosocial interventions in dementia care. The services provided to participants include assistance with activities of daily living (eating, walking, toileting, and taking medication), counseling, educational programs, exercise programs, health monitoring, social activities, preparation of meals/snacks, and transportation services. Using the intellectual property assigned to us by Glenner we have developed a system relating to the operation of centers offering adult day care and support services (the "**System**") for use in the Town Square Franchised Businesses.

We offer franchises for the operation of high-quality adult day care and support services to families affected by Alzheimer's and other forms of memory impairment diseases that operate under the System and the "TOWN SQUARE®" mark (the "**Town Square Franchised Businesses**"). We continue to develop and modify the System.

The Town Square Franchised Businesses, and the System, have distinctive characteristics. As mentioned above, these characteristics include providing high-quality adult day care and support services to families affected by Alzheimer's or dementia, other forms of memory impairment diseases, other chronic illnesses, in a Center operated under the TOWN SQUARE® mark. We or

Former Franchisor may periodically change and improve the Town Square Franchised Businesses and System.

The initial Town Square Centers that were offered by Former Franchisor were facilities with approximately 10,000 square feet (sometimes referred to as the "**Legacy Model**"). Over time Former Franchisor determined that there might exist certain areas or territories where a Town Square Center with a more limited physical footprint may be desirable in lieu of a Legacy Model. Therefore, we are offering franchises for only the standard model centers ("**Standard Model**"). Our target facility size for the Standard Model Center is approximately 6,000 square feet.

Historically, Former Franchisor began offering Town Square Standard Model Center franchises in August 2023. As of December 31, 2023, there were no Town Square Standard Model Center franchises. Except as specifically described in this Disclosure Document, all the aspects and elements of a Town Square franchise will apply to a Town Square Standard Model Center, and the information relates to that size Center.

Former Franchisor previously used and we currently use, promote, and sub-license certain trademarks, service marks, and other commercial symbols including the mark "TOWN SQUARE®" in operating Town Square Franchised Businesses (the "**Town Square Marks**"). The Town Square Marks are referred to as the "**Marks**." The Town Square Marks have gained and will continue to gain public acceptance and goodwill. Town Square may create, use, and license other trademarks, service marks, and commercial symbols for Town Square Franchised Businesses. If so, these other marks and symbols will become part of the "Marks."

We offer franchises to persons or legal entities that meet our qualifications, and are willing to undertake the investment and effort to own and operate a Town Square Franchised Business using the System and Marks.

We will loan a franchisee a copy of the Operations Manual which reconciles the obligations under the System. The Operations Manual may include audiotapes, videotapes, compact disks, computer software, other electronic media, information distributed electronically or via the Internet or an internal extranet, and/or written materials. The Operations Manual contains mandatory and suggested specifications, standards, operating procedures, and rules that we periodically prescribe for operating a Town Square Franchised Business. These are the "**System Standards**." The Operations Manual also contains information on a franchisee's other obligations under the Franchise Agreement (as defined below). We may modify the Operations Manual periodically to reflect changes in System Standards and other guidance and requirements regarding the operation and management of Town Square Franchised Businesses.

We may offer you the opportunity to enter into a franchise agreement ("**Franchise Agreement**") with us. We refer to the individuals, corporations, limited liability companies, or general or limited partnerships who will be the franchisee as "**you**" in this Disclosure Document. Under the Franchise Agreement we will grant you the right and license (the "**Franchise**") to operate a Town Square Franchised Business at the Center. The Center will be in an area identified under the Franchise Agreement (the "**Territory**"). The Franchise Agreement will be for a term beginning on the Effective Date of the Franchise Agreement and expiring 10 years from the opening date of the Town Square Franchised Business (the "**Initial Term**"). You must operate the Town Square

Franchised Business in the Territory. You must use the System in operating your Town Square Franchised Business. You must always fulfil your obligations under the Franchise Agreement faithfully, honestly, and diligently, and use your best efforts to promote the Town Square Franchised Business.

In connection with our formation, and our becoming a franchisor with a license to use the Marks and other intellectual property rights from Former Franchisor, we and Former Franchisor intend to execute a management or services agreement under which we will provide services and assistance to existing Town Square franchisees operating under franchise agreements with Former Franchisor. We anticipate an intend that both existing Former Franchisor franchisees and new franchisees operating under Franchise Agreements with us, will operate as franchisees under a single Town Square franchise system. For the purposes of this Disclosure Document, all references to franchisees will include both franchisees of Former Franchisor, and franchisees under Franchise Agreements with us.

You must operate the Town Square Franchised Business from an approved Center. If you have not identified the Center, and received our approval of the Center before you sign the Franchise Agreement, the Center will be identified as part of our site selection and approval process.

Except for limited situations and if you are in full compliance with this Agreement, we and our affiliates will not operate or grant a franchise for the operation of another Town Square Franchised Business at a location within the Territory during the term of the Franchise Agreement.

Management of a Town Square Franchised Business

You, as the franchisee, may be an individual, sole proprietor owner, or you may be an entity. If you are an entity, you must appoint an Operating Principal. The Operating Principal will be the person with whom we will communicate on all major policy, financial, management and operation matters, and the only person from your entity that we will recognize as having authority to communicate for you and your entity. You, or your Operating Principal, will manage and provide general oversight of the Franchised Business.

Each Franchised Business will have a Center Director. The Center Director may be an owner of the franchisee entity, or a person designated by you, subject to our approval. The Center Director will be charged with responsibility for direct supervision of the Franchised Business. Typically, the Center Director is the person having the authority and responsibility for planning, directing, and controlling the activities of the Franchised Business, either directly or indirectly.

Industry-Specific Regulations

You must secure and maintain in force all required licenses, permits and certificates relating to the operation of the Town Square Franchised Business and the other licenses applicable to your employees. You must not employ any person in a position that requires a license unless that person is currently licensed by all applicable authorities and a copy of the license or permit is in your business files. You must comply with all state and local laws and regulations regarding the staffing and management of an adult day care provider. In addition to complying with all employment, labor, and wage and hour laws, there may be wage and hour laws or regulations in your state that

apply to your employees. There may also be other laws and regulations specific to adult day care services. Many states require a license to provide adult day care services and to operate an adult day care center. To obtain a license to provide adult day care services and/or to operate an adult day care center you may be required to post a bond, undergo criminal background checks and pay certain fees. If a state or jurisdiction has such a law or regulation, these laws and regulations are likely to vary from state to state, and these may change from time to time. In addition, you must operate the Town Square Franchised Business in full compliance with all applicable federal, state and local laws, rules, ordinances and regulations, including, without limitation, government regulations relating to occupational hazards, health, EEOC, OSHA, HIPAA, discrimination, employment, sexual harassment, worker's compensation, unemployment insurance and withholding and payment of federal and state income taxes, social security taxes and sales and service taxes. Your Town Square Franchised Business may be considered a Covered Entity for the purposes of HIPAA if it provides health care services as defined by federal law and you transmit any health information in electronic form in connection with a HIPAA covered transaction. You should consult with your attorney concerning those and other local laws and ordinances that may affect the operation of your Town Square Franchised Business.

You are not required to enroll in state reimbursement programs such as Medicaid, however, you may choose to do so at your discretion. At this time Medicare does not provide reimbursement for the adult day care services that you will be providing as a Town Square Franchised Business. Some of your customers may have private long term care insurance which sometimes pays for the cost of adult day care services. You may be required to bill these private insurers for the cost of adult day care services provided to their insureds. Your Franchised Business may be eligible for certain grants provided to adult day care service providers; however, you should not expect grants as a material source of revenue for your Franchised Business.

Competition

The market for adult day care services is developing. The aging of the population in the United States has increased demand for a variety of senior services. As a franchisee, you will compete with other adult day care service providers, franchised and non-franchised. You will also compete with other providers of assistance to seniors and those affected by memory loss and Alzheimer's, such as nursing homes, memory loss facilities, and individual care givers to seniors.

ITEM 2
BUSINESS EXPERIENCE

Chief Executive Officer — Peter Ross

Mr. Ross has been our CEO since March 2018. Mr. Ross has been CEO of SH Franchising, LLC dba Senior Helpers in Towson, Maryland since its inception. He has served on the Board of the Home Care Association of America (HCAOA) since 2008 and was President of the Board from 2013 through 2020. In addition, Mr. Ross is a CEO member of the Healthcare Leadership Council in Washington, DC. He co-founded Doctors Express Urgent Care Franchising in 2007 with Mr. Bonacuse.

Director of Strategy and Finance — Tony Bonacuse

Mr. Bonacuse has been our Director of Strategy and Finance since July 2023. Mr. Bonacuse founded the original Senior Helpers Home Care business in 2003 and co-founded Senior Helpers Franchising with Mr. Ross in 2004, serving as President and Board Member until 2016. He also co-founded the original Doctors Express Urgent Care and Doctors Express Urgent Care Franchising in 2005 and 2007, respectively, serving as its President and Board Member until its sale. From 2016 to the present, Mr. Bonacuse has been an independent advisor to and investor in various businesses. His principal place of business during this period has been Sarasota, Florida.

Chief Operating Officer — Lori McCauley

Ms. McCauley has been our COO since August of 2023, previously serving as Vice President of Marketing and Business Development since March 2023. She has also been the Vice President of Franchise Development for Home Care for the 21st Century, in Sarasota, Florida since September 2019. She was also the Vice President of Operations and Business Development with Critical Connection, in Rockville, Maryland from January 2019 to September 2019. Before that she was the Vice President of Business Development & Customer Service, in Baltimore, Maryland with BrightStar Care from August 2009 to January 2019.

Franchise Operations Manager — Melanie Miranda-Lusby

Mrs. Miranda-Lusby has been serving as our Franchise Operations Manager since October 2023. In addition to her role as the Franchise Operations Manager, she also holds a dual position as the Town Square Corporate Center Director since April 2021 and the reopening of the Town Square Center at Perry Hall, in June 2021. Prior to her current roles, she served as the Center Director for two Adult Day Centers with Active Day Adult Day Centers of Maryland starting from October 2018 to April 2021 in Baltimore, Maryland. Prior to that, Mrs. Miranda-Lusby worked as a Finance and Administration Director for the US Department of Labor from December 2014 to October 2018, in Woodstock, Maryland.

Training and Programs Manager — Lynsey Geraghty

Ms. Geraghty has been our Training and Programs Manager since May 2021 supporting franchisees with training, operations and programming. Prior to that, she worked as a Center Director for Active Day from February 2019 to April 2021 in Randallstown, Maryland. Before that she worked as an Executive Director and Administrator in Training for Milestone Retirement Communities from January 2016 to February 2019 in Baltimore, Maryland and Bala Cynwyd, Pennsylvania.

Vice President of Franchise Development — John Henning

Mr. Henning has served as our Vice President of Franchise Development since March 2024. Over the past 18 years he has worked as Director of Franchise Development for various Franchise companies including RE/MAX, AAMCO, We Insure and American Freight. From December of 2021 to February 2024, he worked as Director of Franchise Development for American Freight Franchising, in Columbus, Ohio. From November 2019 to May 2022, he worked as Vice President of Franchise Development for We Insure in Jacksonville, Florida. Prior to that, he was the Director of Franchise Development for RE/MAX from March of 2014 through October 2019, in Denver, Colorado.

Except as described above, the location of the employer for each of the officers, directors and management personnel listed in this Item 2 is Perry Hall, Maryland.

ITEM 3
LITIGATION

No litigation information is required to be disclosed in this Item for Town Square.

ITEM 4
BANKRUPTCY

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

ITEM 5
INITIAL FEES

Initial Franchise Fee

You must pay us a nonrecurring and initial franchise fee in lump sum according to the following table, all of which is paid when you sign the Franchise Agreement. The initial franchise fee is fully earned by us, uniformly applied, and is non-refundable. You can choose to purchase franchises for a single unit, a 2-pack, or a 3-pack. If you choose to purchase two units (2-Pack), the 2nd unit must be opened within 18 months of the first unit opening. If you choose to purchase three units (3-Pack), the 3rd unit must be opened within 18 months of the 2nd unit. The initial franchise fee for additional units purchased after signing the original Franchise Agreement will cost the then current single unit rate.

Units	Cost
Single	$99,500
2-Pack	$165,000
3-Pack	$200,000

To honor those men and women who have served in the U.S. military we offer a ten percent (10%) discount of the initial franchise fee to individuals who qualify. The veteran must have served in the U.S. Armed Forces such as the Air Force, Army, Coast Guard, Marines, or Navy and must not have been discharged or released therefrom under dishonorable conditions.

ITEM 6
OTHER FEES

Type of Fee (Note 1)	Amount	Date Due	Remarks
Continuing Service and Royalty Fee	7% of the Gross Sales (see Note 2) from the preceding month.	By the 10th day immediately following the previous monthly period,	The Royalty is payable to us by an automatic, electronic debit of funds.

Type of Fee (Note 1)	Amount	Date Due	Remarks
		or as stated in the Systems Standards. Gross sales reported after the deadline may result in late fees, as outlined in our System Standards.	
Marketing Fund (see Note 4)	1% of your Gross Sales. (See Note 4)	Payable in the same manner as the Royalty	Further details about the Marketing Fund can be found in Item 11, under the subheading "Marketing."
Advertising Cooperative	Currently no requirement. If you are required to participate in an advertising cooperative, you will not be required to contribute more than your required monthly advertising spend of $1,000 or 2.0% of Gross Sales and such amounts will be credited toward your required monthly advertising spend of $1,000 or 2.0% of Gross Sales.	As incurred.	Each Franchisor-owned outlet that participates in an advertising cooperative shall have equal voting power to each individual franchisee that participates in the advertising cooperative.
On-Going Training	Reasonable registration or similar fees.	As incurred	We may require you (or your Operating Principal), your Center Director, and/or other previously trained and experienced managers to attend and complete satisfactorily various training courses that we periodically choose to provide at the times and locations that we designate, as well as periodic conventions, regional meetings, and conferences that we specify. Attendance at the national conference is required of all franchisees. If you fail to attend the national conference, you will be charged the conference registration fee plus a non- attendance fee. The registration fee covers the registration of all Center

Type of Fee (Note 1)	Amount	Date Due	Remarks
			Directors of a Town Square Franchised Business for the specific training program or meeting. The attendance fee for the national conference is for each attendee.
Transfer Fee	$25,000.00	At time of transfer	The transfer fee will be waived if the transferee is an entity you control.
Offering Fee	$7,500 or such greater amount as is necessary to cover our costs and expenses for reviewing the proposed offering	When you notify us of the potential offering	Payable to us for reviewing a proposed offering of stock or partnership interests in your company.
Interest on Overdue Amounts	18% per annum (1.5% per month) or the highest commercial contract interest rate that the law allows on amounts owed to us.	Upon demand	We may debit your bank account automatically for late fees, return fees, and interest. This interest on overdue amounts is not our agreement to accept any payments after they are due or our commitment to extend credit to, or otherwise finance your operation of, the Town Square Franchised Business.
Audit Costs	Costs of the examination	Upon demand	Payable only if an examination is necessary due to your failure to furnish reports, supporting records, or other information as required, or to furnish these items on a timely basis, or if our examination reveals an understatement of Gross Sales exceeding 5% of the amount that you actually reported to us for the period examined.
Indemnification	Varies	Upon demand	You will indemnify Glenner and us against any costs arising out of the Town Square Franchised Business's operation, the business you conduct under the

Type of Fee (Note 1)	Amount	Date Due	Remarks
			Franchise Agreement, or your breach of the Franchise Agreement.
Costs and Attorneys' Fees	Varies	Upon demand	Reimbursement to us for all of the costs and expenses that we incur due to your failure to pay amounts owed to us when due, to submit when due any reports, information, or supporting records, or otherwise to comply with the Franchise Agreement.
Insurance Costs	Varies	Upon demand	If you fail or refuse to obtain and maintain the insurance we specify, we may obtain the insurance for you and the Town Square Franchised Business on your behalf, in which event you must reimburse us for all premiums, costs and expenses we incur in obtaining and maintaining the insurance, plus a reasonable fee for our time incurred in obtaining the insurance. If you are unable to obtain and maintain the insurance we specify, you must increase your own personal insurance coverage, including motor vehicle coverage, to a sufficient amount to cover the risks of the Town Square Franchised Business.
IT Fee	.75% of Gross Sales from the preceding month, with a minimum of $500 per month and maximum of $1,500 per month, but we may increase or decrease upon 30 days advance written notice.	Monthly	We and our affiliates may charge you a monthly or other fee for certain information technology related costs such as FranConnect access, online training, and access to XCITE! software, that we, our affiliates or vendors provide during the term of the Franchise Agreement. The IT Fee is payable to us by an

Type of Fee (Note 1)	Amount	Date Due	Remarks
			automatic electronic debit of funds.

Notes:

(Please review the table above in conjunction with the notes that follow.)

1. All fees are imposed by and are payable to us, except as otherwise noted. All fees are uniformly applied to new system franchisees and are non-refundable. However, in cases and circumstances in which it is appropriate to do so, we may waive some or all of these fees for a particular franchisee.

2. "Gross Sales" means all revenue that you bill/invoice (whether or not collected), plus all other amounts you derive from operating the Town Square Franchised Business, including all services and products sold, all amounts that you charge, invoice, or receive at or away from the Center, and whether from cash, check, credit and debit card, barter exchange, trade credit, or other credit transactions, but excluding all federal, state, or municipal sales, use, or service taxes collected from customers and paid to the appropriate taxing authority.

   You will authorize us to debit your business checking account automatically for the Royalty (and, if applicable, the annual minimum Royalty), the Marketing Fund and the IT Fee (the "**Electronic Depository Transfer Account**" or "**EDTA**"). We will debit the EDTA on the specified dates that payments are due.

3. Royalty will be calculated as defined in the Systems Standards, according to the accounting and reporting periods established by us.

4. The Marketing Fund contribution is 1.0% of Gross Sales.

   We may at any time defer or reduce contributions of a Town Square Franchised Business franchisee and, upon 30 days prior written notice to you, reduce or suspend Marketing Fund contributions and operations for one or more periods of any length and terminate (and, if terminated, reinstate) the Marketing Fund.

   We will work with you to develop an advertising and marketing plan (the "**Plan**") for you, your Town Square Franchised Business, and your Territory. In addition to your Marketing Fund contribution, you must spend each month, beginning ninety days after you commence operations, at least $1,000 or 2.0% of Gross Sales per month, to advertise and promote your Town Square Franchised Business in accordance with your Plan.

5. We share a portion of the Continuing Service and Royalty Fees with Glenner.

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure (1)	Estimated Amount/ (Low-High Range)	Method Of Payment	When Due	To Whom Payment Is To Be Made
Initial Franchise Fee (1)	$99,500	Lump sum	At signing of your Franchise Agreement	Us
Travel and Living Expenses While Training (2)	$1,500 - $7,000	As incurred per participant	During training	Airlines, hotels and restaurants
Lease, Utility, and Security Deposits (3)	$30,000 - $60,000	As incurred	When you sign your lease or open an account with your utility company	Landlord, Utilities
Building Permit (4)	$2,000 - $30,000	As incurred	Prior to commencement of the construction of your Center	Local Government Authority
Construction (5)	$500,000 - $800,000	As incurred	As incurred	Supplier
Signage (6)	$10,000 - $22,200	As incurred	As incurred	Suppliers
Furniture & Fixtures and Equipment (including Computer System) (7)	$35,224 - $64,298	As incurred	When ordered	Suppliers
Supplies (8)	$10,000 - $20,000	As incurred	When ordered	Suppliers
Grand Opening and Initial Advertising (9)	$10,000 - $20,000	As incurred	As incurred	Third parties; suppliers

Type of Expenditure (1)	Estimated Amount/ (Low-High Range)	Method Of Payment	When Due	To Whom Payment Is To Be Made
Business Licenses (10)	$1,000 - $3,750	As incurred	As incurred	Third parties
Legal/Professional Fees (11)	30,000 - $45,720	As incurred	As incurred	Attorney/ Accountant, Architects, Engineers
Insurance (12)	$13,000 - $25,000	As incurred	Before opening	Insurance agent or carrier
Recruitment (13)	$5,000 - $15,000	As incurred	As incurred	Third parties
Additional Funds (3 months) – (14)	$50,000 - $100,000	As incurred	As incurred	Employees, suppliers, utilities
Project Management Fee (15)	$25,000	As incurred	First deposit paid within three (3) days of franchise agreement signing; additional payments made according to third party schedule with total amount paid being $25,000.	Third Parties
Architecture Design (16)	$25,000 - $50,000	As incurred	Prior to commencement of the construction of your Center	Third Party
Total (17)	$847,224 - $1,387,268			

Notes:

The table above represents the initial investment for a single Town Square Franchised Business of approximately 6,000 square feet. Please review the table and the notes that follow.

(1) Initial Franchise Fee. The initial franchise fee for a single unit is $99,500 paid when you sign the Franchise Agreement.

(2) Travel/Training. You will pay for all travel and living expenses which you (or your Operating Principal) and all your employees incur and for your employees' wages and workers' compensation insurance while they are training. The costs will depend on the distance you must travel and the type of accommodation you choose. We will provide the initial training program at our administrative office or at a designated training facility of our choice. The low estimate assumes that you live within driving distance of our headquarters or the designated training facility; the high estimate assumes that you will incur costs for lodging, food and travel for the training period.

(3) Lease; Utility and Security Deposits. You must operate your Center from a leased or owned space of approximately 6,000 square feet. Any material increase in the size of your leased/owned space more than 6,000 square feet will increase your investment in construction, Lease, Utility and Security Deposits, Fixtures, Insurance, and Additional Funds and may increase your investment above the high ranges for these investment categories. Typically, your Center will be in a warehouse type of space. Prepaid rent and security deposits are generally required by landlords, utilities and certain other merchants or government entities. The estimated costs include one month of prepaid rent. The high end of this estimated cost includes a one-month security deposit. Based on our experience, we have found that prepaid rent is generally non-refundable. Security or other deposits may be refundable either in full or in part, depending on your lease or contract. Real estate and leasing costs in major metropolitan areas are expected to be 20% greater than the national average.

(4) Building Permit. You will be required to obtain a building permit from the applicable local government authority before you begin construction of your Center. The amount of the building permit fee is likely to vary depending on the size of your Center, as well as the requirements of the jurisdiction in which the Center will be located.

(5) Construction. You must develop a Center that complies with our standards for architectural design, layout, furnishings, fixtures, equipment, and décor as outlined in the Manual. The estimated amount Low-High range for construction assumes that the Center location is ready for build-out (demolition work has been completed, HVAC system is proper for the space, electrical upgrades, water line adjustments, water tap permitting, internet connectivity, etc.). If the Center location is not ready for build-out, you will incur higher construction costs. You will need to negotiate with your landlord the build out of the Center to meet the system design standards for your Town Square Franchised Business. Construction will vary with many factors, including the size and conditions of the Center, but will typically include walls, fixtures, flooring, HVAC, and utilities, plumbing for bathrooms, certain equipment and an office area. You may be able to negotiate with your landlord for a contribution or tenant improvement allowance for these costs. The estimated amount Low-High range for construction assumes that the landlord provides a contribution or tenant improvement allowance to help cover the costs of the build-out. The information in the chart regarding construction costs is based on the final construction bids and the actual costs that five of our franchised locations experienced from 2020 to 2022, in locations in Florida, Georgia, New Jersey, and Texas. The average construction cost total for those five locations was $125 per square foot. Construction costs may significantly vary depending on the size, condition and location of the leased premises, supply and demand for materials and labor in your local area, local building and fire code requirements, and inflation. For a new Town Square in major metropolitan areas, the construction costs are expected to be 20% greater than the national average.

(6) Signage. You will need to purchase outdoor signage for your Center. We will provide you with the specifications for your signs, which will be built to conform to our requirements, as well as those of your lease and local authorities.

(7) Furniture, Fixtures and Equipment (including Computer System). Among the items in this category you will need to purchase storefront (activity space) furniture, retro props, and kitchen equipment. Internet connection service may cost approximately $125 to $225 per month. Additionally, if landline phone lines are required, they may cost approximately $50 to $75 per landline phone line, per month. The estimated equipment cost includes costs for the "Computer System" that we currently require-which includes communications equipment and computer hardware. For detailed information regarding the Computer System, please refer to Item 11.

(8) Supplies. The estimates for this line item reflect the costs of various office supplies and storefront activity supplies you will need in connection with the operation of the Town Square Franchised Business for the initial operations.

(9) Grand Opening and Initial Advertising. We strongly recommend that you conduct advertising, marketing, and promotional campaigns just prior to opening your Town Square Franchised Business and during the first few months of operations. We can help you develop these grand opening and initial advertising plans and programs. We expect and strongly recommend that you spend $10,000 to $25,000 on grand opening and initial advertising.

(10) Business and Other Licenses. You may be required to obtain a business license or other state and local licenses before you can open the Town Square Franchised Business.

(11) Professional Fees. We believe that it is important for you to consult with your own accountant, attorney, risk management and/or business advisor before making any decision to enter into a Franchise Agreement with us. You should also use an attorney or other business advisor to review any lease or other agreements that you execute in connection with your Town Square Franchised Business or other independent business relationships. You will need an architect and engineer, that we shall designate, to design your Center, provide construction documents and submit your building permit.

(12) Insurance. This is an estimate of your initial insurance premium for required property and public liability insurance. Your costs will vary depending on your market, the amount of coverage you select, your insurance carrier and other factors. The cost of other coverage, including workers' compensation and other types of coverage cannot be estimated as they vary widely on a market- by-market basis. We set minimum insurance requirements for our Town Square Franchised Businesses, but we recommend that you seek the advice of an independent risk management professional and/or insurance broker to determine the additional coverage you should have in place for the business.

(13) Recruitment. This is an estimate for your recruitment of the employees of the Town Square Franchised Business. Depending on your state requirements and how you plan on operating the Center, you may need to hire the following positions: a Center Director (unless the Franchisee will fill that role, in which case this position would be responsible for general operations, marketing and enrollment), an Activities Director, a RN/LPN and direct care staff. You are solely responsible for all decisions regarding your employees, including hiring, firing, employment policies, compensation, and benefits.

(14) Additional Funds. This is an estimate only for the additional expenses you will incur before operations begin and during the initial 3 months after you open for business. We cannot guarantee that you will not have additional expenses starting the business. The estimate includes items such as initial payroll and payroll taxes (including payroll to cover the pre-opening training period for some of your Town Square Franchised Business staff), continuing service and royalty fees, Marketing Fund contributions, professional fees (including accounting and computer fees), fees for payroll, tax and employee services administrator, additional advertising, rent, repairs and maintenance, bank charges, IT fees, miscellaneous supplies and equipment, state tax and license fees, depreciation/amortization, and other miscellaneous items. The high range of the estimate also includes financing closing costs, construction monitoring and construction interim interest if you finance your construction through a bank or other lender. The amount of additional funds you may need will depend on various factors, including the prevailing wage rate, the salary and other benefits you choose to pay, your debt and expense structure, your management skill, experience and business acumen, local economic conditions, your state's licensing or accreditation requirements, if any, the length of time it takes to get the appropriate licenses, and the revenue you achieve during this initial period.

(15) Project Management Fee: You must retain the services of a designated third-party vendor for managing the site selection process and the build-out of your Center to meet the system design standards for the Franchised Business, including, but not limited to, architectural design, layout, furnishings, fixtures, equipment, and décor. We anticipate the vendor will require a non-recurring fee of $25,000, of which the first deposit is paid within three (3) days of signing the franchise agreement, as well as additional payments according to the vendor's schedule. Typically, these payments occur upon lease signing and general contractor award.

(16) Architecture Design. You must retain the services of a designated architect to design your Center based on the space that you select. We anticipate the architect will require a one-time, non-recurring Architecture Design Fee of between $25,000 - $50,000 depending on the complexity of the space.

(17) We have relied on data from the opening of our affiliate's TOWN SQUARE® Center in the Baltimore, Maryland area, as well as the experience of Glenner with its original Town Square® in Chula Vista, California, to compile these estimates. We have not operated a Town Square Center in highly urban areas. Centers located in major metropolitan areas and/or in highly unionized areas, such as New York City and Chicago, could see costs of approximately 20% higher than those in the table above. Inflation could also affect your costs. The estimated amount Low-High range for initial investment assumes a 75-member capacity Center, 7:1 program assistant to member ratio and five (5) staff members (staffing ratios vary based on state and payor requirements). Increasing the capacity of the Center will likely increase your initial investment requirements. We do not offer financing to franchisees either directly or indirectly in connection with their initial investment requirements.

All payments to us are non-refundable. None of the other estimated expenditures listed in the chart are refundable except to the extent that you can negotiate with vendors.

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

General

To ensure that the highest degree of quality and service is maintained, you must operate the Town Square Franchised Business in accordance with System Standards and the Franchise System. During the term of the Franchise Agreement:

- the Town Square Franchised Business will provide all adult care services, and other services and products that we specify from time to time;
- the Town Square Franchised Business will offer and sell approved services and products only in the manner we have prescribed;
- you will not offer for sale or sell at or from the Town Square Franchised Business or any other location any services or products we have not approved;
- you will discontinue selling and offering for sale any services or products that we at any time disapprove in writing. Without limiting the previous requirement, you must not provide any medical care or medical services, as determined by us and applicable local, state, and federal laws and regulations, without our prior approval.

Approved Products, Distributors and Suppliers

We have developed or may develop standards and specifications for types, models and brands of required Operating Assets [all required fixtures, furniture, equipment (including a required or recommended computer, and point-of-sale information system), furnishings, and signs are referred to as "**Operating Assets**" in this Disclosure Document], and other products. We will provide these standards to you in the Operations Manual or otherwise in writing. Our criteria for approving suppliers, however, is fluid (but which is, generally, the ability to satisfy our quality standards and controls) and is not provided to franchisees. We reserve the right from time to time to approve specifications or suppliers and distributors of the above products that meet our reasonable standards and requirements. If we do so, you must purchase only products meeting those specifications, and if we require it, only from distributors and other suppliers we have approved, including ourselves or our affiliates. We expect that we will notify you of approval or disapproval of suppliers, specifications, or products within 90 days of your written request for approval. At this time, except as described in this Item 8, we do not limit the suppliers from whom you may purchase approved products.

We may designate a single distributor or supplier (collectively, "**supplier**") for any product, service, equipment, supply, or material and may approve a supplier or distributor only as to certain

products. The designated supplier may be us or an affiliate of ours. Currently, other than the management of your Center build-out and the licensing of the XCITE adult day care operating software, as discussed below, neither we nor our affiliates are approved suppliers. Each Town Square Franchised Business must exclusively utilize the services of our designated third-party vendor to manage site selection and Center build-out. A portion of the amounts you will pay for Project Management as described in Item 7 will be paid to the third party for these management services including the Project Management Fee, described in Item 5. Each Town Square Franchised Business also must exclusively utilize the services of our designated architectural services provider for the design and other architectural services required to construct your Center.

Town Square and its affiliates may receive payments from suppliers on account of the suppliers' dealings with you and other franchisees and may use any amounts received without restriction and for any purpose we and our affiliates deem appropriate. As of the date of this Disclosure Document, we have not received any payments of this nature and do not presently have arrangements under which we will receive these types of payments in the future. If Town Square receives any such payments in the future, the range or precise level of any amounts may vary based on a variety of factors, including the volume of purchases by Town Square Franchised Businesses. Currently, Town Square intends to contribute any and all rebates, allowances, and other forms of compensation that we may receive to the Marketing Fund for brand enhancement purposes.

We may concentrate purchases with one or more suppliers or distributors to obtain lower prices or advantageous advertising support or services. Approval of a supplier or distributor may be conditioned on requirements concerning product quality, prices, consistency, reliability, financial capability, labor relations, customer relations, frequency of delivery, concentration of purchases, standards of service, including prompt attention to complaints, or other criteria and may be temporary, pending our continued evaluation of the supplier or distributor from time to time. Except as described in this Item 8, we do not provide any material benefits to you based on your use of designated or approved suppliers (such as new Territory).

We may negotiate purchase arrangements (including price terms) with certain suppliers of Approved Products. In doing so, we seek to promote the overall interests of our franchise system and our interests as the franchisor. As of the date of this Disclosure Document, we have negotiated only four (4) such purchase arrangements. Klik Solutions will be an approved vendor for IT equipment such as desktops, printers, support and maintenance, and email platform. Single Throw Marketing will be an approved vendor for website management and SEO services. Sagely will be an approved vendor for creating and sharing programming calendars. Activity Connection will be an approved vendor for ready-made activity resources.

We estimate that your purchases or leases from approved suppliers or in accordance with our specifications will represent approximately 40% to 60% of your total purchases in the establishment of the Franchised Business, and 70% to 90% of your total purchases in your continuing operation of the Franchised Business.

Computer System

You must obtain and use the computer hardware and/or operating software and/or communications capabilities we specify from time to time (the "**Computer System**"). We may modify

specifications for and components of the Computer System. Currently, each Town Square Franchised Business must exclusively utilize our XCITE adult day care operating software and shall enter into a license agreement the form of which is attached to the Franchise Agreement as Exhibit G.

Advertising

We will work with you to develop, on an annual basis, an advertising and marketing plan (the **Plan**") for you, your Town Square Franchised Business, and your Territory. You must comply with all requirements regarding the Plan, including use of approved advertising and marketing materials, placement and purchase of advertising and marketing materials and media, and compliance with all promotional recommendations. In addition to your Marketing Fund contribution obligations, you must spend each month, beginning at least 90 days after you commence operations, the greater of $1,000 per month or 2% of your Gross Sales to advertise and promote your Town Square Franchised Business in accordance with your Plan. Your local advertising and promotion must follow our guidelines, which may include, among other things, requirements for, or restrictions regarding, the use of the Marks and notices of our Website's domain name in the manner we designate. We may specify third parties that you must use for the design and development of your local advertising. However, you will be required to pay those third parties directly without any offset to your local expenditure requirements.

For all proposed advertising, marketing, and promotional plans, you must submit samples of plans and materials to us for our review and prior written approval (except concerning prices that you may charge). If written approval is not received by you from us within ten days of the date of receipt by us of the samples or materials, the samples or materials will be deemed to have been disapproved.

Insurance

You must maintain in force at your sole expense comprehensive public liability coverage, general liability insurance, personal injury coverage and motor vehicle liability insurance against claims for bodily and personal injury, death and property damage caused by or occurring in connection with the Town Square Franchised Business's operation, all containing the minimum liability coverage we prescribe from time to time. The current requirements for insurance policies and coverage include: (1) comprehensive general liability insurance with limits of at least $1 million per occurrence and $3 million aggregate; (2) workers' compensation and employer's liability insurance as well as other insurance that may be required by statute or rule of the state in which the Town Square Franchised Business is located and operated; (3) personal injury coverage with limits of at least $1 million per occurrence and $1 million aggregate; (4) property damage coverage with limits of at least $2 million per occurrence and $2 million aggregate; (5) professional liability coverage with limits of at least $1 million each incident and $3 million aggregate; (6) employment practices liability insurance with limits of at least $500,000 per occurrence and $500,000 aggregate; and (7) automobile liability insurance, and property damage liability, including owned, non-owned, and hired vehicle coverage, with at least $1 million general aggregate limit. You also must obtain and maintain a fidelity bond in an amount at least equal to the greater of (i) the amount required by applicable state and local laws and regulations or (ii) the amount specified in the Operations Manual. We may periodically increase the amounts of coverage required under these

insurance policies and/or require different or additional insurance coverage (including reasonable excess liability insurance) at any time to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards or other relevant changes in circumstances. These insurance policies must name us and any affiliates we designate as additional named insured and provide for 30 days' prior written notice to us of a policy's material modification, cancellation, or expiration. You routinely must furnish us copies of your Certificates of Insurance or other evidence of your maintaining this insurance coverage and paying premiums. If you fail or refuse to obtain and maintain the insurance we specify, in addition to our other remedies, we may (but need not) obtain comparable insurance for you and the Town Square Franchised Business on your behalf, in which event you shall cooperate with us and reimburse us for all premiums, costs and expenses we incur in obtaining and maintaining the insurance, plus a reasonable fee for our time incurred in obtaining the insurance.

Payroll and Payroll Tax Providers

You are required by federal and state laws to comply with certain employment laws and employee payroll and tax requirements and to pay employment taxes on behalf of your employees. You may also offer various employee benefits (but we do not require that you do), such as health, dental and/or vision insurance, a 401(k) plan, or other benefits. All employment, hiring, firing, compensation, and benefits decisions and actions are your sole responsibility. To provide consistent reporting of payroll and employee information, along with providing benefits administration and other human resource functions, and to assist you in your payroll and payroll tax obligations, we require that all new franchisees retain and utilize an approved third-party payroll, tax and employee services administrator. We will strongly encourage and recommend that all existing franchisees utilize the designated payroll and benefits administrator. The fees for these services will be electronically debited from your bank account by and paid to a third-party vendor. Franchisees are not allowed to be vendors or suppliers.

None of our officers has an interest in any companies that are vendors or suppliers to our franchisees.

Except as described above in this Item, neither we nor any affiliate of ours will derive (nor have we or any affiliate of ours derived) revenue because of your purchases or leases in accordance with our specifications or standards or from approved suppliers. We derived no revenue from franchisee required purchases or leases during 2023. We provide no material benefits to franchisees based on their use of approved suppliers.

We may operate and change the Franchise System in any manner that is not expressly or specifically prohibited by the Franchise Agreement. Because complete and detailed uniformity under many varying conditions may not be possible or practical, we specifically reserve the right and privilege, as we consider to be best, to vary System Standards for any franchisee or any franchised Town Square Franchised Business based upon the peculiarities of any condition that we consider important to that franchisees' or Town Square Franchised Business's operation. Periodically, we may modify System Standards, and to the extent the changes to the System Standards will apply, generally, to franchisees and offices operating under the System, these modifications may obligate you to invest additional capital in the Town Square Franchised Business and/or incur higher operating costs. You must implement any changes in the System

Standards within a period we request, whether they involve refurbishing or remodeling the Center or any aspect of the Town Square Franchised Business, buying new operating assets, adding new services offered by the Town Square Franchised Business, or otherwise modifying the nature of your operations.

ITEM 9
FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the Franchise Agreement. It will help you find more detailed information about your obligations in these agreements and in other items of this disclosure document.

Obligation	Section in Agreement(s)	Disclosure Document Item(s)
a. Site selection and acquisition/lease	Section 2.1	8 & 11
b. Pre-opening purchases/leases	Sections 2.2 and 2.4	5, 7, 8 & 11
c. Site development and other pre-opening requirements	Sections 2.2 and 2.6, and Exhibit F	8 & 11
d. Initial and ongoing training	Sections 4.1 and 4.2	11
e. Opening	Section 2.5	11
f. Fees	Sections 3, 9.2, 12.3, and 12.8	5 & 6
g. Compliance with standards and policies/Operating Manual	Sections 4.4, 5.2, and 8	8, 11 & 14
h. Trademarks and proprietary information	Sections 5 and 15.2	13 & 14
i. Restrictions on products/services offered	Sections 8.2 and 8.3	5, 8 & 16
j. Warranty and customer service requirements	Section 8.4	16
k. Territorial development	Not applicable	Not applicable
l. Ongoing product/service purchases	Sections 2.4, 8.3, and 8.4	8
m. Maintenance, appearance and remodeling requirements	Sections 8.1, 8.9 and 13.2	8

Obligation	Section in Agreement(s)	Disclosure Document Item(s)
n. Insurance	Sections 2.5, 8.4, and 8.6	7 & 8
o. Advertising	Section 9	6, 8 & 11
p. Indemnification	Sections 5.5, 11.2, 16.4, and 17.3	Not applicable
q. Owner's participation/ management/staffing	Section 8.5	15
r. Records/reports	Sections 3.2 and 10	6
s. Inspection/audits	Section 11	6 & 11
t. Transfer	Section 12	17
u. Renewal	Section 13	17
v. Post-termination obligations	Section 15	17
w. Non-competition covenants	Sections 7 and 15.3	17
x. Dispute resolution	Section 17	17
y. Taxes/permits	Sections 2.2, 2.5, and 16.3	1
z. Other (personal guaranty)	Section 1.8(5) of the Franchise Agreement	15

ITEM 10
FINANCING

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

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

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

Pre-Opening Obligations

We are required by the Franchise Agreement to provide certain assistance and service to you. Before you open your Town Square Franchised Business:

(1) We will give you mandatory and suggested specifications and layouts for your Center, including recommended size and design and required or recommended fixtures, equipment, and signs. (Franchise Agreement, Section 2.2). Considerations for the design include, but are not limited to, layout and flow of your Center - elimination of dead ends or blind spot

areas where members could get lost, color pallet for interior of activity areas to be warm and inviting and avoidance of colors that agitate members, graphics and patterns that are amenable to members and overall space designed to be soothing and comfortable to members.

(2) The designated third-party project management vendor will manage the build-out of your Center to meet the system design standards for the Franchised Business, including, but not limited to, architectural design, layout, furnishings, fixtures, equipment, and décor. (Franchise Agreement, Exhibit F, Project Management Agreement);

(3) We will conduct an initial training program. For more details on training, please refer to the "Training" subheading below. (Franchise Agreement, Section 4.1); and

(4) During the Initial Term, we will loan you one copy of the Operations Manual, which could include audiotapes, videotapes, compact disks, computer software, other electronic media, information distributed electronically or via the Internet or our extranet (if one is developed) and/or written materials. (Franchise Agreement, Section 4.4).

We are not required by the Franchise Agreement to provide any other service or assistance to you before the opening of your Town Square Franchised Business.

Continuing Obligations

We are required by the Franchise Agreement to provide certain assistance and service to you. During the operation of your Town Square Franchised Business:

(1) We or our affiliates may retain a third-party provider, or an Applications Service Provider (or ASP) to provide some or all the service and support for your benefit or the benefit of Town Square Franchised Businesses, and we may pay a service or ASP hosting fee. (Franchise Agreement, Section 2.4).

(2) We will, at our own cost, within six (6) months of your opening, send one of our representatives to the Town Square Franchised Business for a period of up to 2 days to assist with operations of the Town Square Franchised Business. (Franchise Agreement, Section 4.1).

(3) We will advise you from time to time regarding the Town Square Franchised Business's operation based on your reports to us and/or our direct or indirect observations, and we will provide guidance to you concerning: (1) standards, specifications, and operating procedures and methods that Town Square Franchised Businesses use; (2) advertising and marketing materials and programs; (3) employee training and recruiting programs; and (4) administrative, bookkeeping, and accounting procedures. (Franchise Agreement, Section 4.3).

(4) We will help you through mandatory standards and suggested operations procedures in our Operations Manual. (Franchise Agreement, Section 4.4).

(5) We may periodically set a maximum price that you may charge for a service or product. If we impose such a maximum price for any product or service, you may charge any price for the product or service up to and including the maximum price we impose. (Franchise Agreement, Section 8.7).

(6) We will administer the Marketing Fund under the Franchise Agreement. (Franchise Agreement, Section 9.2).

(7) We will work with you to develop an advertising and marketing plan for you, your Town Square Franchised Business, and your Territory. (Franchise Agreement, Section 9.3).

Site Selection

You must operate the Town Square Franchised Business from an approved Center. Your Center must contain signage. You must obtain our written approval of the Town Square Franchised Business's proposed Center location before signing any lease, sublease, or other document for the site.

We will provide you with certain recommended or required specifications for your Center. If we have completed any research on the market area that you are considering, we will provide you with it for information and background purposes only. You should verify all information provided.

We will use good faith efforts to assist you in securing a site for your Center, including evaluating potential Center sites, and other assistance that you request or we offer. The Franchise Agreement will include a DMA (Designated Market Area) within which you may look for a potential Center site.

We will use reasonable efforts to approve or disapprove the proposed site within 30 days after your request for our approval. Upon our approval of a Center site, and after you secure the site, we will insert its address into the Franchise Agreement, and it will be the Center. You may operate the Town Square Franchised Business only from the Center. If you do not begin operating your Town Square Franchised Business from an approved Center within 24 months of signing the Franchise Agreement, we may terminate your Franchise Agreement.

If you desire to move or relocate your Center, you must provide us a written request for relocation and a detailed reason for relocation. You must receive our prior written approval before you can relocate. Any proposed move must be within your Territory, and a relocation will be subject to the same criteria, conditions, and procedures as we have established (and may in the future modify) for the initial approval of the Center.

If we recommend or give you information regarding the Territory, or a site for the Center, and if we approve a Center site, our advice, action, or information is not a representation or warranty of any kind, express or implied, of the site's suitability for a Town Square Franchised Business or any other purpose. Our recommendation indicates only that we believe that the site meets our then acceptable criteria. Applying criteria that have appeared effective with other sites and premises might not accurately reflect the potential for all sites and premises, and demographic and/or other factors included in or excluded from our criteria could change, altering the potential of a site. The uncertainty and instability of these criteria are beyond our control, and we are not responsible if a

site we recommend or approve fails to meet your expectations. Your acceptance of the Franchise should be based on your own independent investigation of the Territory and the site. Our site-selection assistance is primarily for our benefit and not for your benefit.

The typical time from signing the Franchise Agreement and opening the Town Square Franchised Business is approximately 11 to 24 months depending on the ability to obtain a lease, zoning and local ordinances, government closures due to COVID-19 or similar pandemics, and/or other factors. If you are not able to find a site that we approve and sign a lease within 120 days from signing the Franchise Agreement and/or you are not able to open the Franchised Business within the required 24 months from signing the Franchise Agreement, we may terminate the Franchise Agreement and the initial franchise fee will not be refunded.

Training

We will provide an initial training program for up to two attendees, which we expect will be you (or your Operating Principal) and your Center Director (if any). (Note: You may elect to bring additional team members as space allows.) The initial training program will be approximately twelve (12) hours for the owner to attend within 30 - 60 days after signing the Franchise Agreement, with an additional five (5) days of Center management training (30 - 60 days prior to opening) dedicated to the Operating Principal and Center Director role. The training will take place at our home office or any other location we designate, including online instruction. You must pay for all travel and living expenses that you (or your operating principal) and all your team members incur, in addition to wages and workers' compensation insurance while they are training.

Any time you replace your Center Director or Operating Principal (if applicable and if any), they must satisfactorily complete our initial training program within 90 days after being designated as Center Director or Operating Principal.

You (or your Operating Principal), and the initial Center Director (if any) must successfully complete initial training to our satisfaction. If you (or your Operating Principal) or your initial Center Director fail to complete the initial training to our satisfaction, then you may repeat the course or send a substitute to complete the next available training program. We reserve the right to charge you for substitute personnel that attend the next training program.

All management personnel, including the Operating Principal and Center Director(s), and any other personnel that we designate, must receive our certification, before managing the Town Square Franchised Business or training other personnel. We may, at any time during the term of the Franchise Agreement, decertify any previously certified personnel if we learn or determine that a person is regarded as no longer complying with our standards and procedures. Any person that has been decertified must satisfactorily complete a training or re-training program to receive our certification. We reserve the right to charge for training personnel that have been decertified.

In addition, all management personnel, and other personnel working at the Town Square Franchised Business must satisfactorily complete all state and local government required training and must meet all required licensing requirements.

If you request, and we agree to provide, additional or special guidance, assistance, or training during this opening phase, you must pay our then applicable charges, including our personnel per diem charges and travel and living expenses.

The following chart outlines a sample initial training program, subject to change:

TRAINING PROGRAM

Subject	Hours of Training	Hours of On-The-Job Training	Location
Pre-and Post-Initial Training			
Pre-Project Management Coaching	16	Not applicable	Remote Training
Pre-Opening Tasks	20.0	Not applicable	Remote Training
Competitive Analysis and Pricing	2.0	Not applicable	Remote Training
Advertising	2.0	Not applicable	Remote Training
State Licensing Application/Requirements	10.0		Remote Training
Accounting/Budget	3.0	Not applicable	Remote Training
Site Development	2.0	Not applicable	Remote Training
Post Training-Opening Procedures	20.0	Not applicable	Remote Training
Equipment and Supplies	5.0	Not Applicable	Remote Training
New Owner Training			
Introduction	1.0	On Going	Perry Hall, MD or Remote
FranConnect	1.0	On Going	Perry Hall, MD or Remote
Standards (Systems, Brand)	1.0	On Going	Perry Hall, MD or Remote
Vendors	1.0	On Going	Perry Hall, MD or Remote
Pre-Opening Sales & Marketing	1.0	On Going	Perry Hall, MD or Remote
Pro-forma & Budgeting	1.0	On Going	Perry Hall, MD or Remote
Validation	1.0	On Going	Perry Hall, MD or Remote
Real Estate Site Selection & Lease Negotiation	2.0	On Going	Perry Hall, MD or Remote
Construction timeline, overview, and brand requirements	3.0	On Going	Perry Hall, MD or Remote

Center Management Training Program

We will provide your Operating Principal and Center Director with approximately five days of instruction in the day-to-day management and operation of a Town Square Franchised Business. This training will be conducted through online training, conference calls, and at our corporate headquarters. Before your grand opening, your Operating Principal and Center Director must complete the Center Management training.

Subject	Hours of Training	Hours On The Job Training	Location
PRE-WORK			
TOWN SQUARE® Philosophy, Design, and Storefront overview	1	On Going	Remote
Organization Chart/Onboarding/HR	1	On Going	Remote
Center Communication	0.5	On Going	Remote
Vendors	0.25	On Going	Remote
Emergency Preparedness	1	On Going	Remote
XCITE! Basics	1	On Going	Remote
Town Square Sales Messaging and Solutions	0.75	On Going	Remote
Social Media Best Practices	0.75	On Going	Remote
Understanding Our Sales Cycle	0.75	On Going	Remote
Health Unit Overview	1	On Going	Remote
Programming Overview	1	On Going	Remote
Food Safety Practices	0.75	On Going	Remote
DAY 1			
Review of General Orientation	1.5	On Going	Perry Hall, MD
Emergency Drill with Individual Roles	0.75	On Going	Perry Hall, MD
Member Pick up with Individual Roles	0.5	On Going	Perry Hall, MD
XCITE! Hands on Training	1	On Going	Perry Hall, MD
Role Shadow with Center Leadership	1.75	On Going	Perry Hall, MD
DAY 2			
Sales and Marketing Topic Review	0.75	Ongoing	Perry Hall, MD
Key Performance Indicators Activity	0.75	Ongoing	Perry Hall, MD
Center Tour, Enrollment Process and coaching	3.25	Ongoing	Perry Hall, MD
XCITE! Hands on Training	1		
Role Shadow with Center Leadership	1.75	Ongoing	Perry Hall, MD
DAY 3			
Review of Programming Topics	0.75	On Going	Perry Hall, MD

Subject	Hours of Training	Hours On The Job Training	Location
Lesson Planning and demonstration	1.5	On Going	Perry Hall, MD
Review of Food Safety	0.75	On Going	Perry Hall, MD
Servery Tour and Food Service Exercise	1	On Going	Perry Hall, MD
Role Shadow with Center Leadership	3	On Going	Perry Hall, MD
Sagely Software Hand on Training	1	On Going	Perry Hall, MD
DAY 4			
Review of Health Unit Topics	0.5	On Going	Perry Hall, MD
Care Scenarios exercise	0.5	On Going	Perry Hall, MD

Additional Training

Subject	Hours Of Training	Hours On The Job Training	Location
CPR and ServSafe			
American Red Cross Adult CPR/First Aid/ AED (Offered at a discount due to in house trainer) Estimated Cost Savings ($65 per person)	4.5	Recertification required every 2 years	Town Square Franchise Location
ServSafe Food Manager (Offered at a discount due to in house trainer) Estimated Cost Savings ($152 per person)	8	Recertification required every 5 years	Town Square Franchise Location
ServSafe Food Handler	2.5	Recertification required every 5 years	Town Square Franchise Location

Our training program is conducted under the supervision of Lynsey R. Geraghty, who has over 10 years' experience working with seniors in the Assisted Living and Adult Day Care Operations management and has been working with us since May 2021.

We have developed an Operations Manual, the Table of Contents of which appears at Exhibit G to this Disclosure Document. Likewise, we will continue to develop and update the training curriculum described above and materials used in that training curriculum. These materials will reflect the Town Square System for the purpose of training franchisees in the operation of a Town Square Franchised Business.

You (or your Operating Principal), and/or other previously trained and experienced Center Directors and employees, must attend and complete satisfactorily various training courses that we periodically choose to provide at the times and locations that we designate, as well as periodic conventions, regional meetings, and conferences that we specify. If attendance at these conventions, conferences and meetings is required, we reserve the right to charge you the registration fee and other fees, including a non-attendance fee in an amount we designate, even if you or the required attendee does not attend. In addition, you must pay all travel and lodging costs to attend.

Your replacement Center Director and Operating Principal (if applicable and if any) must satisfactorily complete our initial training program within 90 days after being designated as Center Director or Operating Principal. You must pay all travel and living expenses which you and your employees incur during all training courses and programs.

Any specific ongoing training or advice we provide does not create an obligation (whether by course of dealing or otherwise) to continue to provide such specific training or advice, all of which we may discontinue and modify from time to time.

The instructional materials for our training program include the Manual.

Marketing

The Marketing Fund

The image of Town Square, the Marks, and Town Square Franchised Businesses held by the public in general, by clients, and by Town Square managers and employees, is important to the System and the Marks. We have established a Marketing Fund (the "**Marketing Fund**") for the enhancement and protection of the Town Square® brand and Marks, and for the advertising, marketing, and public relations programs and materials as we deem appropriate.

We will have sole discretion to use the Marketing Fund, and monies in the Marketing Fund, for any purpose that we designate that we believe will enhance and protect the Town Square® brand and Marks, will improve and increase public recognition and perception of the Town Square® brand and Marks and Town Square Franchised Businesses, and will improve and enhance the perception of Town Square held by franchisees, managers, and other employees of Town Square Franchised Businesses. Among the programs, concepts, and expenditures for which we may utilize the Marketing Fund monies are: compensation of Marketing Staff, creative development and production of print ads, commercials, radio spots, direct mail pieces, door hangers, and other advertising and promotional materials; creative development of, and preparing, producing, and placing video, audio, and written materials and electronic media; media placement and buying, including all associated expenses and fees; administering regional and multi-regional marketing and advertising programs; market research and customer satisfaction surveys, including the use of "secret 'shoppers' or clients;" lead generating services or vendors; the creative development of, and actual production associated with, promotions, public relation events, and charitable or nonprofit events; creative development of signage and posters; employee recognition and awards events and programs; periodic national and regional conventions and meetings; website, Online-site, extranet and/or intranet development, implementation, and maintenance; retention and payment of advertising and promotional agencies and other outside advisors including retainer and management fees; and public relations and community involvement activities and programs. We will direct all programs that the Marketing Fund finances, with sole control over the creative concepts, materials, and endorsements used and their geographic, market, and media placement and allocation.

Currently, you must contribute to the Marketing Fund an amount equal to 1% of your Gross Sales, payable in the same manner as the Royalty. We are not required to contribute to the Marketing Fund for Town Square Franchised Businesses that are owned by us or our affiliates.

In 2023, the Marketing Fund spent 22% of its funds on production, 0% on media placement, 7% on a public relations program, 71% on Internet marketing programs, and 0% on administrative expenses and reserves for future marketing programs.

We have the right to collect for deposit into the Marketing Fund any advertising, marketing, or similar allowances paid to us by suppliers who deal with Town Square Franchised Businesses and with whom we have agreed that we will so deposit these allowances. These payments are different from those which are not designated by suppliers to be used exclusively for advertising or similar purposes. Therefore, we and our affiliates may use these monies for any purposes that we and they deem appropriate.

The Marketing Fund periodically will provide you with samples of advertising, marketing, and promotional formats and materials at no cost. We may sell you multiple copies of these materials at our direct cost of producing them, plus any related shipping, handling, and storage charges.

We will account for the Marketing Fund separately from our other funds and monies and not use the Marketing Fund for any of our general operating expenses. However, we may use the Marketing Fund to pay administrative costs of the Marketing Fund including managing the advertising, marketing, and promotional programs and payment of outside suppliers utilized by the Marketing Fund, and we may use the Marketing Fund to pay the reasonable salaries and benefits of personnel (including our personnel and personnel of our affiliates) who manage and administer the Marketing Fund. We may use the Marketing Fund to pay for other administrative costs, travel expenses of personnel while they are on Marketing Fund business, meeting costs, overhead concerning Marketing Fund business, and other expenses that we incur in activities reasonably related to administering or directing the Marketing Fund and its programs.

Although the Marketing Fund is not a trust, we will hold all Marketing Fund contributions for the benefit of the Franchise System, the Town Square® brand, and the contributors, and use contributions only for the purposes described in this Item 11 and Section 9.2 of the Franchise Agreement. We do not owe any fiduciary obligation to you for administering the Marketing Fund or any other reason. The Marketing Fund may spend in any fiscal year more or less than the total Marketing Fund contributions in that year, borrow from us or others (paying reasonable interest) to cover deficits, or invest any surplus for future use. Any deficits shall be an expense of ours and will be treated as such from an accounting perspective. We will use all interest earned on Marketing Fund contributions to pay costs before using the Marketing Fund's other assets.

We may prepare an annual, unaudited statement of Marketing Fund collections and expenses. If prepared, the statement will be available for your review upon written request, 90 days after our fiscal year. We may have the Marketing Fund audited annually, at the Marketing Fund's expense, by an independent certified public accountant. We may incorporate the Marketing Fund or operate it through a separate entity whenever we deem appropriate. The successor entity will have all of the rights and duties specified in this Item 11 and Section 9.2 of the Franchise Agreement.

We intend the Marketing Fund to enhance public, franchisee, and employee recognition of the Town Square® brand, Marks, and Town Square Franchised Businesses. Although we may use the Marketing Fund, or portions of the monies in the Marketing Fund, to create, develop, use and/or place advertising and promotional marketing materials and programs, and we may try to engage

in brand enhancement activities that will benefit all Town Square Franchised Businesses, we cannot and do not ensure that Marketing Fund expenditures will be made in or affecting any geographic area, or will be proportionate or equivalent to Marketing Fund contributions by Town Square Franchised Businesses operating in that geographic area. We do not guarantee or assure that any Town Square Franchised Business will benefit directly or in proportion to its Marketing Fund contribution from the brand enhancement activities of the Marketing Fund or the development of advertising and marketing materials or the placement of advertising and marketing.

We have the right, but not the obligation, to use collection agents and institute legal proceedings to collect Marketing Fund contributions at the Marketing Fund's expense. We also may forgive, waive, settle, and compromise all claims by or against the Marketing Fund. Except as expressly provided in this Section, we assume no direct or indirect liability or obligation to you for collecting amounts due to, maintaining, directing, or administering the Marketing Fund.

If we terminate the Marketing Fund, we will use all unspent monies for the remaining activities of the Marketing Fund and any related administrative costs until all monies have been exhausted.

Local Advertising and Promotion

We will work with you to develop, on an annual basis, an advertising and marketing plan (the **Plan**") for you, your Town Square Franchised Business, and your Territory. You must comply with all requirements regarding the Plan, including use of approved advertising and marketing materials, placement and purchase of advertising and marketing materials and media, and compliance with all promotional recommendations. In addition to your Marketing Fund contribution obligations described above, beginning ninety days after you commence operations, you must spend the greater of $1,000 per month or 2.0% of Gross Sales per month to advertise and promote your Franchised Business in accordance with your Plan. This advertising and promotion include such items as advertising, brochures, promotional items, printing, and copying services. In addition, we will assess your advertising and promotion expenditures over a six-month period to see if you did spend the greater of $1,000 per month or 2.0% of Gross Sales per month. You must send us, in the manner we prescribe, an accounting of your expenditures for local advertising and promotion at such times, and for such reporting periods, as we may specify from time to time. We reserve the right to collect the required local advertising and marketing expenditures from you and to spend such amounts to implement the Plan for you. If you fail to spend the required minimum amount, then any amounts that you should have expended to reach the greater of $1,000 per month or 2.0% of Gross Sales per month requirement must be contributed to the Marketing Fund at such times as we specify.

We reserve the right to establish or designate specialized, regional, or special-focused advertising, marketing, or media campaigns ("**Special Campaigns**") that may or may not involve you and/or other Town Square Franchised Businesses. If we establish or designate a Special Campaign that is or will be applicable to you, you must participate in that campaign and contribute to the costs of the Special Campaign in the amounts and in the manner that we specify. Any amounts that you spend or contribute to or for the Special Campaign will be credited toward your requirement to spend the greater of $1,000 per month or 2.0% of Gross Sales per month required expenditure noted above.

Your local advertising and promotion must follow our guidelines, which may include, among other things, requirements for, or restrictions regarding, the use of the Marks and notices of our Website's domain name in the manner we designate. You may not develop, maintain, or authorize, without our prior written approval, any Website that mentions or describes you or the Town Square Franchised Business or displays any of the Marks. You agree that your advertising, promotion, and marketing will be completely clear, factual, and not misleading and conform to both the highest standards of ethical advertising and marketing and the advertising and marketing policies that we prescribe from time to time. We may specify third parties that you must use for the design and development of your local advertising; however, you will be required to pay those third parties directly without any offset to your required local expenditure requirements.

Advertising Cooperatives

We encourage franchisees to develop and participate in informal advertising cooperatives and collective advertising and marketing programs in their respective market areas. Pursuant to Section 9.3 of the Franchise Agreement, we may require you to participate with other Town Square Franchised Businesses in joint, collective, or market-wide advertising, marketing, or promotional campaigns or programs as part of your Plan, and to pay your share of that joint, collective, or market-wide advertising or program. If you are required to participate in an advertising cooperative, you will not be required to contribute more than your required monthly advertising spend of $1,000 or 2.0% of Gross Sales and such amounts will be credited toward your required monthly advertising spend.

Online Sites

In furtherance of our policies regarding Online Sites and the presence of the "Town Square" brand on the Internet, we have the right to establish, maintain, and modify one or more Online Sites that identify the "Town Square" brand, System, and businesses that operate under the Marks. We will establish webpages on one website that identify individual Town Square Franchised Businesses. Within this website, a microsite will specifically identify your Town Square Franchised Business. You will have the right to promote your Town Square Franchised Business using this webpage, and to utilize and modify this webpage, if you comply with our Online Site and Internet policies, and our other System Standards. Our current website is identified as "www.townsquare.net." Our current website strategy, which we have the right to change from time to time, includes utilizing our website and various webpages for lead generation purposes, press releases, brand marketing, promotion, and dissemination of other information related to the Town Square Franchised Businesses. Unless we have otherwise approved in writing, you agree to neither establish nor permit any other party to establish an Online Site relating in any manner whatsoever to the Town Square Franchised Business or referring to the Marks. We will have the right, but not the obligation, to provide one or more references or webpage(s), as we may periodically designate, within our Online Site. The term "**Online Site**" means one or more related documents, designs, pages, or other communications that can be accessed through electronic means, including, but not limited to, the Internet, World Wide Web, webpages, microsites, social networking sites (e.g., Facebook, Twitter, LinkedIn, You Tube, Google Plus, Pinterest, etc.), blogs, vlogs, applications to be installed on mobile devices (e.g., iPad or Droid apps), and other applications, etc.

E-Mail, Internet, and Other Media

You must comply with our requirements (as described in the Operations Manual or otherwise in writing) with respect to the transmission of all e-mails in connection with the Town Square Franchised Business, and in connection with discussing, advertising, or disseminating any information, or otherwise having a presence, on the Internet, or in any other media, regarding the Town Square Franchised Business. These activities include participation in any Internet "blogs" or social networking sites. Any similar activities which are not expressly permitted in the Operations Manual or otherwise in writing, or for which you have not previously received our approval, will be subject to our approval of advertising as described above.

Lead Generation and/or Call Center

We reserve the right to provide, and/or contract with a third-party to develop and operate, a call center or other sales inquiry/sales generating service, and/or to provide or contract with third parties, including Internet-based marketing companies, to provide, lead generation services to our network of Town Square Franchised Businesses. Charges and fees for a call center and/or lead generation services may include one- time set-up fees per business, monthly fees, and/or per-call or per-lead fees. We expect that the fees charged will be to reimburse us for costs associated with these services, and/or to pay third parties for these services. We may require you to use the call center or lead generation services, or we may only recommend that you do. If you participate and use the call center or lead generation services, you must comply with all rules, policies, and requirements specified by the provider and us regarding such services. We reserve the right to add to, modify, or eliminate approved, recommended, or required products, services, or suppliers at any time.

Computer Systems

You must obtain and use the computer hardware and/or operating software and/or communications capabilities we specify in our System Standards from time to time (the "**Computer System**"). We may modify specifications for and components of the Computer System. You must maintain a functioning e-mail address. Each Town Square Franchised Business must exclusively utilize our XCITE adult day care operating software and shall enter into a license agreement the form of which is attached to the Franchise Agreement as Exhibit G. (XCITE is our current operating system, but we may change it or modify our requirements in the future, and you must comply with those changes.) Within 60 days after you receive notice from us, you must obtain and install the Computer System components that we designate. You must obtain high-speed communications access, such as broadband or DSL, or other high-speed capacity that we may specify. Local regulations may require you to also acquire landline phone lines for Systems such as a fire panel. Our modification of specifications for the Computer System, and/or other technological developments or events, might require you to purchase, lease, and/or license new or modified computer hardware and/or software and/or communications capabilities and to obtain service and support for the Computer System. You must incur the costs of obtaining the computer hardware, software, and/or communications capabilities comprising the Computer System (or additions and modifications) and required service or support. The Computer System will be purchased from and supported by our vendor(s). We estimate the cost to purchase the Computer System to be approximately $1,200 to $1,600 for each computer, with the appropriate software and peripherals for the Computer System. You will likely need up to four computers and a tablet for your Town Square Franchised Business. Additionally, we estimate that network equipment and printers will

cost approximately $7,000 to $9,000 to purchase. We or our affiliates may retain a third-party provider, or an Applications Service Provider (or ASP) to provide some or all the service and support for your benefit or the benefit of Town Square Franchised Businesses, and we may pay a service or ASP hosting fee. We have no obligation to reimburse you for any Computer System costs that you incur. You must disclose to us any passwords or codes associated with the Computer System. (Section 2.4 of the Franchise Agreement)

We may independently access the Computer System as we deem appropriate (including on a continual basis) and retrieve all information concerning your Town Square Franchised Business's operation. There are no contractual limitations on our right to access your Computer System for information and data, however, we will only access your client's medical/health information when such access is applicable law. (Section 10 of the Franchise Agreement)

The Computer System is for use by you in connection with operational and management tasks of your Town Square Franchised Business. It allows us to receive information concerning your Franchised Business's sales, financial performance, and provides you with consolidated sales along with periodic sales histories and gathers information on sales by different categories.

During the first two years of operations, you are required to obtain service contracts to cover upgrades and updates, enhancements, and telephone support for any of the required software and hardware components of the Computer System. You are required to upgrade your software as necessary to ensure proper functioning of your system.

We, our affiliates, or vendors may condition any license of proprietary software to you, or your use of technology that we, our affiliates or vendors develop or maintain, on your signing a software license agreement or similar document that we, our affiliates, or vendors prescribe to regulate your use of, and our and your respective rights and responsibilities concerning, the software or technology. This software is used for managing client schedules and billing and coordinating caregiver schedules. We and our affiliates may charge you a monthly or other fee for any proprietary software or technology that we, our affiliates or vendors license to you and for other maintenance and support services that we, our affiliates or vendors provide. You must pay us a monthly IT Fee. The IT Fee is currently .75% of Gross Sales from the preceding month, with a minimum of $500 per month and maximum of $1,500 per month but is subject to change upon 30 days advance written notice. Currently, the IT Fee includes the cost of certain information technology related costs such as FranConnect access, online training, up to ten (10) email addresses and XCITE! Operating System.

Despite the fact that you must buy, use, and maintain the Computer System according to our standards and specifications, with the assistance from our vendors, you will have sole and complete responsibility for: (1) the acquisition, operation, maintenance, and upgrading of the Computer System; (2) the manner in which your Computer System interfaces with our and any third party's computer system; and (3) any and all consequences if the Computer System is not properly operated, maintained, and upgraded. You should be prepared to upgrade your computer hardware every three years due to improvements in the software, advances in technology, and memory requirements. There is no contractual limitation on the frequency and cost of this obligation. The cost to upgrade the hardware and maintain or upgrade the software depends on our future needs, as well as technological developments. We have no formal policy or requirement for upgrading

but we anticipate that you will need to upgrade your hardware and/or software every three to five years. Our estimate of possible maintenance costs is approximately $3,600 per year. You may not install any software, other than authorized upgrades, or make any hardware modifications to the Computer System that might hamper or interfere with the operation of the Computer System in the manner we require. (Section 2.4 of the Franchise Agreement) You are solely responsible for protecting yourself from disruptions, internet access failures, internet content failures, and attacks by hackers and other unauthorized intruders and you waive any and all claims you may have against us as the direct or indirect result of such disruptions, failures, or attacks, however, we will provide you with access to vendors who can assist you with many of these items.

Manuals

The table of contents of the Operations Manual is attached as Exhibit G. The total number of pages in the Operations Manual is 240.

Owners Advisory Council

We have not yet established a franchisee advisory council ("**Owners Advisory Council**"), advertising council or any other type of council that is comprised of Town Square franchisees or representatives of franchisees, but we may do so in the future for the purpose of fostering communications among franchisees and with us.

ITEM 12
TERRITORY

You must operate the Town Square Franchised Business from the Center location identified in your Franchise Agreement. You and we will identify a DMA within which you should locate a potential site for your Center. As discussed below, you will operate the Town Square Franchised Business within a "**Territory**." As noted in Item 11, you may only relocate your Center after receiving our prior written approval. There are no options, rights of first refusal, or similar rights to acquire additional franchises that are provided in our franchise agreement.

After the Center location for your Town Square Franchised Business is approved, we will designate a Territory and describe it in the Franchise Agreement. The Territory will also be drawn on a map and the map will be attached to the Franchise Agreement. A Territory will typically consist of a circular boundary drawn outwards from your Center which consists of approximately 25,000 seniors. Nonetheless, the exact size and scope of the Territory will be determined according to several factors including the population, demographics, competition, location of any existing Town Square Franchised Businesses in the area and site availability.

Territorial Rights

We will grant you a Territory with certain rights and territorial protection. We recommend that joint marketing efforts are deployed in areas where referral sources will refer to multiple Town Square Centers.

You will be permitted to own, operate, and manage a Town Square Franchised Business within that Territory. Except as described below under the subheading "Rights We Reserve Under the Franchise Agreement," We will not operate or grant a franchise for the operation of another Town Square Franchised Business or a similar business that operates under a different mark or trade name that has its center location within two miles of the border of your Territory, during the term of the Franchise Agreement. Neither we, nor any of our affiliates, operate, franchises, or has plans to operate or franchise a business under a different trademark that sells or will sell goods or services similar to those you will offer.

The Franchise Agreement will refer to a specific Territory. The Franchise Agreement does not grant you any options, rights of first refusal, or similar rights to acquire additional territories. If you desire to move or relocate your Center, you must provide us a written request for relocation and a detailed reason for relocation. You must receive our prior written approval before you can relocate. Any proposed move must be within your Territory, and a relocation will be subject to the same criteria, conditions, and procedures as we have established (and may in the future modify) for the initial approval of the Center.

Rights We Reserve Under the Franchise Agreement

As noted above, and as specified in the Franchise Agreement, we will not establish or license others to establish a Town Square Franchised Business that has its Center location within two miles of the border of the Territory during the term of the Franchise Agreement so long as you are following the Franchise Agreement. However, and despite those promises and obligations, we and our affiliates retain all rights with respect to Town Square Franchised Businesses, the System, the Marks, the sale of similar or dissimilar services, and any other activities we deem appropriate whenever and wherever we desire, including:

(1) the right to operate, and to grant others the right to operate, Town Square Franchised Businesses and similar businesses under different names or marks whose center location is located at least two miles outside the border of the Territory under any terms and conditions we deem appropriate;

(2) the right to establish and operate (and to grant to others the right to establish and operate) any other businesses offering products and services that are not the same as or similar to the products or services offered at Town Square Franchised Businesses, through similar or dissimilar channels of distribution, at any locations inside or outside the Territory under trademarks or service marks other than the Marks (including other trademarks or service marks owned by us and any of our affiliates) and on any terms and conditions we deem appropriate;

(3) the right to acquire the assets or ownership interests of one or more businesses that operates, and/or has granted franchises, licenses, or similar rights to one or more third parties to operate, businesses similar to and/or competing with Town Square Franchised Businesses, and/or the right to be acquired (whether through acquisition of assets, ownership interests or otherwise, regardless of the form of transaction), by a competing business, or by another business, even if such business operates, franchises and/or licenses competitive businesses in the Territory; provided, however, that if we or one of our affiliates acquire such a

competing business or chain, we or our affiliates will not establish or grant franchises or licenses to establish new or additional competing businesses under the Marks or the acquired chain's marks in your Territory. Any business operations of the same or similar business that existed or operated at the time of such acquisition or transaction will not constitute a breach of Section 1.2 of the Franchise Agreement;

(4) the right to create, place, and/or distribute any advertising and promotional materials related to the System, the Marks, Town Square Franchised Businesses, and the services and products offered, and authorize others to do so, and those materials may appear in media, including, without limitation, the Internet or similar electronic media, or be received by prospective customers located anywhere, including within the Territory;

(5) the right to sell the products and services authorized for your Town Square Franchised Business under other trademarks, service marks and commercial symbols through similar or dissimilar channels of distribution and under terms we deem appropriate outside the Territory;

(6) the right to advertise and sell the products and services authorized as associated with a Town Square Franchised Business under the Marks through dissimilar channels of distribution including, without limitation, by electronic means such as the Internet and websites we establish and under terms we deem appropriate within and outside the Territory; and

(7) the right to offer for sale products designed for senior citizens that are ancillary or related to the services and needs of senior citizens through our current websites or through other websites or through such dissimilar channels of distribution as we determine at our discretion within and outside your Territory.

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

While you will receive certain territorial rights and protections described above, you will not receive exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

As discussed above, you will look for a site in a DMA identified in the Franchise Agreement. You will not be granted any exclusive or protected territorial rights in that DMA while searching for a site. In addition, in connection with the offer to grant a "2-Pack" or a "3-Pack", as described in Item 5, we will not grant any exclusive or protected area in which you may search for locations for your second or third Center. We expect that you will search for sites within the same city, region, or DMA of your first Center, but you are not required to limit your search area to that DMA. Any other franchisee or prospective franchisee may search for sites in any area, including the DMA identified in your first Franchise Agreement, but not within the specific Territories granted to franchisees under existing franchise agreements.

ITEM 13
TRADEMARKS

We grant you the right to use certain Marks under the Franchise Agreement, either alone or in combination. We are the licensee of the Marks and we have the right to license the use of the Marks to you. The following Marks have been registered on the Principal Register of the U.S. Patent and Trademark Office ("**USPTO**"):

Service Mark and/or Trademark	**Class**	**Registration #/Serial #**	**Registration Date / Filing Date**
TOWN SQUARE®	43	Registration #: 5,362,862	Registration Date: December 26, 2017
TOWN SQUARE A GEORGE G. GLENNER ALZHEIMER'S FAMILY CENTER (design)	43	Registration #: 5,399,205	Registration Date: February 13, 2018
TOWN SQUARE ADULT ENRICHMENT CENTER	45	Registration #: 6,073,833	Registration Date: June 9, 2020
TOWN SQUARE ADULT DAY CENTER	43	Serial #: 97877756	Filing Date April 7, 2023
TOWN SQUARE ADULT DAY CARE	43	Serial #: 97877716	Filing Date: April 7, 2023

Former Franchisor does not have a federal registration for some of our principal trademarks (the last two marks listed in the table above). Therefore, these trademarks do not have many of the legal benefits and rights of a federally registered trademark. If our right to use one of these trademarks is challenged, you may have to change to an alternative trademark, which may increase your expenses.

Former Franchisor has timely filed, or intends to timely file, with the USPTO all required affidavits of use and an affidavit of incontestability, when due, for the above Marks and registrations. TOWN SQUARE® and TOWN SQUARE A GEORGE G. GLENNER ALZHEIMER'S FAMILY CENTER (design) was registered by Glenner, but subsequently assigned to Former Franchisor and is currently utilized by us. Except as indicated above, all of these marks specified above and on the cover, page have been registered on the Principal Register of the U.S. Patent and Trademark Office. If we are no longer actively conducting franchise sales of Town Square Franchised Businesses, as evidenced by failing to deliver to Glenner an annual Franchise Disclosure Document by May 31 of each year, then Glenner has the right to re-acquire the TOWN SQUARE marks from Former Franchisor. Nonetheless, any re-acquisition of the TOWN SQUARE marks by Glenner would not cancel your right to continue to use such marks pursuant to the Franchise Agreement.

Our right to use and license others to use the Marks is exercised under an intellectual property license agreement dated April 1, 2024 (the "**IP Agreement**") with Former Franchisor. Under the IP Agreement, we are granted the right to use and to permit others to use the Marks. The IP Agreement has a 10-year term ending on April 1, 2034, with 10-year renewal terms upon mutual written agreement. Also, the IP Agreement includes the right for Former Franchisor to terminate the IP Agreement upon 30 days prior written notice to us, with an opportunity to cure. If we were ever to lose our right to the Marks, due to termination, expiration, or non-renewal of the IP

Agreement, Former Franchisor may require us to assign all franchise agreements to Former Franchisor, an affiliate, or a third party. Accordingly, franchisees will maintain their rights to use the Marks in accordance with their franchise agreements, provided that the franchisee is not in material default.

Other than the IP Agreement and agreement with Glenner referenced above, there is no agreement in effect which significantly limits our rights to use or license Marks in any state in a manner material to the franchise. We are not aware of any other uses of names or marks like the Marks, or of infringing uses of the Marks that would materially affect your right to use the Marks. However, we are aware of one business that is not affiliated with us called "Town Square Adult Medical Day Care Center" that operates in Elizabeth, New Jersey (the "Elizabeth, New Jersey Business"). Its primary business appears to be offering services such as medical services, nursing services, dietary services, and therapeutic recreation, although it also appears to provide adult day care services. The Elizabeth, New Jersey Business may have been using the "Town Square" name or mark since 2012. If you are considering opening a Town Square Center in New Jersey or near the Elizabeth, New Jersey Business, we will address any potential conflict at that time, and may not permit you to open in close proximity to Elizabeth, New Jersey to reduce potential issues. We are not aware of any other users of the same or similar marks in other states.

Your right to use the Marks is derived only from the Franchise Agreement and limited to your operating the Town Square Franchised Business according to the Franchise Agreement and all System Standards we prescribe during its term.

You must notify us immediately of any apparent infringement or challenge to your use of any Mark, or of any person's claim of any rights in any Mark, and not to communicate with any person other than us, our attorneys, and your attorneys, regarding any infringement, challenge, or claim. We may take the action we deem appropriate (including no action) and control exclusively any litigation, USPTO proceeding, or other administrative proceeding resulting from any infringement, challenge, or claim or otherwise concerning any Mark. You must sign any documents and take any other reasonable action that, in the opinion of our attorneys, are necessary or advisable to protect and maintain our interests in any litigation or Patent and Trademark Office or other proceeding or otherwise to protect and maintain our interests in the Mark. We will reimburse you for the costs of taking any action that we have asked you to take.

If it becomes advisable at any time for us and/or you to modify or discontinue using any Mark and/or to use one or more additional or substitute trade or service marks, you must comply with our directions within a reasonable time after receiving notice. We need not reimburse you for your direct expenses of changing the Town Square Franchise Business's signs, for any loss of revenue due to any modified or discontinued Mark, or for your expenses of promoting a modified or substitute trademark or service mark.

We agree to reimburse you for all damages and expenses that you incur in any trademark infringement proceeding disputing your authorized use of any Marks under the Franchise Agreement if you have timely notified us of, and comply with our directions in responding to, the proceeding, and you have used the Mark(s) in compliance with our Agreement, Operations Manual, and other directives from us. At our option, we may defend and control the defense of any proceeding resulting from your use of any Mark under the Franchise Agreement.

There are no currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state, or any court, and no pending infringement, opposition, or cancellation proceeding, or any pending material litigation, involving the Marks.

ITEM 14
PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

Patents

No patents or pending patent applications are material to the Franchised Business or your operation of the Franchised Business.

Copyrights

We and Former Franchisor claim copyright protection covering various materials used in the business and the development and operation of Town Square Franchised Businesses, including advertising and promotional materials, the Operations Manual, and similar materials (discussed below). We have not registered these materials with the United States Registrar of Copyrights, but we are not required to do so. We may register any of these items or copyrightable materials in the future.

There are currently no effective determinations of the United States Copyright Office or any court, nor any pending litigation or other proceedings, regarding any copyrighted materials. We do not know of any superior prior rights or infringing uses that could materially affect your use of the copyrighted materials. No agreement requires us to protect or defend our copyrights or to indemnify you for any expenses or damages you incur in any judicial or administrative proceedings involving the copyrighted materials. No agreement requires you to notify us of claims by others of rights to, or infringements of, the copyrighted materials. If we require, you must immediately modify or discontinue using the copyrighted materials. Neither we nor our affiliates will have any obligation to reimburse you for any expenditure you make because of any discontinuance or modification.

All copyright in and to advertising and promotional materials developed by you or on your behalf will be our sole property, and you must sign those documents (and, if necessary, require your independent contractors to sign those documents) that may be deemed reasonably necessary by us to give effect to this requirement.

Confidential Information

We possess (and will continue to develop and acquire) certain confidential information, some of which constitutes trade secrets under applicable law (the "**Confidential Information**"), concerning developing and operating Town Square Franchised Businesses, including: site selection and territorial criteria; training and operations materials and manuals; methods, formats, specifications, standards, systems, procedures, sales and marketing techniques, knowledge, and experience used in developing and operating Town Square Franchised Businesses and providing adult day care services to clients; marketing and advertising programs for Town Square Franchised Businesses; employee recruitment, training, retention programs; knowledge of specifications for and suppliers of Operating Assets, and other products; any computer software or similar technology which is proprietary to us or the Franchise System, including, digital passwords and identifications and any source code of, and data, reports, and other printed materials generated by, the software or similar technology; knowledge of the operating results and financial performance of Town Square Franchised Businesses; and graphic designs and related intellectual property.

You will not acquire any interest in Confidential Information, other than the right to use it as we specify in operating the Town Square Franchised Business during the Franchise Agreement's term, and that Confidential Information is proprietary and is disclosed to you only on the condition that you: (1) will not use Confidential Information in any other business or capacity; (2) will keep each item deemed to be part of Confidential Information absolutely confidential, both during the Franchise Agreement's term and after the term for as long as the item is not generally known in the adult day care industry; (3) will not make unauthorized copies of any Confidential Information disclosed via electronic medium or in written or other tangible form; and (4) will adopt and implement reasonable procedures to prevent unauthorized use or disclosure of Confidential Information, including restricting its disclosure to Town Square Franchised Business personnel and others and using non-disclosure and non-competition agreements with those having access to Confidential Information.

We have the right to regulate the form of agreements that you use and to be a third-party beneficiary of those agreements with independent enforcement rights. You are obligated to maintain in your files those signed confidentiality agreements we specify and make them available to us upon request.

Confidential Information does not include information, knowledge, or know-how which you can demonstrate lawfully came to your attention before we provided it to you directly or indirectly; which, at the time we disclosed it to you, already had lawfully become generally known in the adult day care services industry through publication or communication by others (without violating an obligation to us); or which, after we disclose it to you, lawfully becomes generally known in adult day care services industry through publication or communication by others (without violating an obligation to us). However, if we include any matter in Confidential Information, anyone who claims that it is not Confidential Information must prove that one of the exclusions provided in this paragraph is fulfilled.

Confidential Manuals

We will loan you during the term of the Franchise Agreement one copy of the Operations Manual, which could include audiotapes, videotapes, compact disks, computer software, other electronic media, information distributed electronically or via the Internet or our extranet (if one is developed) and/or written materials.

You must keep your copy of the Operations Manual current and in a secure location at the Town Square Franchised Business. If there is a dispute over its contents, our master copy of the Operations Manual controls. The Operations Manual's contents are confidential, and you will not disclose the Operations Manual to any person other than Town Square Franchised Business employees who need to know its contents. You may not at any time copy, duplicate, record, or otherwise reproduce any part of the Operations Manual. If your copy of the Operations Manual is lost, destroyed, or significantly damaged, you must obtain a replacement copy from us. We may assess you our then applicable printing or copying charge. This charge is for our direct costs and is not related to any value that we place on Confidential Information.

At our option, we may post some or all the Operations Manual on a restricted Online Site or extranet to which you will have access. If we do so, you must monitor and access the Online Site for any updates to the Operations Manual or System Standards. Any passwords or other digital identifications necessary to access the Operations Manual on an Online Site will be deemed to be part of Confidential Information.

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

You or your Operating Principal must manage and provide general oversight of the Town Square Franchised Business on a full-time basis. The Director will be charged with responsibility for direct supervision of the Town Square Franchised Business. The Director, may be you, your Operating Principal, or another person that you designate, if we approve the person to serve in that role and he or she satisfies our training requirements. Your failure to have the Town Square Franchised Business managed on a full-time basis by you or your Operating Principal is a default for which we may terminate the Franchise Agreement if the default persists for 30 days after notice from us.

You must keep us informed at all times of the identity of any supervisory employee(s) or persons acting as Directors.

If you (or if you are an entity, your Operating Principal) own or control more than one Town Square Franchised Business, each Town Square Franchised Business must be under the direct on-premises supervision of you or your Operating Principal, or Director, who has completed our training programs and we have certified.

The Operating Principal will be the person with whom we will communicate on all major policy, financial, management and operation matters, and the only person from your entity that we will recognize as having authority to communicate for your entity. You may not change the Operating Principal without our prior written consent. We may require that you and/or one or more owners

in your entity sign a guarantee and assumption of obligations. We require that all owners, except those that hold a small ownership interest in the franchises (10% or less), must sign the guaranty.

You (or your Operating Principal and Director) must successfully complete initial training to our satisfaction. If you (or your Operating Principal and Director) fail to complete the initial training to our satisfaction, then you may repeat the course or send a substitute to complete the next available training program. We reserve the right to charge you for substitute personnel that attend the next training program. Additionally, if we determine that you (or your Operating Principal) cannot complete initial training to our satisfaction, we have the right to terminate this Agreement, and if we do, you and we will sign mutual releases.

All management personnel, and any other personnel that we designate, must receive our certification, prior to managing the Town Square Franchised Business or training other personnel. We may, at any time during the term of the Franchise Agreement, decertify any previously certified personnel if we learn or determine that a person is regarded as no longer complying with our standards and procedures. Any person that has been decertified must satisfactorily complete the training or re-training program to receive our certification. We reserve the right to charge for training personnel that have been decertified.

You will have sole discretion regarding all employment decisions and matters relating to your personnel, including, without limitation, hiring, firing, discipline, compensation, benefits, personnel policies, recordkeeping, supervision and scheduling, regardless of whether you receive advice from us on these subjects. You acknowledge and agree that all personnel decisions will be made by you, without any influence or advice from us, and such actions and decisions will not be, nor be deemed to be, a decision or action of ours. In addition, all management personnel and other personnel working at the Town Square Franchised Business must satisfactorily complete all state and local government required training and must meet all required licensing requirements.

Your replacement Director (if applicable and if any) must satisfactorily complete our initial training program within 90 days after being designated as Director. You will pay all travel and living expenses which you and your employees incur during all training courses and programs. Your Operating Principal, Director (if any) must sign a confidentiality and non-compete agreement, in a form that is acceptable to us, which will contain covenants similar to those described in Items 14 and 17.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must provide all services and products that we specify from time to time. You must offer and sell approved services and products only in the manner we have requested. You must not offer for sale or sell at or from the Town Square Franchised Business or any other location any services or products we have not approved. You will discontinue selling and offering for sale any services or products that we have the right to decide, at any time, to disapprove in writing.

We generally do not restrict the people you solicit, or the methods by which you promote the Town Square Franchised Business.

ITEM 17
RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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 Agreement	Summary
a. Length of the franchise term	Section 1.3	Term expires 10 years after opening date of the Town Square Franchised Business.
b. Renewal or extension of the term	Sections 13.1 and 13.2	One additional 10-year successor term.
c. Requirements for you to renew or extend	Section 13.1	Substantial compliance; notice; maintain or substitute Center location; signing of then-current successor franchise agreement; release. If you seek to renew your franchise at the expiration of the initial term, you will be asked to sign a new franchise agreement that may contain terms and conditions materially different from those in your previous franchise agreement, such as different fee requirements.
d. Termination by you	Not applicable	Franchisees may terminate under any grounds permitted by law.
e. Termination by us without cause	Not applicable	Not applicable
f. Termination by us with cause	Sections 14.1, 14.2 and 14.3	Failure to open Town Square Franchised Business within specified time; transfer in violation of the Franchise Agreement; material misrepresentation on application for a Town Square Franchised Business;

Provision	Section in Agreement	Summary
		and other grounds.
g. "Cause" defined – curable defaults	Sections 14.2 and 14.3	Failure to open Town Square Franchised Business within specified time; failure to maintain required licenses; failure to maintain required insurance; failure to pay amounts due; and other grounds.
h. "Cause" defined - non-curable defaults	Sections 14.1 and 14.2	Bankruptcy; insolvency; misuse of our Marks; transfer in violation of the Franchise Agreement, material misrepresentation on application for a Town Square Franchised Business; and other grounds.
i. Your obligations on termination/ nonrenewal	Section 15	Cease use of Marks; payment of amounts due; cease operating Town Square Franchised Business; and others.
j. Assignment of contract by us	Section 12.1	We may assign the Franchise Agreement without limitation.
k. "Transfer" by you – defined	Section 12.2	Includes transfer of any interest.
l. Our approval of transfer by you	Section 12.6	Our consent to a transfer is not a waiver of any claims we have against you.
m. Conditions for our approval of transfer	Section 12.3	Our approval of transferee; sign then- current franchise agreement; payment of transfer fee (waived under certain circumstances); release; and others.
n. Our right of first refusal to acquire your business	Section 12.7	We have the right of first option if you determine to sell or transfer your interest in the Franchise Agreement.

Provision	Section in Agreement	Summary
o. Our option to purchase your business	Section 15.5	We have the right upon termination or expiration to purchase all your assets from the Town Square Franchised Business at a purchase price equal to their fair market value.
p. Your death or disability	Section 12.5	Your estate must transfer your interest in the Town Square Franchised Business to a third party we approve, within 12 months after death or disability. Your estate must appoint a manager within 15 days of death or disability and an Operating Principal (or Managing Principal, if applicable) within 60 days after death or disability.
q. Non-competition covenants during the term of the franchise	Section 7	Includes a prohibition on engaging in Competitive Business (defined in Section 7 of the Franchise Agreement).
r. Non-competition covenants after the franchise is terminated or expires	Section 15.4	Includes a two-year prohibition on a Competitive Business at the Center, within the Territory, and within 5 miles of the border of the Territory.
s. Modification of the agreement	Section 17.9	The Franchise Agreement may only be modified by written agreement signed by both parties.
t. Integration/ merger clause	Section 17.12	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law). Any representations or promises outside of the disclosure document and

Provision	Section in Agreement	Summary
		franchise agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Section 17.5	Before bringing an action in court, the parties must first submit the dispute to non-binding mediation (except for injunctive relief). Additionally, the Franchise Agreement contains a number of provisions that may affect your legal rights, including a waiver of a jury trial, waiver of punitive or exemplary damages, and limitations on when claims may be raised (see Section 17). We recommend that you carefully review all of these provisions, and the entire contract, with a lawyer. (See notes below)
v. Choice of forum	Section 17.7	You and we must litigate in Maryland. (subject to applicable law)
w. Choice of law	Section 17.6	Maryland (subject to applicable law)

ITEM 18
PUBLIC FIGURES

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

ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-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 circumstances.

Presented below is information and data for certain Town Square Franchised Businesses or Centers that were operating as of December 31, 2023. The information in each chart is based on historical operating results provided to us by the franchisees or operators, and one chart includes additional potential financial performance based on the historical operating results of that Center. The three charts that follow are:

19-A: Chart 19-A presents the "ramp up" daily member count, by month, for one franchised Town Square Business, or Center, which opened in 2023, along with that Center's average daily member rate charged to members.

19-B: Chart 19-B presents an unaudited income statement of a non-owner operator franchised Legacy Model Town Square Business that was open all 12 months in 2023 and includes estimated or projected financial information for the Center if the Legacy Model was built and operated as a Standard Model.

19-C: Chart 19-C presents data from one Town Square Business that is owned by Glenner the original founder and creator of the Town Square concept. (See Item 1 above.)

As a preliminary note and explanation, "guests" or "customers" are referred to as "Members." Each person who is a Member may attend a Town Square Business, or Center, on any day he or she chooses to attend. The Centers charge Members a daily fee to attend, and that fee is also referred to as the "daily rate" or "Daily Member Rate." The Daily Member Rate may vary from Center to Center and may vary over time for a particular Center. Daily rates are set by the franchisee or owner of the Town Square Business.

Please carefully read all of the information in this Item 19, and all of the notes prior to and following the charts, in conjunction with your review of the data. We also encourage you to review this data with your financial advisor and accountant, and to contact the franchisees to obtain additional information about their operations, including their financial results.

19-A: Town Square Business: Ramp-Up Member Count

The following chart reflects information from one franchised Center that opened in March 2023, and operated continuously for the balance of 2023. The data in the chart displays the average number of Members who attended the Center, per month. This Center operated five days per week for each month in 2023. The chart also includes the average Daily Member Rate charged by the franchisee during the ten-month period in 2023.

Several prospective franchisees have requested information regarding the initial start-up phase of a Town Square Business, including average daily Member counts and average Daily Member Rates.

Average Daily Member Count, by Month in 2023

Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23
0	0	13	15	15	18	23	24	24	29	30	32

Average Daily Member Rate: **$147.07** per member, per day

Explanations and Notes for 19-A

1. Chart 19-A above reflects information for a new Town Square Business that commenced operations in March 2023, and has operated continuously in a "post-Covid" or post-pandemic economic environment. While we have other Centers that recorded initial or ramp-up operating data, all of those Centers either opened during Covid, or operated during a period of fluctuating Covid cases, some of which were subject to government-imposed temporary closings. The opening, operations, and ramp-up periods for these Centers were impacted by Covid-related closures or local incidences of Covid cases. These situations had a significant impact on the ability to operate and measure a continuous, month-to-month, development, or ramp-up, of business and Members. For that reason, those Centers are excluded from this Chart 19-A. There were five such franchised Centers (and one company-owned or affiliate-owned Center. We strongly encourage you to speak to these Center owners to learn about their specific experiences.

2. The Center in Chart 19-A is a Legacy Model Center. As discussed in the Preliminary Note to Chart 19-B below, Legacy Model Centers are larger than Standard Model Centers. The principal limitation on revenue for a Center is the capacity of the location, which is set by local regulations. Most Legacy Model Centers, at 10,000 square feet or more, have a maximum capacity of about 150 people. A Standard Model Center is likely to have a maximum capacity of 55 to 70 people. As evident from the Chart above, and the other Charts in this Item 19, the daily Member count is significantly below the potential maximum capacity for a 6,000 square foot Standard Center. Consequently, we believe that the data in Chart 19-A with respect to daily Member counts, and therefore the revenue generated from the number of Members is relevant for Town Square Centers of various sizes, as long as the Center is not so small that the capacity would not accommodate the Member counts of the Centers in the Chart 19-A. As demonstrated in Chart 19-A, Average Daily Member Counts never exceeded 32 Members per day for any month.

3. "Average Daily Member Rate": The Average Daily Member Rate in Chart 19-A is the rate reported to us by the franchisee. This figure was derived by dividing the Gross Sales reported by the franchisee for the period in the Chart, divided by the total number of Member visits during that period.

4. "Average Daily Member Count": As noted above, the customers or guests of the Centers are referred to as Members, and each time a person, or Member, attends a session at the Town Square Business, that attendance is recorded by the franchisee as one Member visit, or count. Each Town

Square Business keeps track of the Members who attend, and records those visits daily, weekly, and monthly. Most Town Square Businesses are open five days per week, but they could be open seven days per week. The Center in Chart 19-A was open five days per week each month. The data point "Average Daily Members Days" is a measurement of the number of days Members attend the Town Square Business during the reporting period. For example, and for ease of calculating this mathematical example, if 20 Members attend the Center every Monday of the month, 22 Members attend every Tuesday, 26 Members attend every Wednesday, 24 members attend every Thursday, and 18 Members attend every Friday, and if there are four such weeks in this month, the Average Daily Member Count would be 22. (*20 + 22 + 26 + 24 +18 = 110; 110 x 4 weeks = 440 total Member days in the month; 440 ÷ 20 (days) = 22*.)

5. The data reported in the above chart was reported to us by the franchisee, and we compiled this Chart 19-A based on the figures from the franchisee supplied reports. We have not audited or verified the report, nor has franchisee confirmed that it reports are prepared in accordance with generally accepted accounting principles.

6. The chart in Item 19-A does not include any estimate of, or specific or historical data regarding, costs, expenses or debts that franchised businesses have incurred, or may in the future incur. Costs and expenses that you may incur in the operation of your Town Square Business include, among others, labor costs, any payments, compensation, or owner draws provided to the franchisee or the owner of the franchisee entity, marketing expenses, rent, mortgage or other debt/financing costs, computer upgrades, legal and professional fees, income and other non-real estate taxes, royalty fees, and various other expenses. You will incur these and other costs, and you should conduct an independent investigation of the costs and expenses you will or may incur in operating your franchised Town Square Business. Franchisees or former franchisees listed in this disclosure document may be one source of this information. Franchisees are not required to report this data to us, and we do not have these operating costs for franchisees.

7. Prospective franchisees should be aware that in evaluating a financial performance representation or earnings claim that includes revenue or sales figures, or one that does not include any or all costs of goods sold, operating expenses, and other expenses, that costs and expenses must be deducted from the gross revenue or gross sales figures to obtain net income or profit. This Item 19 financial performance representation is a historical report of past operations and revenue and is not a future projection of operations or revenue or expense.

8. You are strongly encouraged to consult with your own financial advisors, reviewing the tables and estimating the sales that you may achieve in operating your own Town Square Business. In addition, as part of your due diligence, you are welcome and encouraged to speak to our existing franchisees about any or all their operations.

9. Actual costs, expenses and revenues, Member attendance, and Daily Member Rate vary from Center to Center, and from franchisee to franchisee. We cannot estimate the results of any specific Center or franchisee.

19-B: Town Square Businesses: 2023 Franchised Legacy Model Non-Owner Operated Income Statement (Unaudited)

Preliminary Note for Chart 19-B, including the Bases and Assumptions for the estimated financial performance information in Chart 19-B below.

The following chart is based on one franchised non-owner operated Town Square Legacy Model Center that opened in 2021 and was in operation for the full twelve months of 2023. The first column is the actual results of that franchised Center. The second and third columns represent an estimate for a Standard Model, with non-owner operator and owner-operator estimated results, respectively, that is based on the financial results of the Legacy Model Center.

The principal difference between a Legacy Model Center and the Standard Model Center is the square footage of the Center. All other elements of the two types of Centers are the same. For example, both Centers will have the internal retail stores, restaurants, and entertainment venues (e.g., 1950s style diner; movie theatre, and town park), that is used in reminiscence therapy, as well as other facilities, such as rest rooms, offices, storage, etc. Therefore, the principal cost difference between a Legacy Model Center and the Standard Model Center is rent expense, utilities expense, cleaning, and the labor costs, as fewer employees are required for a smaller facility. All other expenses are likely to be the same or very similar between the two models. Therefore, as set forth in the chart below, the estimated expenses for the Standard Model are the same as the actual expenses for the Legacy Model, except for "Rent Expense," "Utilities," "Cleaning," and "Internal Wages and Taxes."

From a revenue perspective, the factor that may limit revenue for all Town Square Centers, regardless of size, is the local capacity restrictions for people at the Center (who are principally the Members, but will also include the onsite caregivers and other employees of the Center). These capacity restrictions are established by local ordinances and laws. Generally, a larger facility will have a higher capacity than a smaller facility. In our experience, and based on information provided by our franchisees, a Legacy Model Center that is 10,000 square feet will have a capacity limit of 150 people. The capacity at the actual Legacy Model Center in this 19-B is 175 people. A Standard Model Center that is 6,000 square feet is likely to have a capacity limit of 55 to 75 people. Based on our experience with our affiliate's operation of one Center, our franchisees' operations reflected in Charts 19-A and 19-B, and the experience of other franchisees in the system, the average daily Member attendance across all Centers is significantly lower than the estimated maximum capacity of the typical 6,000 square foot Standard Model Center. Therefore, in estimating the revenue for the Standard Model Center, we used the revenue figures for the Legacy Model Center, because it was based on a Member count that was significantly less than the maximum capacity of the Standard Model Center. We strongly encourage you to speak with the existing franchisees and request information regarding their specific capacity limits, their daily, weekly, monthly, and annual Member attendance counts, and their Daily Member Rates.

Please read the notes that follow the chart for more information.

Revenue, Costs & Expenses, Gross Profit and Net Income:
Historical Results for Legacy Model & Estimated Data for Standard Model

	TOTAL LEGACY MODEL NON-OWNER OPERATED		NOTES	TOTAL ESTIMATED STANDARD MODEL NON-OWNER OPERATED		TOTAL ESTIMATED STANDARD MODEL OWNER OPERATED	
REVENUE							
Adult Day Care Services	$1,030,165			$1,030,165		$1,030,165	
Client Transportation	$3,294			$3,294		$3,294	
Salon Services	$4,658			$4,658		$4,658	
Credit Card Processing	$4,226			$4,226		$4,226	
GROSS REVENUE	**$1,042,343**	100.0%	2	**$1,042,343**	100.0%	**$1,042,343**	100.0%
COST OF GOODS SOLD							
Caregiver Staffing Wages and Taxes	$144,247	13.8%	3	$144,247	13.8%	$144,247	13.8%
Client Meal Expense	$35,483	3.4%	4	$35,483	3.4%	$35,483	3.4%
Medical Supplies	$14,564	1.4%		$14,564	1.4%	$14,564	1.4%
TOTAL COST OF GOODS SOLD	**$194,294**	18.6%		**$194,294**	18.6%	**$194,294**	18.6%
GROSS PROFIT	**$848,049**	81.4%		**$848,049**	81.4%	**$848,049**	81.4%
EXPENSES							
Advertising and Marketing	$74,690	7.2%	5	$74,690	7.2%	$74,690	7.2%
Internal Wages and Taxes	$404,093	38.8%	6	$289,050	27.7%	$178,350	17.1%
Bank Service Charges	$1,053	0.1%		$1,053	0.1%	$1,053	0.1%
Dues and Subscriptions	$4,853	0.5%		$4,853	0.5%	$4,853	0.5%
Licenses and Permits	$545	0.1%		$545	0.1%	$545	0.1%
Professional Fees	$3,948	0.4%		$3,948	0.4%	$3,948	0.4%
Rent Expense	$274,610	26.3%	7	$126,000	12.1%	$126,000	12.1%
Repairs and Maintenance	$35,043	3.4%		$35,043	3.4%	$35,043	3.4%
Royalty	$26,765	2.6%	8	$72,964	7.0%	$72,964	7.0%
Travel and Entertainment	$462	0.0%	9	$462	0.0%	$462	0.0%
Utilities	$28,852	2.8%	10	$18,000	1.7%	$18,000	1.7%
Office Supplies	$9,465	0.9%		$9,465	0.9%	$9,465	0.9%
Technology Fee	$8,392	0.8%		$8,392	0.8%	$8,392	0.8%
Office Equipment	$46	0.0%		$46	0.0%	$46	0.0%
Insurance Expense	$14,155	1.4%		$14,155	1.4%	$14,155	1.4%
Cleaning	$16,090	1.5%	11	$7,500	0.7%	$7,500	0.7%
Security	$3,808	0.4%		$3,808	0.4%	$3,808	0.4%
Outside Vendor Activities	$8,275	0.8%	12	$8,275	0.8%	$8,275	0.8%
Other Expense	$7,852	0.8%	13	$7,852	0.8%	$7,852	0.8%

TOTAL EXPENSES	**$922,996**	88.6%		**$686,100**	65.8%	**$575,400**	55.2%
NET INCOME	**-$74,947**	-7.2%		**$161,949**	15.5%	**$272,649**	26.2%

The figures in the center and right columns of the chart above are only estimates of what we think you, as an owner of a Center, may sell and the estimated net income that may be generated. There is no assurance that you will sell or earn as much.

Explanations and Notes for Chart 19-B

1. Chart 19-B presents historical information for the one franchised Town Square Business that was in operation as of December 31, 2023, and had been in operation for more than 18 months at the beginning of 2023. This Town Square Business is a Legacy Model consisting of approximately 11,580 square feet. To avoid any skewing of data due to seasonality, revenues that may be generated from grand opening advertising or promotion, or effects (positive or negative) from start-up operations, the sample includes the only franchisee who was operating during the entire 2023 calendar year and who was also operating for at least 18 months as of January 1, 2023. As a result, the data in the table above includes a total of one franchised business. Chart 19-B excludes four franchised Town Square Businesses because they either opened in 2023 or didn't have a minimum operational history of at least 18 months.

2. "Gross Revenue": Gross Revenue is the actual revenue, or "Gross Sales," received by the franchised business in the sample for the period January 1, 2023 to December 31, 2023, as reported by our franchisees to us as "Gross Sales." Included in Gross Revenue are all revenues from the offer and sales of all services (and products) to customers and clients of each franchised business in the sample. The Gross Revenue figures are reported to us by franchisees, and we compile these figures from the franchisee supplied reports. We have not audited or verified the reports, nor have franchisees confirmed that their reports are prepared in accordance with generally accepted accounting principles.

3. "Caregiver Staffing Wages and Taxes": This total represents the hourly wages and taxes associated with employing direct caregivers according to our model. This is a variable expense and will increase or decrease based on the number of Members the Center is serving.

4. "Client Meal Expense": This total consists of the costs of serving our members' lunch. Meals are catered for and not prepared on site. This is a variable expense and will increase or decrease based on the number of members the Center is serving.

5. "Advertising and Marketing": This total consists of contributions to the marketing fund, print advertising, digital marketing, and sponsorships. Under the Franchise Agreement, a franchisee must pay 1% of Gross Sales into the Marketing Fund. The Center in 19-B was not required to contribute to the Marketing Fund but expended approximately 11% of its Gross Sales on marketing, advertising, and promotion. Consequently, an expenditure of 1% under the Franchise Agreement would be within this expenditure amount.

6. "Internal Wages and Taxes": This expense consists of the wages of the three employees running the center: Center Administrator, Director of Business Development and Activities Director. This

franchise runs as a social (non-medical) model, and therefore this Center is not required to have a nurse on staff. In the Standard Model Non-Owner Operator column, this estimated expense consists of a Center Administrator, Activities Director, and Nurse. In the Standard Model Owner Operator column, this estimated expense consists of the same positions in the Standard Model Non-Owner Operator less the Center Administrator. The franchisee will serve as the Center Administrator.

7. "Rent": This franchise is a Legacy Model consisting of 11,580 square feet. Rent for year ending 2023 was approximately $21 per square foot. The Standard Model is based on 6,000 square feet. In the estimated columns, the rent was prorated based on the 6,000 square foot model.

8. "Royalty": This franchisee whose Center is reported in 19-B was given a temporary Royalty reduction for being the first franchised unit of Town Square (and paid a Royalty of 2.6% of Gross Sales). In the estimated columns, the Royalty is calculated at the current rate in the FDD which is 7% of Gross Sales.

9. "Travel and Entertainment": This expense was for entertainment and promotional events held at the center including food, drinks, and entertainment.

10. "Utilities": This franchise is a Legacy Model consisting of 11,580 square feet. This expense consists of electricity, HVAC and telephone required to run the Center. In the estimated columns, the utilities were prorated based on the 6,000 square foot Standard Model.

11. "Cleaning": This franchise is a Legacy Model consisting of 11,580 square feet. This expense consists of the costs to clean the Center. In the estimated columns, the cleaning costs were prorated based on the 6,000 square foot Standard Model.

12. "Outside Vendor Activities": The franchisee can choose to bring in outside vendors to provide services and entertainment to members. This expense is associated with the costs of those vendors.

13. "Other Expenses": This expense consists of salon services provided and kitchen and bathroom supplies.

14. "Non-Owner Operated vs. Owner Operated": The Center Director is primarily responsible for overseeing and managing the day-to-day operations of the Center. The Franchise Agreement allows the Franchisee to serve as the owner and Center Director (operator) which is designated as "Owner Operated". The Franchise Agreement also allows the Franchisee to designate another person who will serve as the Center Director (not the Franchisee), which is designated as "Non-Owner Operated". In the "Total Legacy Model Non-Owner Operated" column above, this Franchisee does not serve as the Center Director – therefore it is designated as "Non-Owner Operated".

19-C: Town Square Businesses: Affiliated Town Square Businesses

The following information presents data from the Glenner Town Square in Chula Vista, California. As discussed in Item 1, Glenner was the original founder of the Town Square model, and this Town Square Center, opened in 2018, and has been owned and operated by Glenner since that time.

Chart 19-C below shows data starting in 2021 as COVID (including state mandated closings) severely affected the Center operations in 2020.

Glenner Town Square Business (Chula Vista, CA) *(open since 2018)*	
Number of Units	1
Average Daily Member Rates	$100 per day per Member

2021	
Month Ending	**Members**
Jan-21	19
Feb-21	22
Mar-21	31
Apr-21	38
May-21	42
Jun-21	43
Jul-21	43
Aug-21	46
Sep-21	47
Oct-21	54
Nov-21	55
Dec-21	55

2022	
Month Ending	**Members**
Jan-22	50
Feb-22	52
Mar-22	54
Apr-22	56
May-22	58
Jun-22	59
Jul-22	62
Aug-22	62
Sep-22	66
Oct-22	65
Nov-22	63
Dec-22	62

2023	
Month Ending	**Members**
Jan-23	65
Feb-23	63
Mar-23	62
Apr-23	67
May-23	66
Jun-23	64
Jul-23	67
Aug-23	67
Sep-23	64
Oct-23	64
Nov-23	61
Dec-23	60

Explanations and Notes for Chart 19-C

1. Chart shows average daily Member attendance or counts for the Glenner Town Square Chula Vista in each of the months from 2021 through 2023. The Chart also reports the Average Daily Member Rates for this Center. The information in this Chart 19-C was reported to us by Glenner. We have not verified or audited this information provided to us.

2. The Chula Vista Center would be considered a Legacy Center, and is approximately 10,500 to 12,000 square feet. It is important to note that the average daily Member counts at this Town Square Center, for 2022 and 2023, could be at the top end of certain local governmental capacity limitations for 6,000 square foot Centers.

3. The Chula Vista Center is neither a franchised business, nor an affiliate-owned business. The Chula Vista Center is the first Town Center opened, and is the basis for the Town Center concept, as it was developed by Glenner, and has been operated by Glenner. While the Chula Vista Center is not subject to a franchise agreement, and does not pay us a Royalty Fee, the Chula Vista Town Square Center operates using the same physical attributes, and staffing model, as the other Town Square Businesses that provide adult care using reminiscence therapy. Accordingly, we believe that it is representative of the operations of a mature Town Square Business.

4. Please see the notes related to Charts 19-A and 19-B, for explanations of Average Daily Member Counts, Average Daily Member Rates, aspect of and comparisons of the Legacy Model and the Standard Model,

*** *** ***

Additional Notes, Appliable to this Entire Item 19:

As noted above, we strongly encourage you to review these figures with you financial and legal advisors, and to speak with existing franchisees. Their names and contact information are in Exhibit D to this Disclosure Document.

Some franchised businesses have earned this amount. Your individual results may differ.

Written substantiation for the data described in the charts will be made available by us to prospective franchisees upon reasonable request.

Other than the preceding financial performance representation, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to our management by contacting Lori McCauley, COO, Town Square Franchising, LLC, 9708 Belair Road Perry Hall, MD 21236 (410)498-6562, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1:
Systemwide Outlet Summary
For years 2021 to 2023

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised (1)	2021	0	1	1
	2022	1	5	4
	2023	5	7	2
Company- Owned	2021	1	1	0
	2022	1	1	0
	2023	1	1	0
Total Outlets	**2021**	**1**	**2**	**1**
	2022	**2**	**6**	**4**
	2023	**6**	**8**	**2**

(1) The franchised outlets are pursuant to franchise agreements with Former Franchisor. We and Former Franchisor intend to execute a management or services agreement under which we will provide services and assistance to existing Town Square franchisees operating under franchise agreements with Former Franchisor.

Table No. 2:
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For years 2021 to 2023

State	Year	Number of Transfers
Total	**2021**	**0**
	2022	**0**
	2023	**0**

Table No. 3:
Status of Franchised Outlets
For years 2021 to 2023

State	Year	Outlets at Start of Year	Outlets Opened	Termi-nations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
New Jersey	2021	0	1	0	0	0	0	1
	2022	1	1	0	0	0	0	2
	2023	2	1	0	0	0	0	3
Florida	2022	0	1	0	0	0	0	1
	2023	1	1	0	0	0	0	2
Georgia	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Texas	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Totals	**2021**	**0**	**1**	**0**	**0**	**0**	**0**	**1**
	2022	**1**	**4**	**0**	**0**	**0**	**0**	**5**
	2023	**5**	**2**	**0**	**0**	**0**	**0**	**7**

Table No. 4:
Status of Affiliate-Owned Outlets
For years 2021 to 2023

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
Maryland	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
Totals	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1

Table No. 5:
Projected Openings As Of December 31, 2023

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets In The Next Fiscal Year	Projected New Company-Owned Outlets In The Next Year
California	1	0	0
Georgia	2	0	0
Florida	5	0	0
Maryland	3	0	0
Nevada	1	0	0
New Jersey	2	0	0
South Carolina	2	2	0
Total	**17**	**2**	**0**

Attached as Exhibit D is a list of our current franchisees who were operating as of December 31, 2023, and franchisees who have signed franchise agreements as of December 31, 2023, but who had not yet opened a franchised business.

States not listed in the charts did not have any franchises, Centers, or transactions.

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

As of the date of this Disclosure Document, there are no trademark-specific franchisee organizations associated with the franchise system being offered in this Franchise Disclosure Document.

ITEM 21
FINANCIAL STATEMENTS

Attached as Exhibit F is our opening day audited financial statements as of March 18, 2024. Because we began franchising in 2024, and we have not been in business for three years or more years, we cannot include all the financial statements required by the FTC Rule. Our fiscal year end is December 31.

ITEM 22
CONTRACTS

The following contracts are attached to this Disclosure Document:

- Franchise Agreement (Exhibit A).
- General Release (Exhibit K).

ITEM 23
RECEIPTS

The last two pages of this Disclosure Document (Exhibit M) are identical pages acknowledging receipt of this entire document (including the exhibits). Please sign and return to us one copy; please keep the other copy along with this Disclosure Document.

EXHIBIT A

FRANCHISE AGREEMENT

TOWN SQUARE FRANCHISING LLC

FRANCHISE AGREEMENT

_____

FRANCHISEE

_____

DATE OF AGREEMENT

_____

TERRITORY & OFFICE ADDRESS

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TOWN SQUARE FRANCHISING LLC
FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (the "**Agreement**") is made and entered into as of the _____day of _, 20___(the "**Effective Date**") (regardless of the dates of the parties' signatures) by and between:

- **Town Square Franchising LLC** a Delaware limited liability company, with our principal business address at 9708 Belair Road, Perry Hall, MD 21236 ("**we**," "**us**," or "**our**"), and

- _____, whose principal business address is _____("**you**" or "**your**").

PREAMBLES AND BACKGROUND

A. In May 2019 George G. Glenner Alzheimer's Family Centers, Inc., a California non-profit corporation ("**Glenner**"), assigned to us certain intellectual property and know-how that is utilized by us and our franchise system including the registered trademark TOWN SQUARE® and TOWN SQUARE A GEORGE G. GLENNER ALZHEIMER'S FAMILY CENTER® (design) and associated trade dress, trade secrets, and other confidential and/or proprietary information. Glenner developed an adult day care and support services facility featuring a unique indoor, interactive, simulated urban environment utilizing reminiscence therapy operated as TOWN SQUARE® (the "**Center"**). The Center will consist of several storefronts and stations made to resemble a town in the 50's to early 60's (mid-century America) where participants will be able to take part in activities, socialize, enjoy entertainment, and receive services. The Center utilizes reminiscence therapy as part of the adult day care and support services. This is a type of therapy that utilizes tangible prompts from a person's past to elicit memories. Reminiscence therapy is one of the most popular psychosocial interventions in dementia care. The services provided to participants include assistance with activities of daily living (eating, walking, toileting, and taking medication), counseling, educational programs, exercise programs, health monitoring, social activities, preparation of meals/snacks, and transportation services.

B. Using the intellectual property assigned to us by Glenner we have developed a new system relating to the operation of centers offering adult day care and support services (the "**System**") for use in the Town Square Franchised Businesses.

C. We offer franchises for the operation of high-quality adult day care and support services to families affected by Alzheimer's and other forms of memory impairment diseases that operate under the System and the "TOWN SQUARE®" mark (the "**Town Square Franchised Businesses**", sometimes also referred to herein as the "**Franchised Business**"). The Town Square Franchised Businesses and System have distinctive characteristics which currently include, without limitation, providing adult day care and support services; procedures for operations; quality of services offered; procedures for management; training and assistance; advertising and promotional programs; business formats, methods, procedures, standards, and specifications, all of which may change, improve, and further develop from time to time.

D. We use, promote, and sub-license certain trademarks, service marks, and other commercial symbols including the mark "TOWN SQUARE®" in operating Town Square Franchised Businesses (the "**Marks**"). The Marks have gained and will continue to gain public acceptance and goodwill. Town Square may create, use, and license other trademarks, service marks, and commercial symbols for Town Square Franchised Businesses a. If so, these other marks and symbols will become part of the "Marks."

E. We grant to persons who meet our qualifications, and are willing to undertake the investment and effort, a franchise to own and operate a Town Square Franchised Business using our System and Marks.

F. You have applied for a franchise to own and operate a Town Square Franchised Business, and you, as the franchisee that will operate the franchised business, must comply with this Agreement and all System Standards (as defined below in Section 4.4) to maintain the high and consistent quality that is critical for Town Square Franchised Businesses.

1. GRANT OF FRANCHISE; TERRITORY

1.1 Grant of Franchise

You have applied for a license to own and operate a Town Square Franchised Business at the physical location-building identified on Exhibit A (the "**Center**"), and in the area identified in Exhibit A (the "**Territory**"). If you have not identified the Center, and received our written approval of the Center before you sign this Agreement, the Center will be identified and included on Exhibit A as described in Section 2. Subject to this Agreement's terms, we grant you the right and license (the "**Franchise**") to operate a Town Square Franchised Business in the Territory (defined below), and to use the System in its operation, for a term beginning on the Effective Date and expiring ten (10) years from the opening date of the Franchised Business (the "**Initial Term**"), unless sooner terminated as provided herein. You always agree to perform your obligations under this Agreement faithfully, honestly, and diligently and to use your best efforts to promote the Franchised Business.

1.2 Territorial Rights

After the Center location is approved, we will designate a Territory and describe it in the Franchise Agreement. The Territory will also be drawn on a map and the map will be attached to the Franchise Agreement. The Territory will typically consist of a circular boundary drawn outwards from your Center which consists of approximately 25,000 seniors. Nonetheless, the exact size and scope of the Territory will be determined according to several factors including the population, demographics, competition, location of any existing Town Square Franchised Businesses in the area and site availability. Except as provided for by Sections 1.3, 1.4, and 1.5 below, and provided that you are in full compliance with this Agreement, we and our affiliates will not operate or grant a franchise for the operation of another Town Square Franchised Business, or a similar adult day care business that operates under a different mark or trade name, that has its center location within two miles of the border of your Territory, during the Initial Term of this Agreement.

1.3 Rights We Reserve

Except as expressly limited by Section 1.2 above, we and our affiliates retain all rights with respect to Town Square Franchised Businesses, the System, the Marks, the sale of similar or dissimilar services, and any other activities we deem appropriate whenever and wherever we desire, including, but not limited to:

(1) the right to operate, and to grant others the right to operate, Town Square Franchised Businesses and similar adult day care businesses under different names or marks whose center or operating location shall be at least two miles outside the border of the Territory under any terms and conditions we deem appropriate and regardless of proximity to the Center or the Territory, and subject to our cross-territorial policies, discussed below and in the Operations Manuals (defined below);

(2) the right to establish and operate (and to grant to others the right to establish and operate) any other businesses offering products and services that are not the same as or similar to the products or services offered at Town Square Franchised Businesses, through similar or dissimilar channels of distribution, at any locations inside or outside the Territory under trademarks or service marks other than the Marks (including other trademarks or service marks owned by us and any of our affiliates) and on any terms and conditions we deem appropriate;

(3) the right to acquire the assets or ownership interests of one or more businesses that operates, and/or has granted franchises, licenses, or similar rights to one or more third parties to operate, businesses similar to and/or competing with Town Square Franchised Businesses, and/or the right to be acquired (whether through acquisition of assets, ownership interests or otherwise, regardless of the form of transaction), by a competing adult day care business, or by another business, even if such business operates, franchises and/or licenses competitive businesses in the Territory, provided, however, that if we or one of our affiliates acquire such a competing business or chain, we or our affiliates will not establish or grant franchises or licenses to establish new or additional competing businesses under the Marks or the acquired chain's marks in your Territory and it is expressly acknowledged by you and us that any such business operations of the same or similar business that existed or operated at the time of such acquisition or transaction shall not constitute a breach of Section 1.2;

(4) the right to create, place, and/or distribute any advertising and promotional materials related to the System, the Marks, Town Square Franchised Businesses, and the services and products offered, and authorize others to do so, and those materials may appear in media, including, without limitation, the Internet or similar electronic media, or be received by prospective customers located anywhere, including within the Territory;

(5) the right to sell the products and services authorized for your Town Square Franchised Business under other trademarks, service marks and commercial symbols through similar or dissimilar channels of distribution and under terms we deem appropriate outside the Territory;

(6) the right to advertise and sell the products and services authorized as associated with a Town Square Franchised Business under the Marks through dissimilar channels

of distribution including, without limitation, by electronic means such as the Internet and websites we establish and under terms we deem appropriate within and outside the Territory;

(7) the right to offer for sale products designed for senior citizens that are ancillary or related to the services and needs of senior citizens through our current websites or through other websites or through such dissimilar channels of distribution as we determine at our discretion within and outside your Territory;

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

1.4 Modification of System

You understand and agree that we may operate and change the System in any manner that is not expressly and specifically prohibited by this Agreement. Because complete and detailed uniformity under many varying conditions might not be possible or practical, you acknowledge that we specifically reserve the right and privilege, as we consider to be best, to vary System Standards (defined below in Section 4.4) for any franchisee or any franchised Town Square Business based upon the peculiarities of any condition that we consider important to that franchisee's or Town Square Business's operation. You may request that we grant you a variation or accommodation, but we have no obligation to do so.

1.5 Corporation, Limited Liability Company, or Partnership

If you are at any time a corporation, limited liability company, or general or limited partnership (collectively, an "**Entity**"), you agree and represent that:

(1) You will have the authority to execute, deliver, and perform your obligations under this Agreement and all related agreements and are duly organized or formed and validly existing in good standing under the laws of the state of your incorporation or formation.

(2) You will not alter, change, or amend your organizational documents, operating agreement, or partnership agreement, as applicable, without obtaining our approval.

(3) Your organizational documents, operating agreement, partnership agreement, or stock certificates, as applicable, will recite that this Agreement restricts the issuance and transfer of any ownership interests in you, and all certificates and other documents representing ownership interests in you will bear a legend referring to this Agreement's restrictions.

(4) Exhibit B to this Agreement completely and accurately describes all of your owners and their interests in you as of the Effective Date;

(5) Each of your owners holding over ten percent (10%) ownership interest during this Agreement's term will execute a guaranty in the form we prescribe undertaking personally to be bound, jointly and severally, by all provisions of this Agreement and any ancillary agreements between you and us. Our current form of guaranty is at Exhibit D. Subject to our rights and your obligations under Section 12, you and your owners agree to sign and deliver to us a revised Exhibit B to reflect any permitted changes in the information that Exhibit B now contains;

(6) You will appoint a shareholder, member, or partner, as applicable, to be your "Operating Principal," responsible for overseeing and supervising the operation of the Franchised Business. The Operating Principal, as of the Effective Date, is identified in Exhibit B. The Operating Principal will be the person with whom we will communicate on all major policy, financial, management and operational matters, and the only person from your Entity that we will recognize as having authority to communicate for and on your behalf and on behalf of your Entity. You may not change the Operating Principal without our prior written consent; and

(7) The Franchised Business and other Town Square Franchised Businesses, if applicable, will be the only businesses that the Entity may operate, and your organizational documents must reflect this (although the owners in the Entity may have other business interests subject to any restrictions on competitive businesses in Section 7 or Section 15.4).

2. OPENING OF FRANCHISED BUSINESS, CENTER APPROVAL, LEASE OF CENTER, AND DEVELOPMENT

2.1 Center Approval

You must operate the Franchised Business from an approved location within the Territory. You agree to obtain our written approval of the Franchised Business's proposed Center location before signing any lease, sublease, or other document for the site.

We will approve or disapprove the proposed Center location within thirty (30) days after your request for our approval. Upon our written approval of an office, and after you secure the location, we will insert its address into Exhibit A. You may operate the Franchised Business only from the Center. You must sign your lease for the Center within 120 days of signing this Agreement.

You acknowledge and agree that, if we recommend or give you information regarding the Territory, or a site for the Center, and if we approve a Center location, our advice, action, or information is not a representation or warranty of any kind, express or implied, of the location's suitability for a Town Square Franchised Business or any other purpose. Our recommendation indicates only that we believe that the Center location meets our then-acceptable criteria. Applying criteria that have appeared effective with other centers might not accurately reflect the potential for all Town Square Franchised Businesses, and demographic and/or other factors included in or excluded from our criteria could change, altering the potential of a center. The uncertainty and instability of these criteria are beyond our control, and we are not responsible if a Center location we recommend or approve fails to meet your expectations. You acknowledge and agree that your acceptance of the Franchise is based on your own independent investigation of the Territory and the location of the center. You acknowledge and agree that our site selection assistance is primarily for our benefit and not for your benefit.

2.2 Franchised Business Development

You are responsible for developing the Franchised Business. We will give you mandatory and suggested specifications and layouts for your Center, including recommended size and design and required or recommended fixtures, equipment, and signs. You are responsible for compliance

with any and all federal, state, or local laws, codes, and regulations.

You agree to do the following, at your own expense, to develop the Franchised Business:

(1) secure all financing required to develop and operate the Franchised Business (we will not provide you with any financing for Franchised Business development);

(2) obtain all required building, utility, sign, occupancy, business, and other permits and licenses;

(3) retain the services of our designated third-party vendor for managing the build-out of the Center, including the signing of the Project Management Agreement attached hereto as Exhibit F;

(4) construct all required improvements to the Center and furnish and decorate the Franchised Business according to our approved plans and specifications;

(5) obtain all customary contractors' sworn statements and partial and final waivers of lien for construction, remodeling, decorating, and installation services; and

(6) purchase or lease, and install, all required fixtures, furniture, equipment (including a required or recommended computer, facsimile, and point-of-sale information system), furnishings, and signs (collectively, "**Operating Assets**") for the Franchised Business.

2.3 Operating Assets

You agree to use in operating the Franchised Business only those Operating Assets that we approve for Town Square Franchised Businesses as meeting our specifications and standards for quality, design, appearance, function, and performance. You agree to place or display at the Center (interior and exterior)

only the signs, lettering, logos, and display materials that we approve of from time to time. You agree to purchase or lease approved brands, types, or models of Operating Assets only from suppliers we designate or approve (which may include or be limited to us and/or our affiliates).

2.4 Computer System

You agree to obtain and use the computer hardware and/or operating software and/or communications capabilities we specify in our System Standards (the "**Computer System**"). We may modify specifications for and components of the Computer System. You must exclusively utilize our XCITE! adult day care operating software and shall enter into a Subscription Service Agreement in the form that is attached hereto as Exhibit G; provided, however, that we may modify or eliminate such software designation and/or the accompanying service agreement from time to time, at our option. You also agree to maintain a functioning e-mail address. You agree to obtain high-speed communications access, such as broadband or DSL, or other high-speed capacity that we may specify. Local regulations may require you to also acquire landline phone lines for Systems such as a fire panel. Our modification of specifications for the Computer System, and/or other technological developments or events, might require you to purchase, lease, and/or license new or

modified computer hardware and/or software and/or communications capabilities and to obtain service and support for the Computer System. Although we cannot estimate the future costs of the Computer System or required service or support, and although these costs might not be fully amortizable over this Agreement's remaining term, you agree to incur the costs of obtaining the computer hardware, software, and/or communications capabilities comprising the Computer System (or additions and modifications) and required service or support. The Computer System will be purchased from and supported by our vendor(s). We or our affiliates may retain a third-party provider, or an Applications Service Provider (or ASP) to provide some or all of the service and support for your benefit or the benefit of Town Square Franchised Businesses, and we may pay a service or ASP hosting fee. You must pay our then-current fee for certain information technology-related costs such as FranConnect access, and use of the XCITE! operating software and online training (the "**IT Fee**"). The IT Fee is currently .75% of your Gross Sales for the preceding month with a minimum amount of $500 per month and maximum amount of $1,500 per month, but we may increase or modify the IT Fee upon thirty (30) days advance written notice. We have no obligation to reimburse you for any Computer System costs that you incur. Within sixty (60) days after you receive notice from us, you agree to obtain and install the Computer System components that we designate. You must permit us to access those aspects of the Computer System that are necessary for us to retrieve data and/or to aid you and your business.

You agree that we, our affiliates, or vendors may condition any license of proprietary software to you, or your use of technology that we, our affiliates, or vendors develop or maintain, on your signing a software license agreement or similar document that we, our affiliates, or vendors prescribe to regulate your use of, and our and your respective rights and responsibilities with respect to, the software or technology. We and our affiliates may charge you a monthly or other fee for any proprietary software or technology that we, our affiliates, or vendors license to you and for other maintenance and support services that we or our affiliates provide during this Agreement's term. In addition, we may provide you with software that will enable us to pull existing financial information through your other accounting software, and that will help you with financial modeling. This is software that you will load and maintain on your Computer System and that we will pay for.

Even though you agree to buy, use, and maintain the Computer System according to our standards and specifications, with the assistance from our vendors, you will have sole and complete responsibility for: (1) the acquisition, operation, maintenance, and upgrading of the Computer System; (2) the way your Computer System interfaces with our and any third party's computer system; and

(3) All consequences if the Computer System is not properly operated, maintained, and upgraded. You may not install any software, other than authorized upgrades, or make any hardware modifications to the Computer System that might hamper or interfere with the operation of the Computer System in the manner we require. You are solely responsible for protecting yourself from disruptions, internet access failures, internet content failures, and attacks by hackers and other unauthorized intruders, and you waive all claims you may have against us as the direct or indirect result of such disruptions, failures, or attacks, however, we will provide you with access to vendors who can assist you with many of these items.

Data that we reasonably believe to be necessary or desirable for the operation of a Town

Square Franchised Business is or may be currently stored in software programs that we provide to you. We reserve the right to modify our and your Computer System requirements but will only do so upon sixty (60) days prior notice to you. These information and data programs are subject to this Section 2.4, and you must comply with our System Standards, and our data collection and reporting policies and procedures.

2.5 Opening of Franchised Business

You agree not to open the Franchised Business until:

(1) we notify you in writing that the Franchised Business meets our standards and specifications (although our acceptance is not a representation or warranty, express or implied, that the Franchised Business complies with any licensing, labor, building, fire, occupational, landlord's, insurance, safety, tax, governmental, or other statutes, rules, regulations, requirements, or recommendations nor a waiver of our right to require continuing compliance with our requirements, standards, or policies);

(2) you have received all required state and local government certification, permits, and licenses necessary for the operation of a Town Square Franchised Business, including any required licenses and certifications for your personnel;

(3) you (or your Operating Principal), your Center Director, and other managers and personnel (if any) have satisfactorily completed training;

(4) you pay the initial franchise fee and other amounts then due to us;

(5) you have executed all agreements required prior to the opening of the Franchised Business, including, but not limited to, the Agreement, the Lease, and any software license agreements;

(6) you are not in default under or in violation of any agreements by and between you and us or any of our affiliates or suppliers; and

(7) you give us all certificates, endorsements and other documentation we request for all required insurance policies.

Subject to your compliance with these conditions, and except as we may otherwise approve, you agree to open the Franchised Business for business not later than twenty-four (24) months after execution of this Agreement. We will issue you a commencement of operation letter on the day (the "**Opening Date**") we approve your compliance with these obligations.

3. FEES

3.1 Initial Franchise Fee

You agree to pay us a nonrecurring initial franchise fee, in the amount set forth in Exhibit A. The initial franchise fee is nonrefundable.

3.2 Royalty Fee

You agree to pay us, in the manner provided below (or as the Operations Manual/Systems Standards otherwise prescribes), a Royalty Fee (the "**Royalty**") equal to the percentage set forth on Exhibit A of the Franchised Business's Gross Sales (defined in Section 3.3 below). The Royalty must be transmitted in the manner we specify, which may include, as provided for in Section 3.6, an automatic, electronic debit of funds on the frequency as outlined in the Systems Standards, based on the Gross Sales from the preceding period. In addition, on or before the 7th day of the month following the immediately preceding month, you agree to send us on a form we approve (or as we otherwise direct) a signed statement of the Franchised Business's Gross Sales for the preceding month.

3.3 Definition of "Gross Sales"

As used in this Agreement, the term "**Gross Sales**" means all revenue that you bill/invoice (whether or not collected), plus all other amounts you derive, from operating the Franchised Business, including, but not limited to, all services and products sold, all amounts that you charge, invoice, or receive at or away from the Center, and whether from cash, check, credit and debit card, barter exchange, trade credit, or other credit transactions, but excluding all federal, state, or municipal sales, use, or service taxes collected from customers and paid to the appropriate taxing authority.

3.4 Late Fees and Interest

All amounts which you owe us for any reason will bear interest accruing as of their original due date at one and one-half percent (1.5%) per month or the highest commercial contract interest rate the law allows, whichever is less. We may debit your bank account automatically for late fees and interest. You acknowledge that Section 3.4 is not our agreement to accept any payments after they are due or our commitment to extend credit to, or otherwise finance your operation of, the Franchised Business**.**

3.5 Application of Payments

Despite any designation you make, we may apply any of your payments to any of your past due indebtedness to us. We may set off any amounts you or your owners owe us or our affiliates or key suppliers against any amounts we or our affiliates owe you or your owners. You may not withhold payment of any amounts you owe us due to our alleged nonperformance of any of our obligations under this Agreement.

3.6 Method of Payment

Before the Franchised Business opens, you agree to sign and deliver to us the documents we require to authorize us to debit your business checking account automatically for the Royalty, Marketing Fund contributions (defined below in Section 9.2), and other amounts due under this Agreement and for your purchases from us and/or our affiliates (the "**Electronic Depository Transfer Account**" or "**EDTA**"). Our current form of EDTA document is attached as Exhibit C. We will debit the EDTA for these amounts on their due dates. You agree to ensure that funds are available from EDTA to cover our withdrawals.

If you fail to report the Franchised Business's Gross Sales, we may debit your EDTA for one hundred twenty percent (120%) of the highest monthly Royalty and Marketing Fund contribution that we debited during the Initial Term. If the amounts that we debit from your EDTA are less than the amounts you owe us (once we have determined the Franchised Business's true and correct Gross Sales), we will debit your EDTA for the balance on the day we specify. If the amounts that we debit from your EDTA are greater than the amounts you owe us, we will credit the excess against the amounts we otherwise would debit from your EDTA during the following monthly period.

We may require you to pay any amounts due under this Agreement or otherwise by means other than automatic debit (*e.g.*, by check) whenever we deem appropriate. We may require the payments, or automatic debits, be made more or less frequently than specified in Section 3.2, but not more frequently than once a week. You agree to comply with our payment instructions as they may be modified from time to time.

You must comply with all our payment policies, procedures, and requirements, as described in the Operations Manual.

4. TRAINING AND ASSISTANCE

4.1 Initial Training

You must hire and retain a Center Director before you open for business. We will conduct an initial training program for you (or, if you are an Entity, your Operating Principal), and your initial Center Director, which will address the material aspects of operating a Town Square Franchised Business. Training for the other personnel may be conducted at our discretion within six (6) months of your Opening Date. We will provide the initial training program at our headquarters or any other location we designate, including online instruction. The initial training program will be approximately twelve (12) hours for the owner to attend within 30 - 60 days after signing the Franchise Agreement, with an additional five (5) days of Center management training (30 - 60 days prior to opening) dedicated to the Operating Principal and Center Director role.

We will provide the initial training, for no additional fee, for your initial required attendees. In addition, if we have space available in a regularly scheduled training class, you may bring other of your employees to the training class(es) at no additional charge. You agree to pay for all travel and living expenses which you (or your Operating Principal) and all your employees incur and for your employees' wages and workers' compensation insurance while they are training.

You (or your Operating Principal), and the initial Center Director must satisfactorily complete initial training. If you (or your Operating Principal) or your initial Center Director fail to complete the initial training to our satisfaction, then you may repeat the course or send a substitute to complete the next available training program. We reserve the right to charge you for substitute personnel that attend the next training program. If we determine that you (or your Operating Principal) or your initial Center Director cannot complete initial training to our satisfaction, we may terminate this Agreement. Among the current criteria for satisfactory completion of training are attendance at all training classes, passing all interim and final tests and exams, and demonstrating a capability and willingness to comply with System Standards.

All management personnel, including the Center Director, and any other personnel that we designate, must receive our certification, prior to managing the Franchised Business or training other personnel. The purpose of our certification program is to enhance the brand image, and to deliver consistent, high value client service under the "Town Square®" marks, from all Franchised Businesses, by training senior management team members regarding the Town Square® brand standards and client care standards. The goal is to enable management team members to train employees. We may, at any time during the term of this Agreement, decertify any previously certified personnel if we learn or determine that a person is regarded as no longer complying with our standards and procedures. Any person that has been decertified must satisfactorily complete a training or re-training program to receive our certification. We reserve the right to charge for training personnel that have been decertified.

You will have sole discretion regarding all employment decisions and matters relating to your personnel, including, without limitation, hiring, firing, discipline, compensation, benefits, personnel policies, recordkeeping, supervision, and scheduling, regardless of whether you receive advice from us on these subjects. You acknowledge and agree that all personnel decisions will be made by you, without any influence or advice from us, and such actions and decisions will not be, nor be deemed to be, a decision or action of ours. You must ensure that all the management personnel and other personnel working at the Franchised Business satisfactorily complete all state and local government required training and obtain and maintain all the licenses, accreditations, and certifications required by applicable law. You are also responsible for ensuring that your employees are adequately trained.

Within the first six (6) months following the opening of the Franchised Business, we will, at our own cost, send one of our representatives to the Franchised Business for a period of two (2) days to assist with the operations of the Franchised Business.

4.2 Ongoing Training; Training of Replacement Personnel

We may require you (or your Operating Principal), your Center Director, and/or other previously trained and experienced managers and employees to attend and complete satisfactorily various training courses that we periodically choose to provide at the times and locations that we designate, as well as periodic conventions, regional meetings, and conferences that we specify. Generally, the principal goal of the training programs is to communicate to you, your managers, and employees the brand standards and critical features of a Town Square Franchised Business to be able to deliver high quality, consistent services in accordance with Town Square® brand standards. We may charge reasonable registration or similar fees for these courses. If attendance at these conventions, meetings or conferences is mandatory, we reserve the right to charge you the registration, attendance, or similar fees even if you or the required attendee does not attend. In addition, you must pay all costs to attend.

We require that your replacement Center Director and Operating Principal (if applicable and if any) satisfactorily complete our initial training program within ninety (90) days after being designated as Center Director or Operating Principal. You agree to pay all travel and living expenses which you and your employees incur during all training courses and programs.

You understand and agree that any specific ongoing training or advice we provide does not create an obligation (whether by course of dealing or otherwise) to continue to provide such specific training or advice, all of which we may discontinue and modify from time to time.

4.3 General Guidance

We will advise you from time to time regarding the Franchised Business's operation based on your reports to us and/or our direct or indirect observations, and we will provide guidance to you with respect to: (1) standards, specifications, and operating procedures and methods that Town Square Franchised Businesses use; (2) advertising and marketing materials and programs; (3) suggested or recommended employee training and recruiting programs; and (4) administrative, bookkeeping, and accounting procedures.

We will provide guidance in the operations manual ("**Operations Manual**"); in bulletins or other written materials; by electronic media; by telephone consultation; and/or at our office or the Franchised Business. If you request, and we agree to provide, additional or special guidance, assistance, or training, you agree to pay our then applicable charges, including our personnel per diem charges and travel and living expenses.

4.4 Operations Manual

We will loan you during the Initial Term one (1) copy of the Operations Manual, which could include audiotapes, videotapes, compact disks, computer software, other electronic media, information distributed electronically or via the Internet or an internal extranet and/or written materials. The Operations Manual contains mandatory and suggested specifications, standards, operating procedures, and rules ("**System Standards**") that we periodically prescribe for operating a Town Square Franchised Business and information on your other obligations under this Agreement. We may modify the Operations Manual periodically to reflect changes in System Standards. The Operations Manual may contain mandatory and suggested specifications, standards, and operating procedures that we develop for the System and information relating to your other obligations. Any required specifications, standards, and/or operating procedures exist to protect our interests in the System and the Marks and to create a uniform customer experience. They are not for the purpose of establishing any control or duty to take control over those day- to-day operational matters that are reserved to you.

You agree to keep your copy of the Operations Manual current and in a secure location at the Franchised Business. If there is a dispute over its contents, our master copy of the Operations Manual controls. You agree that the Operations Manual's contents are confidential and that you will not disclose the Operations Manual to any person other than Franchised Business employees who need to know its contents. You may not at any time copy, duplicate, record, or otherwise reproduce any part of the Operations Manual. If your copy of the Operations Manual is lost, destroyed, or significantly damaged, you agree to obtain a replacement copy from us. We may assess you our then applicable printing or copying charge. This charge is for our direct costs and is not related to any value that we place on the Confidential Information (defined in Section 6 below).

At our option, we may post some or all the Operations Manual on a restricted Online Site (defined in Section 9.5 below) or extranet to which you will have access. If we do so, you agree to

monitor and access the Online Site for any updates to the Operations Manual or System Standards. Any passwords or other digital identifications necessary to access the Operations Manual on the Online Site will be deemed to be part of Confidential Information (defined in Section 6 below).

4.5 Delegation of Performance

You agree that we have the right to delegate the performance of any portion or all our obligations under this Agreement to third-party designees, whether these designees are our agents or independent contractors with whom we have contracted to perform these obligations. If we do so, such third-party designees will be obligated to perform the delegated functions for you in compliance with this Agreement.

4.6 Owners Council

We may establish a franchisee advisory council ("**Owners Council**") comprised of Town Square franchisees or representatives of franchisees for the purpose of fostering communications among franchisees and with us.

5. MARKS

5.1 Ownership and Goodwill of Marks

Your right to use the Marks is derived only from this Agreement and limited to your operating the Franchised Business according to this Agreement and all System Standards we prescribe during its term. Your unauthorized use of the Marks is a breach of this Agreement and infringes our rights in the Marks.

You acknowledge and agree that your use of the Marks and any goodwill established by that use are exclusively for our benefit and that this Agreement does not confer any goodwill or other interests in the Marks upon you (other than the right to operate the Franchised Business under this Agreement). All provisions of this Agreement relating to the Marks apply to any additional proprietary trade and service marks we authorize you to use. You may not at any time during or after this Agreement's term contest or assist any other person in contesting the validity, or our ownership, of the Marks.

5.2 Limitations on Your Use of Marks

You agree to use the Marks as the Franchised Business's sole identification, except that you agree to identify yourself or the Entity as its independent operator in the manner we prescribe. You may not use any Mark, any derivatives of the Marks or similar mark (1) as part of any corporate or legal business name, (2) with any prefix, suffix, or other modifying words, terms, designs, or symbols (other than logos we have licensed to you), (3) in selling any unauthorized services or products, (4) as part of any domain name, homepage, electronic address, or otherwise in connection with the Online Site, or (5) in any other manner that we have not expressly authorized in writing.

You may not use any Mark in advertising the transfer, sale, or other disposition of the Franchised Business or an ownership interest in you without our prior written consent, which we

will not unreasonably withhold. You agree to display the Marks prominently as we prescribe at the Franchised Business and on forms, advertising, supplies, and other materials we designate. You agree to give the notices of trade and service mark registrations that we specify and to obtain any fictitious or assumed name registrations required under applicable law.

Your use of the Marks must be consistent with reasonable standards and requirements implemented by us from time to time that do not materially adversely affect us.

5.3 Notification of Infringements and Claims

You agree to notify us immediately of any apparent infringement or challenge to your use of any Mark, or of any person's claim of any rights in any Mark, and not to communicate with any person other than us, our attorneys, and your attorneys, regarding any infringement, challenge, or claim. We may take the action we deem appropriate (including no action) and control exclusively any litigation, U.S. Patent and Trademark Office proceeding, or other administrative proceeding arising from any infringement, challenge, or claim or otherwise concerning any Mark. You agree to sign any documents and take any other reasonable action that, in the opinion of our attorneys, are necessary or advisable to protect and maintain our interests in any litigation or Patent and Trademark Office or other proceeding or otherwise to protect and maintain our interests in the Marks. We will reimburse you for the costs of taking any action that we have asked you to take.

5.4 Discontinuance of Use of Marks

If it becomes advisable at any time for us and/or you to modify or discontinue using any Mark and/or to use one or more additional or substitute trade or service marks, you agree to comply with our directions within a reasonable time after receiving notice. We need not reimburse you for your direct expenses of changing the Franchised Business's signs, for any loss of revenue due to any modified or discontinued Mark, or for your expenses of promoting a modified or substitute trademark or service mark.

Our rights in this Section 5.4 apply to all of the Marks (and any portion of any Mark) that we authorize you to use in this Agreement. We may exercise these rights at any time and for any reason, business or otherwise that we think best. You acknowledge both our right to take this action and your obligation to comply with our directions.

5.5 Indemnification for Use of Marks

We agree to reimburse you for all damages and expenses that you incur in any trademark infringement proceeding disputing your authorized use of any Mark under this Agreement if you have timely notified us of, and comply with our directions in responding to, the proceeding, and you have used the Mark(s) in compliance with our Agreement, Operations Manual, and other directives from us. At our option, we may defend and control the defense of any proceeding arising from your use of any Mark under this Agreement.

6. CONFIDENTIAL INFORMATION

We possess (and will continue to develop and acquire) certain confidential information, some of which constitutes trade secrets under applicable law (the "**Confidential Information**"), relating to developing and operating Town Square Franchised Businesses, including (without limitation):

(1) site selection and territorial criteria;

(2) training and operations materials and manuals;

(3) methods, formats, specifications, standards, systems, procedures, sales and marketing techniques, knowledge, and experience used in developing and operating Town Square Franchised Businesses and providing adult day care services;

(4) marketing and advertising programs for Town Square Franchised Businesses;

(5) employee recruitment, training, retention programs;

(6) knowledge of specifications for and suppliers of Operating Assets, and other products;

(7) any computer software or similar technology which is proprietary to us or the System, including, without limitation, digital passwords and identifications and any source code of, and data, reports, and other printed materials generated by, the software or similar technology;

(8) knowledge of the operating results and financial performance of Town Square Franchised Businesses other than the Franchised Business;

(9) graphic designs and related intellectual property; and

(10) all Customer Data (defined in Section 8.11 below).

You acknowledge and agree that you will not acquire any interest in Confidential Information, other than the right to use it as we specify in operating the Franchised Business during this Agreement's term, and that Confidential Information is proprietary and is disclosed to you only on the condition that you agree, and you in fact do agree, that you:

(1) will not use Confidential Information in any other business or capacity;

(2) will keep each item deemed to be part of Confidential Information absolutely confidential, both during this Agreement's term and then thereafter for as long as the item is not generally known in the employment and/or health care and/or in-home care industries;

(3) will not make unauthorized copies of any Confidential Information disclosed via electronic medium or in written or other tangible form; and

(4) will adopt and implement reasonable procedures to prevent unauthorized use or disclosure of Confidential Information, including, without limitation, restricting its disclosure to Franchised Business personnel and others and using non-disclosure and non-competition agreements with those having access to Confidential Information. We have the right to regulate the form of agreements that you use and to be a third-party beneficiary of those agreements with independent enforcement rights. You are obligated to maintain in your files those executed confidentiality agreements we specify and make them available to us upon request.

Confidential Information does not include information, knowledge, or know-how which you can demonstrate lawfully came to your attention before we provided it to you directly or indirectly; which, at the time we disclosed it to you, already had lawfully become generally known in the health care and/or adult day care industries through publication or communication by others (without violating an obligation to us); or which, after we disclose it to you, lawfully becomes generally known in the health care and/or adult day care industries through publication or communication by others (without violating an obligation to us). However, if we include any matter in Confidential Information, anyone who claims that it is not Confidential Information must prove that one of the exclusions provided in this paragraph is fulfilled. Notwithstanding any other provision of this Agreement, there may be certain, limited circumstances where applicable law allows for the disclosure of certain trade secrets, as specified in the Operations Manual.

All ideas, concepts, techniques, or materials relating to a Town Square Franchised Business, whether protectable intellectual property and whether created by or for you or your owners or employees, must be promptly disclosed to us and will be deemed to be our sole and exclusive property, part of the System, and works made-for-hire for us. To the extent that any item does not qualify as a "work made-for-hire" for us, by this paragraph you assign ownership of that item, and all related rights to that item, to us and agree to take whatever action (including signing assignment or other documents) we request to evidence our ownership or to help us obtain intellectual property rights in the item.

7. EXCLUSIVE RELATIONSHIP

You acknowledge that we have granted you the Franchise in consideration of and reliance upon your agreement to deal exclusively with us. You therefore agree that, during this Agreement's term, you, any of your owners, and any of your or your owners' immediate family members who have attended any of our training programs, or have participated in any aspects of the operation or management of the Franchised Business ("**immediate family members**" will include spouses and domestic partners, children 18 years old or older, and such other persons as we may specify following our review of your franchise application and proposed operations and ownership structure), for yourself (or themselves), or through, on behalf of, or in conjunction with any person, persons, partnership, corporation, limited liability company, or other entity, will not:

(1) own, maintain, operate, engage in, franchise or license, or have any direct or indirect controlling or non-controlling interest as an owner – whether of record, beneficially, or otherwise – in a Competitive Business (defined below), wherever located or operating (except that equity ownership of less than five percent (5%) of a Competitive Business whose stock or other forms of ownership interest

are publicly traded on a recognized United States stock exchange will not be deemed to violate this subparagraph);

(2) be, or perform services as, a director, officer, manager, employee, consultant, representative, or agent for a Competitive Business, wherever located or operating;

(3) divert or attempt to divert any actual or potential business or customer of the Franchised Business to a Competitive Business; or

(4) engage in any other activity which might injure the goodwill of the Marks and System.

The term "**Competitive Business**" means (i) any business that offers or provides adult day care services, or any other product or service that is similar to the services and products authorized to be offered or sold under the Marks and the System; or (ii) any business granting franchises or licenses to others to operate the type of business specified in subparagraph (i) (other than a Town Square Franchised Business operated under a franchise agreement with us).

You agree to obtain similar covenants from the personnel and persons we specify, including officers, directors, managers, and other employees attending our training program or having access to Confidential Information and immediate family members. We have the right to regulate the form of agreement that you use and to be a third-party beneficiary of that agreement with independent enforcement rights.

8. SYSTEM STANDARDS

8.1 Condition and Appearance of the Franchised Business

You agree that:

(1) You will maintain the condition and appearance of the Franchised Business and its Operating Assets in accordance with System Standards and consistent with the image of a Town Square Franchised Business as an efficiently operated business offering high quality and professional services and products and observing high standards of client service and care, and providing efficient, courteous service, and in that connection will take, without limitation, the following actions during the term of this Agreement:

(a) repainting, repair, and refurbishing of the Center at intervals we prescribe; (b) repair or replacement of damaged, worn out or obsolete Operating Assets; and (c) you may place or display at the Center only those signs, photographs, artwork, logos, and display and advertising materials that we from time to time approve;

(2) If at any time in our reasonable judgment, the general state of repair, appearance or cleanliness of the Center or its Operating Assets does not meet our standards, we have the right to notify you, specifying the action you must take to correct the deficiency. You will have ninety (90) days to comply and make these corrections. If you do not initiate action to correct such deficiencies within ninety (90) days after you receive our notice, we have the right, in addition to all other remedies, to enter the Center and do any required maintenance or refurbishing on your

behalf, and you agree to reimburse us on demand for any expenses we incur in that connection; and

(3) On notice from us, you agree to remodel, expand, redecorate, reequip and/or refurbish the Center and the Franchised Business to reflect changes in the operations of Town Square Franchised Businesses which we prescribe and require of new franchisees.

8.2 Franchised Business Services, Specifications, Standards and Procedures

You agree that: (1) the Franchised Business will provide all services and products that we specify from time to time; (2) the Franchised Business will offer and sell approved services and products only in the manner we have prescribed; (3) you will not offer for sale or sell at or from the Franchised Business or any other location any services or products we have not approved; (4) you will discontinue selling and offering for sale any services or products that we at any time decide (in our sole discretion) to disapprove in writing.

8.3 Approved Products, Distributors and Suppliers

We have developed or may develop standards and specifications for types, models and brands of required Operating Assets, and other products. We reserve the right from time to time to approve specifications or suppliers and distributors of the products that meet our reasonable standards and requirements. If we do so, you agree to purchase only such products meeting those specifications, and if we require it, only from distributors and other suppliers we have approved, including ourselves or our affiliates.

We may designate a single distributor or supplier (collectively, "supplier") for any product, service, equipment, supply, or material and may approve a supplier or distributor only as to certain products. The designated supplier may be us or an affiliate of ours. Each Franchised Business must exclusively utilize the services of our approved third-party vendor for the management of your Center build-out. You must also exclusively utilize the operating software that is designated in Section 2.4, or in the Operating Manuals.

We and our affiliates may receive payments from suppliers on account of such suppliers' dealings with you and other franchisees and may use any amounts received without restriction and for any purpose we and our affiliates deem appropriate. We may concentrate purchases with one or more suppliers or distributors to obtain lower prices or advantageous advertising support or services. Approval of a supplier or distributor may be conditioned on requirements relating to product quality, prices, consistency, reliability, financial capability, labor relations, customer relations, frequency of delivery, concentration of purchases, standards of service, including prompt attention to complaints, or other criteria and may be temporary, pending our continued evaluation of the supplier or distributor from time to time. You or any other franchisee shall not be an approved vendor to the Town Square System.

8.4 Compliance with Laws and Good Business Practices

You must secure and maintain in force all required licenses, permits and certificates relating to the operation of the Franchised Business and the other licenses applicable to the employees, and must operate the Franchised Business in full compliance with all applicable federal, state and local laws, rules, ordinances and regulations, including, without limitation, the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), government regulations relating to occupational hazards, health, worker's compensation and unemployment insurance and withholding and payment of federal and state income taxes, social security taxes, sales and service taxes, and all federal, state, and local employment and labor laws and regulations. To the extent that the requirements of said laws conflict with the terms of this Agreement, the Operations Manual, or other instructions from us, you will: (i) comply with said laws; and (ii) immediately provide written notice to us describing the nature of the conflict. You must not employ any person in a position that requires a license unless that person is currently licensed by all applicable authorities and a copy of the license or permit is in your business files. You must comply with all state and local laws and regulations regarding the staffing and management of the Franchised Business. All advertising and promotion by you must be completely factual and must conform to the highest standards of ethical advertising. Franchised Business must in all dealings with its clients, suppliers, us and the public adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct. You agree to refrain from any business or advertising practice which may be injurious to our business and the goodwill associated with Marks and other Town Square Franchised Businesses. You must notify us in writing within five (5) days of the commencement of any action, suit or proceeding, and of the issuance of any order, writ, injunction, award or decree of any court, agency or other governmental instrumentality, which may adversely affect your operation or financial condition or that of the Franchised Business and of any notice of violation of any law, ordinance, or regulation relating to the Franchised Business.

8.5 Management of the Franchised Business/Conflicting Interests

You or your Operating Principal must manage and provide general oversight of the Franchised Business on a full-time basis. The Center Director will be charged with responsibility for direct supervision of the Franchised Business. Your failure to have the Franchised Business managed on a full-time basis by you or your Operating Principal is a default for which we may terminate this Agreement if such default persists after notice from us. You must keep us informed at all times of the identity of any supervisory employee(s) acting as the Center Director. The Center Director must devote full time and efforts to the management and supervision of the Franchised Business. We may require that you hire prior to opening, and retain, a full-time Activities Director, Enrollment Director, an RN/LPN, and administrative assistant/receptionist.

The Franchised Business must always be managed by you or your Operating Principal. If at any time the Franchised Business is not being managed by you or your Operating Principal, and we reasonably believe that the Franchised Business will not be operated or managed in accordance with our brand standards, or that there exists a risk that services will not be provided or delivered in a manner in accordance with our standards, or that actions may be taken that could adversely affect the Town Square brand, the Marks, or other Town Square Franchised Businesses, we are authorized, but not required, to immediately appoint a manager to maintain the operations of the Franchised Business for and on your behalf. Our appointment of a manager of the Franchised

Business does not relieve your obligations or constitute a waiver of our right to terminate this Agreement pursuant to Section 14 hereof. We shall not be liable for any debts, losses, costs, or expenses incurred in the operations of your Franchised Business or to any of your creditors for any products, materials, supplies or services purchased by the Franchised Business while it is managed by our appointed manager. We have the right to charge a reasonable fee for management services and to cease to provide management services at any time.

If you (or your Operating Principal) own or control more than one Town Square Franchised Business, each Town Square Franchised Business must be under the direct on-premises supervision of a Center Director that we have approved, who has completed our training programs and we have certified.

8.6 Insurance

During the term of this Agreement you must maintain in force at your sole expense comprehensive public liability coverage, general liability insurance, personal injury coverage, workers' compensation and employer's liability insurance, professional liability insurance, employment practices liability insurance and motor vehicle liability insurance against claims for bodily and personal injury, death and property damage caused by or occurring in connection with the Franchised Business's operation, all containing at least the minimum liability coverage we prescribe from time to time. Such insurance is in addition to any other insurance that may be required by applicable law, your landlord or otherwise. We may periodically increase the amounts of coverage required under these insurance policies and/or require different or additional insurance coverage (including reasonable excess liability insurance) at any time to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards or other relevant changes in circumstances. These insurance policies must name us and our respective officers, directors, partners, members, affiliates, subsidiaries and employees as additional named insureds on all of the policies and must provide for thirty (30) days' prior written notice to us of a policy's material modification, cancellation or expiration. Additional insured status shall include, without limitation, coverage for ongoing and completed operations. The additional insured endorsement form shall be ISO CG 20-26 or any other form that we approve in writing that provides comparable coverage. Additional insured coverage shall not be limited to vicarious liability and shall extend to (and there shall be no endorsement limiting coverage for) our negligent acts, errors or omission or other additional insureds. You shall maintain such additional insured status for us on your general liability policies continuously during the term of this Agreement.

You routinely must furnish us copies of your Certificates of Insurance declarations page(s), endorsements, and other evidence (of the type and nature that we specify) that demonstrate your maintaining this insurance coverage and paying premiums. If you fail or refuse to obtain and maintain the insurance we specify, in addition to our other remedies, we may (but need not) obtain such insurance for you and the Franchised Business on your behalf, in which event you shall cooperate with us and reimburse us for all premiums, costs and expenses we incur in obtaining and maintaining the insurance, plus a reasonable fee for our time incurred in obtaining such insurance. We encourage you to seek advice from an independent risk management provider who may specify higher limits.

We do not represent or warrant that any insurance that you are required to purchase, or

which we procure on your behalf, will provide you with adequate coverage. Our review and verification of certain elements of your insurance does not in any way reduce or eliminate your obligation to fully comply with all insurance requirements. It is your sole obligation to fully comply with these insurance requirements and to confirm with your insurance providers that your policies are complying. The requirements of insurance specified in this Agreement are for our protection. You should consult with your own insurance agents, brokers, attorneys, or other insurance advisors to determine the level of insurance protection you need and desire, in addition to the coverage and limits we require.

Your obligation to obtain and maintain the foregoing policy or policies in the amounts specified shall not be limited in any way by reason of any insurance that may be maintained by us, nor shall your procurement of required insurance relieve you of liability under the indemnity provisions set forth herein. Your insurance procurement obligations under this Section are separate and independent of your indemnity obligations.

8.7 Pricing

We may periodically set a maximum price that you may charge for a service or product. If we impose such a maximum price for any product or service, you may charge any price for the product or service up to and including the maximum price we impose.

8.8 Compliance with System Standards

You acknowledge and agree that operating and maintaining the Franchised Business according to System Standards are essential to preserve the goodwill of the Marks and all Town Square Franchised Businesses. Therefore, you always agree to operate and maintain the Franchised Business according to all of our System Standards, as we periodically modify and supplement them. Although we retain the right to establish and periodically modify System Standards that you have agreed to maintain, you retain the right to and responsibility for the day-to-day management and operation of the Franchised Business and implementing and maintaining System Standards at the Franchised Business. If you fail to implement, maintain, and/or comply with System Standards, we may terminate your right to operate the Franchised Business, and/or take other actions to enforce the System Standards.

As examples, and without limitation, System Standards may regulate any one or more of the following, in addition to the items described in Sections 8.1. through 8.7 above:

(1) all adult day care services;

(2) recommended or suggested staffing levels and client service standards for the Franchised Business; identifying the Franchised Business's personnel; and recommended or suggested employee qualifications, training, dress, and appearance (although you have sole responsibility and authority concerning employee selection and promotion, employment records, work schedules, discipline, hours worked, rates of pay and other benefits, work assigned, and working conditions);

(3) sales, marketing, advertising, and promotional programs and materials and media used in these programs;

(4) use and display of the Marks at the Franchised Business and on signs, contracts, products and supplies;

(5) days and hours of operation;

(6) participation in market research and testing and product and service development programs as well as participation in, and dues assessed for, advisory councils;

(7) accepting credit and debit cards, other payment systems, and check verification services;

(8) participation in, and compliance with, private and government-sponsored insurance and reimbursement programs;

(9) bookkeeping, accounting, data processing, and recordkeeping systems and forms; formats, content, and frequency of reports to us of sales, revenue, financial performance, and condition; and giving us copies of tax returns and other operating and financial information concerning the Franchised Business;

(10) any other aspects of operating and maintaining the Franchised Business that we determine to be useful to preserve or enhance the efficient operation, image, or goodwill of the Marks and Town Square Franchised Businesses.

You agree that System Standards we prescribe in the Operations Manual, or otherwise communicate to you in writing or another tangible form (for example, via a System Online Site), are part of this Agreement as if fully set forth within its text. All references to this Agreement include all System Standards as periodically modified.

8.9 Modification of System Standards

We may periodically modify System Standards, and these modifications may obligate you to invest additional capital in the Franchised Business and/or incur higher operating costs. You agree to implement any changes in System Standards within the period we request, whether they involve refurbishing or remodeling the Center or any other aspect of the Franchised Business, buying new Operating Assets, adding new services, or otherwise modifying the nature of your operations, as if they were part of this Agreement as of the Effective Date.

8.10 Lead Generation or Call Center

We reserve the right to provide, and/or contract with a third-party to develop and operate, a call center or other sales inquiry/sales generating service, and/or to provide or contract with third parties, including Internet-based marketing companies, to provide, lead generation services to our network of Town Square Franchised Businesses. Charges and fees for a call center and/or lead generation services may include one-time set-up fees per business, monthly fees, and/or per-call or per-lead fees. We expect that the fees charged will be to reimburse us for costs associated with these services, and/or to pay third parties for these services. We may require you to use the call center or lead generation services, or we may only recommend that you do. If you participate and use the call center or lead generation services, you must comply with all rules, policies, and

requirements specified by the provider and us regarding such services. We reserve the right to add to, modify, or eliminate approved, recommended, or required products, services, or suppliers at any time.

8.11 Data; Ownership of Data

You agree that all data that you collect from clients, customers and potential clients and customers in connection with the Franchised Business ("**Customer Data**") is deemed to be owned exclusively by us, and you also agree to provide the Customer Data to us at any time that we request you to do so. You have the right to use Customer Data while this Agreement or a successor franchise agreement is in effect, but only in connection with operating the Franchised Business and only in accordance with the policies that we establish from time to time. You may not sell, transfer, or use Customer Data for any purpose other than operating the Franchised Business and marketing "Town Square®" products and services. However, if you Transfer the Franchised Business in an approved Transfer (as provided in Sections 12.2 and 12.3 below), as part of the Transfer, you must also Transfer use of the Customer Data to the buyer as part of the total purchase price paid for the Franchised Business. We have the right to periodically specify in writing, in the Operations Manual or otherwise, the information that you must collect and maintain on the Computer System, and you agree to provide us with the reports that we may reasonably request from the data so collected and maintained. All data pertaining to, derived from, or displayed at the Franchised Business (including, without limitation, Customer Data) is and shall be our exclusive property, and we hereby grant you a royalty-free non-exclusive license to use that data during the Term of this Agreement for the sole purpose of operating your Franchised Business.

8.12 PCI Compliance and Credit Cards.

With respect to your acceptance and processing of customer payments by credit and debit cards, you agree to do all of the following:

(1) You agree to maintain, always, credit-card relationships with the credit- and debit-card issuers or sponsors, check or credit verification services, financial-center services, merchant service providers, and electronic-fund-transfer systems (together, "**Credit Card Vendors**") that we may periodically designate as mandatory.

(2) You agree not to use any Credit Card Vendor for which we have not given you our prior written approval or as to which we have revoked our earlier approval.

(3) We have the right to modify our requirements and designate additional approved or required methods of payment and vendors for processing such payments, and to revoke our approval of any service provider.

(4) You agree to comply with all our policies regarding acceptance of payment by credit and/or debit cards, including for example minimum purchase requirements for a customer's use of a credit card (we may set these requirements in the Operations Manual).

(5) You agree to comply with our requirements concerning data collection and protection, as specified in Section 8.11 above.

(6) You agree to comply with the then-current Payment Card Industry Data Security Standards as those standards may be revised and modified by the PCI Security Standards Council, LLC (see www.pcisecuritystandards.org), or any successor organization or standards that we may reasonably specify. Among other things, you agree to implement the enhancements, security requirements, and other standards that the PCI Security Standards Council (or its successor) requires of a merchant that accepts payment by credit and/or debit cards.

8.13 Privacy Laws.

You agree to abide by all applicable laws pertaining to the privacy of consumer, employee, and transactional information ("**Privacy Laws**"). You agree to comply with our standards and policies pertaining to Privacy Laws. If there is a conflict between our standards and policies pertaining to Privacy Laws and applicable law, you will: (i) comply with the requirements of applicable law; (ii) immediately provide us with written notice of said conflict; and (iii) promptly and fully cooperate with us and our counsel in determining the most effective way, if possible, to meet our standards and policies pertaining to Privacy Laws within the bounds of applicable law. You agree that you will not publish, disseminate, implement, revise, or rescind a data privacy policy without our prior written consent as to said policy.

8.14 Artificial Intelligence.

You will not, without our written consent, utilize any generative artificial intelligence software, tools, or technologies, including, natural language processing, deep learning algorithms, or machine learning models ("**Generative AI**") directly or indirectly in the operation of the Franchised Business, including without limitation, in advertising, promotion, or marketing of the Franchised Business, communications with customers, business planning, analysis or optimization, or in any social media. You acknowledge and agree not to upload or share any Confidential Information (including any inputs of information containing trade secrets, sensitive confidential information, or personal information) with any unapproved third-party platforms, including Generative AI, except as authorized in writing by us. In addition, you shall prohibit your employees from using any Confidential Information in Generative AI. In the event you utilize any Generative AI, with or without prior approval from us, you shall comply with all laws applicable to such use, including without limitation, all trademark, copyright, and biometric laws, and shall not infringe upon or use intellectual property of a third-party without appropriate authorization and attribution.

9. MARKETING

9.1 Marketing Contributions and Expenditures

You acknowledge and recognize the value of the Town Square® brand and Marks, the need to develop, enhance, and promote the Town Square® brand and Marks, and the need to advertise and market the Town Square® brand and Town Square Franchised Businesses. You also acknowledge and recognize the importance of the standardization of advertising programs to the furtherance of the goodwill and public image of the Town Square® brand and Town Square Franchised Businesses. Therefore, you agree to (i) contribute to the Marketing Fund pursuant to Section 9.2, and (ii) make local advertising and marketing expenditures pursuant to Section 9.3.

9.2 Marketing Fund

You acknowledge and agree that the image of the Town Square® brand, the Marks, and Town Square Franchised Businesses held by the public in general, by clients, and by Town Square Business managers and employees, is important to the System and the Marks. We have established a Marketing Fund (the "**Marketing Fund**") for the enhancement and protection of the Town Square® brand and Marks, and for the advertising, marketing, and public relations programs and materials as we deem appropriate.

We will have sole discretion to use the Marketing Fund, and monies in the Marketing Fund, for any purpose that we designate that we believe will enhance and protect the Town Square® brand and Marks, will improve and increase public recognition and perception of the Town Square brand and Marks and Town Square Franchised Businesses, and will improve and enhance the perception of Town Square Franchised Businesses held by franchisees, managers, and other employees of Town Square Franchised Businesses. Among the programs, concepts, and expenditures for which we may utilize the Marketing Fund monies are: creative development and production of print ads, commercials, radio spots, direct mail pieces, door hangers, and other advertising and promotional materials; creative development of, and preparing, producing, and placing video, audio, and written materials and electronic media; media placement and buying, including all associated expenses and fees; administering regional and multi- regional marketing and advertising programs; market research and customer satisfaction surveys, including the use of "secret 'shoppers' or clients"; lead generating services or vendors; the creative development of, and actual production associated with, promotions, public relation events, and charitable or nonprofit events; creative development of signage and posters; employee recognition and awards events and programs; periodic national and regional conventions and meetings; Online Site, extranet and/or intranet development, implementation, and maintenance; retention and payment of advertising and promotional agencies and other outside advisors including retainer and management fees; and public relations and community involvement activities and programs. We will direct all programs that the Marketing Fund finances, with sole control over the creative concepts, materials, and endorsements used and their geographic, market, and media placement and allocation.

You agree to contribute to the Marketing Fund an amount equal to one percent (1%) of your Gross Sales, payable in the same manner as the Royalty.

We have the right to collect for deposit into the Marketing Fund any advertising, marketing, or similar allowances paid to us by suppliers who deal with Town Square Franchised Businesses and with whom we have agreed that we will so deposit these allowances. (These payments are different from those which are not designated by suppliers to be used exclusively for advertising or similar purposes and which we and our affiliates therefore may use for any purposes we and they deem appropriate, as provided in Section 8.3 above.)

The Marketing Fund periodically will give you samples of advertising, marketing, and promotional formats and materials at no cost. We will sell you multiple copies of these materials at our direct cost of producing them, plus any related shipping, handling, and storage charges.

We will account for the Marketing Fund separately from our other funds and not use the

Marketing Fund for any of our general operating expenses. However, we may use the Marketing Fund to pay administrative costs of the Marketing Fund including managing the advertising, marketing, and promotional programs and payment of outside suppliers utilized by the Marketing Fund, and we may use the Marketing Fund to pay the reasonable salaries and benefits of personnel (including our personnel and personnel of our affiliates) who manage and administer the Marketing Fund. We may use the Marketing Fund to pay for other administrative costs, travel expenses of personnel while they are on Marketing Fund business, meeting costs, overhead relating to Marketing Fund business, and other expenses that we incur in activities reasonably related to administering or directing the Marketing Fund and its programs.

Although the Marketing Fund is not a trust, we will hold all Fund contributions for the benefit of the System, the Town Square® brand, and the contributors, and use contributions only for the purposes described in this Section. We do not owe any fiduciary obligation to you for administering the Marketing Fund or any other reason. The Marketing Fund may spend in any fiscal year more or less than the total Marketing Fund contributions in that year, borrow from us or others (paying reasonable interest) to cover deficits, or invest any surplus for future use. Any deficits shall be an expense of ours and will be treated as such from an accounting perspective. We will use all interest earned on Marketing Fund contributions to pay costs before using the Marketing Fund's other assets.

We may prepare an annual, unaudited statement of Marketing Fund collections and expenses. If we prepare an unaudited statement, it shall be available for your review upon written request, ninety (90) days after our fiscal year. We may incorporate the Marketing Fund or operate it through a separate entity whenever we deem appropriate. The successor entity will have all the rights and duties specified in this Section. We may audit the Marketing Fund on an annual basis, but we are not required to do so.

We intend the Marketing Fund to maximize and enhance public, franchisee, and employee recognition of the Town Square® brand, Marks, and Town Square Franchised Businesses. Although we may use the Marketing Fund, or portions of the monies in the Marketing Fund, to create, develop, use and/or place advertising and promotional marketing materials and programs, and we may try to engage in brand enhancement activities that will benefit all Town Square Franchised Businesses, we cannot and do not ensure that Marketing Fund expenditures will be made in or affecting any geographic area, or will be proportionate or equivalent to Marketing Fund contributions by Town Square Franchised Businesses operating in that geographic area. We do not guarantee or assure that any Town Square Franchised Business will benefit directly or in proportion to its Marketing Fund contribution from the brand enhancement activities of the Marketing Fund or the development of advertising and marketing materials or the placement of advertising and marketing.

We also may forgive, waive, settle, and compromise all claims by or against the Marketing Fund. Except as expressly provided in this Section, we assume no direct or indirect liability or obligation to you for collecting amounts due to, maintaining, directing, or administering the Marketing Fund.

We may at any time defer or reduce contributions of a Town Square Franchised Business franchisee and, upon thirty (30) days prior written notice to you, reduce or suspend Marketing Fund

contributions and operations for one or more periods of any length and terminate (and, if terminated, reinstate) the Marketing Fund. If we terminate the Marketing Fund, we will use all unspent monies for the remaining activities of the Marketing Fund and any related administrative costs until all monies have been exhausted.

9.3 By You

We will work with you to develop an advertising and marketing plan (the **Plan**") for you, your Franchised Business, and your Territory. You must comply with all requirements regarding the Plan, including use of approved advertising and marketing materials, placement and purchase of advertising and marketing materials and media, and compliance with all promotional recommendations. In addition to your Marketing Fund contribution obligations in Sections 9.1 and 9.2 above, you agree to spend, each month, beginning ninety (90) days after you commence operations, the greater of $1,000 per month or 2.0% of Gross Sales per month to advertise and promote your Franchised Business in accordance with your Plan. Your monthly expenditure may include the costs to design or develop local marketing programs, subject to our approval. You agree to send us, in the manner we prescribe, an accounting of your expenditures for local advertising and promotion at such times, and for such reporting periods, as we may specify from time to time. We reserve the right to collect the required local advertising and marketing expenditures from you and to spend such amounts to implement the Plan for you. If you fail to spend the required minimum amount, then any amounts that you should have expended to reach the greater of $1,000 per month or 2.0% of Gross Sales requirement must be contributed to the Marketing Fund at such times as we specify.

We reserve the right to establish or designate specialized, regional, or special-focused advertising, marketing or media campaigns ("**Special Campaigns**") that may or may not involve you and/or other Town Square® businesses. If we establish or designate a Special Campaign that is or will be applicable to you, you must participate in that campaign and contribute to the costs of the Special Campaign in the amounts and in the manner that we specify. Any amounts that you spend or contribute to or for the Special Campaign will be credited toward your required advertising/promoting expenditure under this Section 9.3.

We may require you to participate with other Town Square Franchised Businesses in joint, collective, or market-wide advertising, marketing, or promotional campaigns or programs as part of your Plan, and to pay your share of that joint, collective, or market-wide advertising or program. Your local advertising and promotion must follow our guidelines, which may include, among other things, requirements for, or restrictions regarding, the use of the Marks and notices of our Online Site's domain name in the manner we designate. You may not own, develop, maintain, control or authorize, without our prior written approval, any Online Site that mentions or describes you or the Franchised Business or displays any of the Marks. You agree that your advertising, promotion, and marketing will be completely clear, factual, and not misleading and conform to both the highest standards of ethical advertising and marketing and the advertising and marketing policies that we prescribe from time to time. You may use direct advertising only directed to customers located within your Territory. We may specify third parties that you must use for the design and development of your local advertising; however, you will be required to pay those third parties directly without any offset to your required local expenditure requirements.

For all proposed advertising, marketing, and promotional plans, you will submit samples of such plans and materials to us (by means described in Section 18 below), for our review and prior written approval (except with respect to prices to be charged by you). If written approval is not received by you from us within ten (10) days of the date of receipt by us of such samples or materials, we will be deemed to have not approved them. You acknowledge and agree that any and all copyright in and to advertising and promotional materials developed by you or on your behalf will be our sole property, and you must execute such documents (and, if necessary, require your independent contractors to execute such documents) as may be deemed reasonably necessary by us to give effect to this provision.

9.4 Online Sites

In furtherance of our policies regarding Online Sites and the presence of the "Town Square®" brand on the Internet, we have the right to establish, maintain, and modify one or more Online Sites that identify the "Town Square®" brand, system, and businesses that operate under our Marks. Currently, we intend to establish webpages on one website that identify individual Town Square Franchised Businesses, and one such microsite shall specifically identify your Franchised Business. You will have the right to promote your Franchised Business using this webpage, and to utilize and modify this webpage, if you comply with our website and Internet policies, and our other System Standards. Our current website is identified as "www.townsquare.net" Our current website strategy, which we have the right to change from time to time, includes utilizing our website and various webpages for lead generation purposes, press releases, brand marketing, promotion, and dissemination of other information related to the Town Square Franchised Businesses. Unless we have otherwise approved in writing, you agree to neither establish nor permit any other party to establish an Online Site relating in any manner whatsoever to the Franchised Business or referring to the Marks. We will have the right, but not the obligation, to provide one or more references or webpage(s), as we may periodically designate, within our Online Site. The term "**Online Site**" means one or more related documents, designs, pages, or other communications that can be accessed through electronic means, including, but not limited to, the Internet, World Wide Web, webpages, microsites, social networking sites (e.g., Facebook, Twitter, LinkedIn, You Tube, Google Plus, Instagram, Pinterest, etc.), blogs, vlogs, applications to be installed on mobile devices (e.g., iPad or Droid apps), and other applications, etc.

9.5 E-Mail, Internet, and Other Media

You must comply with our requirements and policies (as described in the Operations Manual or otherwise in writing) with respect to the transmission of all emails in connection with the Franchised Business, and in connection with discussing, advertising, or disseminating any information, or otherwise having a presence, on the Internet, or in any other media, regarding the Franchised Business. Such activities include, without limitation, participation in any Internet "blogs" or social networking sites. Any such activities which are not expressly permitted in the Operations Manual or otherwise in writing, or for which you have not previously received approval from us, shall be subject to our approval as described in Section 9.4 above.

10. RECORDS, REPORTS, AND FINANCIAL STATEMENTS

You agree to establish and maintain at your own expense a bookkeeping, accounting, and

recordkeeping system conforming to the requirements and formats as outlined in the Systems Standards. We reserve the right to require that you maintain a fiscal year different than the calendar year, and one that is consistent with our fiscal year. In addition, we reserve the right to require that you hire and utilize a bookkeeping and/or accounting service that we designate or approve. We may require you to use a Computer System to maintain certain sales data, financial data, and other information. You must comply with our requirements regarding inputting of data, preparing reports, and transmitting data and reports to us, using the Computer System in the manner and at such times as we specify. You agree to prepare and provide to us, in the manner and format that we prescribe from time to time (which may include reporting through the Computer System and/or maintaining the Computer System to enable us to access your records to obtain the following reports):

(1) a report on the Franchised Business's Gross Sales as provided in Section 3.2, and a monthly operating report and/or income statement with business and operating statistics of the type and in the form and manner that we specify;

(2) monthly and quarterly profit and loss and source and use of funds statements and a balance sheet for the Franchised Business as of the end of the prior calendar month and quarter;

(3) within ninety (90) days after the end of each calendar year, the operating statements, financial statements, statistical reports, and other information we request regarding you and the Franchised Business covering the previous calendar year; and

(4) within ten (10) days after our request, exact copies of federal and state income tax returns, sales tax returns, and any other forms, records, books, and other information we periodically require relating to the Franchised Business and to each of your owners holding over a ten percent (10%) ownership interest.

You agree to verify and sign each report and financial statement in the manner we prescribe. We may disclose data derived from these reports, although we will not without your consent (unless required by law) disclose your identity in any materials that we circulate publicly. Moreover, we may, as often as we deem appropriate (including on a continual basis), access the Computer System, and retrieve all information relating to the Franchised Business's operation, however, we will only access your client's medical/health information when such access is in compliance with applicable law.

In the event you have been in default of any financial, payment, or reporting obligation under this Agreement, even if cured, more than twice during the term of this Agreement, we reserve the right to require that you prepare, and provide us, audited financial statements on an annual basis. In addition, you must provide us with audited financial statements in the event you prepare them for any other purpose.

You agree to preserve and maintain all records (including, but not limited to, sales checks, purchase orders, invoices, payroll records, customer and client lists, check stubs, sales tax records and returns, cash receipts and disbursement journals, and general ledgers) in a secure location at the Franchised Business for a period of at least five (5) years, or such longer period of time as may

be required under applicable federal, state and local laws, regulations and requirements.

11. INSPECTIONS AND AUDITS

11.1 Our Right to Inspect the Franchised Business

To determine whether you and the Franchised Business are complying with this Agreement and to assess your operations and adherence to System Standards, we and designated agents or representatives of us, may at all times and without prior notice to you: (1) inspect and observe the operation of the Franchised Business; (2) interview the Franchised Business's personnel and clients; and (3) inspect and copy or request copies of any books, records, and documents relating to the Franchised Business's operation. You agree to cooperate with us fully. If we exercise any of these rights, we will not interfere unreasonably with the Franchised Business's operation.

11.2 Our Right to Audit

We may, ten (10) days after our request, examine your (if you are an Entity) and the Franchised Business's business, bookkeeping, and accounting records, sales and income tax records and returns, and other records. You agree to cooperate fully with us, our representatives, accountants, auditors, representatives, and/or contractors in any examination. We may conduct our audit or examination at our offices or the offices of our representative, accountant, auditor, or contractor. If any examination discloses an understatement of the Franchised Business's Gross Sales, you agree to pay us, within ten (10) days after receiving the examination report, the Royalty and Marketing Fund contributions due on the amount of the understatement, plus our service charges and interest on the understated amounts from the date originally due until the date of payment. Furthermore, if an examination is necessary due to your failure to furnish reports, supporting records, or other information as required, or to furnish these items on a timely basis, or if our examination reveals an understatement of Gross Sales exceeding five percent (5%) of the amount that you actually reported to us for the period examined; then: (a) you agree to reimburse us for the costs of the examination, including, without limitation, the charges of attorneys and independent accountants and the travel expenses, room and board, and compensation of our employees; and (b) we may require you to provide us with periodic audited statements. These remedies are in addition to our other remedies and rights under this Agreement and applicable law.

12. TRANSFER

12.1 By Us

You acknowledge that we maintain a staff to manage and operate the System and that staff members can change as employees come and go. You represent that you have not signed this Agreement in reliance on any particular shareholder, director, officer, or employee remaining with us in that capacity. We may change our ownership or form and/or assign this Agreement and any other agreement to a third party without restriction. After our assignment of this Agreement to a third party who expressly assumes the obligations under this Agreement, we no longer will have any performance or other obligations under this Agreement.

12.2 By You

You understand and acknowledge that the rights and duties this Agreement creates are personal to you (or, if you are an Entity, to your owners) and that we have granted you the Franchise in reliance upon our perceptions of your (or your owners') individual or collective character, skill, aptitude, attitude, business ability, and financial capacity. Accordingly, none of the following may be transferred without our prior written approval: (i) this Agreement (or any interest in this Agreement); (ii) the Franchised Business (or any right to receive all or a portion of the Franchised Business's profits or losses or capital appreciation related to the Franchised Business); (iii) the Lease; (iv) substantially all of the assets of the Franchised Business; (v) any ownership interest in you (regardless of its size); or (vi) any ownership interest in any of your owners (if such owners are legal entities). A transfer of the Franchised Business's ownership, possession, or control, or substantially all of its assets, may be made only with a transfer of this Agreement. Any transfer without our approval is a breach of this Agreement and has no effect.

In this Agreement, the term "transfer" includes a voluntary, involuntary, direct, or indirect assignment, sale, gift, or other disposition. An assignment, sale, gift, or other disposition includes the following events:

(1) transfer of ownership of capital stock, a partnership or membership interest, or another form of ownership interest;

(2) merger or consolidation or issuance of additional securities or other forms of ownership interest;

(3) any sale of a security convertible to an ownership interest;

(4) transfer of an interest in you, this Agreement, the Franchised Business or substantially all of its assets, or your owners in a divorce, insolvency, or entity dissolution proceeding or otherwise by operation of law;

(5) if you, one of your owners, or an owner of one of your owners dies, a transfer of an interest in you, this Agreement, the Franchised Business or substantially all of its assets, or your owner by will, declaration of or transfer in trust, or under the laws of intestate succession; or

(6) pledge of this Agreement (to someone other than us) or of an ownership interest in you or your owners as security, foreclosure upon the Franchised Business, or your transfer, surrender, or loss of the Franchised Business's possession, control, or management. You may grant a security interest (including a purchase money security interest) in the Franchised Business's assets (not including this Agreement) to a lender that finances your acquisition, development, and/or operation of the Franchised Business if you give us fifteen (15) days' prior written notice and if the pledge and/or financing satisfies our requirements, which may include, without limitation, execution of agreements by us, you, and/or such owners, and any of your secured creditors, in a form satisfactory to us, acknowledging the creditor's obligations to be bound by the terms of this Section 12.

12.3 Conditions for Approval of Transfer

If you (and your owners) are fully complying with this Agreement, then, subject to the other provisions of this Section 12, we will approve a transfer that meets all of the requirements in this Section.

If you are an Entity, your owners may transfer a non-controlling ownership interest in you or your owners (determined as of the date on which the proposed transfer will occur) if: (1) the proposed transferee and its direct and indirect owners (if the transferee is an Entity) are of good character and otherwise meet our then applicable standards for Town Square Franchised Business franchisees (including no ownership interest in or performance of services for a Competitive Business); and (2) you give us prior written notice of the transfer.

For any other proposed transfer (including a transfer of this Agreement, a transfer of a controlling ownership interest in you or one of your owners, or a transfer which is one of a series of transfers (regardless of the time period over which these transfers take place) which in the aggregate transfer this Agreement or a controlling ownership interest in you or one of your owners) all of the following conditions must be met before or concurrently with the effective date of the transfer:

(1) The transferee has sufficient business experience, aptitude, and financial resources to operate the Franchised Business;

(2) You have paid all Royalties and Marketing Fund contributions, and other amounts owed to us, our affiliates, and third-party vendors, have submitted all required reports and statements, and are not in violation of this Agreement at the time of transfer;

(3) Neither the transferee nor its owners (if the transferee is an Entity) or affiliates have an ownership interest (direct or indirect) in or perform services for a Competitive Business;

(4) The transferee (or its Operating Principal) satisfactorily completes our training program at the then-current training cost;

(5) Your landlord allows you to transfer the Lease or sublease the Center to the transferee;

(6) The transferee shall (if the transfer is of this Agreement), or you shall (if the transfer is of a controlling ownership interest in you or one of your owners), sign our then current form of franchise agreement and related documents, any and all of the provisions of which may differ materially from any and all of those contained in this Agreement, including the Royalty and the Marketing Fund contributions, provided, however, that the term of the new franchise agreement signed will be the remaining term on this Agreement;

(7) You or the transferee pays us a transfer fee of 50% of the then current franchise fee; however, the transfer fee will be waived if the transferee is an entity you control.

(8) You (and your transferring owners) sign a general release, in a form satisfactory to us, of any and all claims against us and our current and former shareholders, officers, directors, employees, and agents;

(9) We have determined that the purchase price and payment terms will not adversely affect the transferee's operation of the Franchised Business;

(10) If you or your owners finance any part of the purchase price, you and/or your owners agree that all of the transferee's obligations under promissory notes, agreements, or security interests reserved in the Franchised Business are subordinate to the transferee's obligation to pay Royalties, Marketing Fund contributions, and other amounts due to us, our affiliates, and third-party vendors and otherwise to comply with this Agreement;

(11) (a) You have corrected any existing deficiencies of the Franchised Business of which we have notified you in writing or by electronic communications, and/or (b) the transferee agrees to upgrade and refurbish the Franchised Business in accordance with our then current requirements and specifications for Town Square Franchised Businesses within the time period we specify following the effective date of the transfer (we will advise the transferee before the effective date of the transfer of the specific actions that it must take and the time period within which such actions must be taken);

(12) You and your transferring owners (and your and your owners' spouses) will not, for two (2) years beginning on the transfer's effective date, engage in any of the activities proscribed in Section 15.4 below;

(13) You and your transferring owners will not directly or indirectly at any time or in any manner (except with respect to other Town Square Franchised Businesses you own and operate) identify yourself or themselves or any business as a current or former Town Square Franchised Business or as one of our franchisees; use any Mark, any colorable imitation of a Mark, or other indicia of a Town Square Franchised Business in any manner or for any purpose; or utilize for any purpose any trade name, trade or service mark, or other commercial symbol that suggests or indicates a connection or association with us; and

(14) Any purchase and sale agreement between the transferor and the transferee shall provide for and require that the Franchised Business shall continue to operate without interruption during the transfer.

We may review all information regarding the Franchised Business that you give the transferee, correct any information that we believe is inaccurate, and give the transferee copies of any reports that you have given us or we have made regarding the Franchised Business.

12.4 Transfer to a Wholly-Owned Corporation or Limited Liability Company

Despite Section 12.3 above, if you are fully complying with this Agreement, and other agreements with us, our affiliates, and suppliers, after providing us with written notice, you may transfer this Agreement to a corporation or limited liability company which conducts no business other than the Franchised Business and, if applicable, other Town Square Franchised Businesses, in which you maintain management control, and of which you own and control one hundred percent

(100%) of the equity and voting power of all issued and outstanding ownership interests, provided that all of the Franchised Business's assets are owned, and the Franchised Business's business is conducted, only by that single corporation or limited liability company. The corporation or limited liability company must expressly assume all of your obligations under this Agreement. Transfers of ownership interests in the corporation or limited liability company are subject to Section 12.3 above. You agree to remain personally liable under this Agreement as if the transfer to the corporation or limited liability company did not occur.

12.5 Your Death or Disability

(1) Transfer Upon Death or Disability. Upon your or your Operating Principal's death or disability, your or the Operating Principal's executor, administrator, conservator, guardian, or other personal representative must transfer your interest in this Agreement, or the Operating Principal's ownership interest in you, to a third party (which may be your or the Operating Principal's heirs, beneficiaries, or devisees). That transfer must be completed within a reasonable time, not to exceed twelve (12) months from the date of death or disability, and is subject to all of the terms and conditions in this Section 12, including the payment of the transfer fee required under Section 12.3. A failure to transfer your interest in this Agreement or the Operating Principal's ownership interest in you within this time period is a breach of this Agreement.

The term "disability" means a mental or physical disability, impairment, or condition that is reasonably expected to prevent or actually does prevent you or the Operating Principal from supervising the Franchised Business's management and operation.

(2) Operation Upon Death or Disability. Upon your or the Operating Principal's death or disability, your or the Operating Principal's executor, administrator, conservator, guardian, or other personal representative must within a reasonable time, not to exceed fifteen (15) days from the date of death or disability, appoint a manager. The manager must complete our standard training program. A new Operating Principal acceptable to us also must be appointed for the Franchised Business, and that new Operating Principal must complete our standard training program, within sixty (60) days after the date of death or disability.

12.6 Effect of Consent to Transfer

Our consent to a transfer of this Agreement and the Franchised Business, or any interest in you or your owners, is not a representation of the fairness of the terms of any contract between you and the transferee, a guarantee of the Franchised Business's or transferee's prospects of success, or a waiver of any claims we have against you (or your owners) or of our right to demand the transferee's full compliance with this Agreement.

12.7 Public or Private Offering

In the event you or your affiliates offer stock, partnership or other ownership or equity interests in you or your affiliates and such offering or transfer of ownership requires, under federal or state law, that you prepare and/or furnish materials to prospective purchasers or investors, all such materials required by federal or state law shall be submitted to us for review as described

below at the earlier of at least thirty (30) days before such materials are offered to prospective purchasers or investors or are filed with any government agency. You must submit any materials to be used in any exempt offering for our review prior to their use. No offering by you or your affiliates may imply (by use of the Marks or otherwise) that we are participating in an underwriting, issuance, or offering of the securities of you or your affiliates; and our review of any offering will be limited solely to the relationship between you and us and any subsidiaries and affiliates, if applicable, and will not constitute any opinion as to any legal requirement. We may require the offering materials to contain a written statement prescribed by us concerning the limitations stated in the preceding sentence.

You (and the offeror, if it is not you), your owners, and all other participants in the offering must fully indemnify us, our subsidiaries, affiliates, successor, and assigns, and their respective directors, managers, officers, members, shareholders, partners, agents, representatives, servants, and employees in connection with the offering and you shall execute any and all documents required by us to endorse such indemnification. For each proposed offering, you must pay us a non-refundable fee of Seven Thousand Five Hundred Dollars ($7,500) or such greater amount as is necessary to reimburse us for our reasonable costs and expenses (including legal and accounting fees) for reviewing the proposed offering. You must give us written notice at least thirty (30) days before the date that any offering or other transaction described in this Section 12.7 commences. We may request additional information, and you may be required to defer the offering or transaction until all of our requests are satisfied. Any such offering will be subject to all of the other provisions of this Section 12, including without limitation the terms set forth in Sections 12.2 and 12.3. You also agree that such offering shall be subject to our approval as to the structure and voting control of the offeror (and you, if you are not the offeror) after the financing is completed.

12.8 Franchisor's Right of First Refusal

If you or your owners at any time seek or attempt to sell or to transfer all or substantially all of the Franchised Business, all of substantially all of the assets of the Franchised Business, or an ownership interest in you, you (or your owners) must submit to us any bona fide written offer executed by a prospective purchaser and must disclose the identity of such purchaser to us. For a period of thirty (30) days after we receive a copy of such offer, we have the right, exercisable by written notice delivered to you, to notify you of our intent to purchase such interest on the terms and conditions contained in the offer, provided that we may substitute cash for any form of payment proposed in the offer, and have a minimum of sixty (60) days to prepare for closing. If we do not exercise our right of first refusal, you (or your owners) may complete the sale to the purchaser pursuant to and on the terms of the offer and in accordance with this Section, provided that if the sale to such purchaser is not completed within one hundred twenty (120) days after delivery of the terms of the original offer to us, or if there is a material change in the terms of such offer, we shall again have the right of first refusal set forth above.

13. EXPIRATION OF THIS AGREEMENT

13.1 Your Right to a Successor Franchise Agreement

If you meet certain conditions, then you will have the option to request the right to operate the Franchised Business for one (1) additional successor term. The successor term will be ten (10)

years. The qualifications and conditions for the successor term is described below.

When this Agreement expires:

(1) if you (and each of your owners) have substantially complied with this Agreement during its term; and

(2) if you (and all of your owners) are, both on the date you give us written notice of your election to request a successor franchise agreement (as provided in Section 13.2 below) and on the date on which the term of the successor franchise agreement would commence, in full compliance with this Agreement, other agreements with us, our affiliates, and your suppliers, and all System Standards; and

(3) provided that (a) you maintain possession of the Center, or (b) at your option, you secure a substitute center that we approve, and the Center or substitute center comply with, or are developed or refurbished to comply with, the System Standards then applicable for Town Square Franchised Businesses; then you have the option to execute a successor franchise agreement for a term of ten (10) years commencing immediately upon the expiration of this Agreement. You agree to sign the franchise agreement we then use to grant franchises for Town Square Franchised Businesses (modified as necessary to reflect the fact that it is for a successor franchise agreement), which may contain provisions that differ materially from any and all of those contained in this Agreement; provided, however, that the Royalty shall remain the same for the successor term as that set forth in this Agreement.

If you (and each of your owners) are not, both on the date you give us written notice of your election to request a successor franchise agreement and on the date on which the term of the successor franchise agreement commences, in full compliance with this Agreement, other agreements with us, our affiliates, and your suppliers, and all System Standards, you acknowledge that we need not grant you a successor franchise agreement, whether or not we had, or chose to exercise, the right to terminate this Agreement during its term under Section 14.1.

13.2 Grant of a Successor Franchise Agreement

You agree to give us written notice of your election to request a successor franchise agreement no more than two hundred seventy (270) days and no less than one hundred eighty (180) days before this Agreement expires. We agree to give you written notice ("**Our Notice**"), not more than ninety (90) days after we receive your notice, of our decision:

(1) to grant you a successor franchise agreement;

(2) to grant you a successor franchise agreement on the condition that you correct existing deficiencies of the Franchised Business or in your operation of the Franchised Business and/or satisfy our then current qualifications, certification, and training requirements; or

(3) not to grant you a successor franchise agreement based on our determination that you and your owners have not substantially complied with this Agreement, other agreements with us, our affiliates, and your suppliers during its term or were not in full compliance with this Agreement and all System Standards on the date you gave us written notice of your election to

request a successor franchise agreement.

If applicable, our Notice will:

(4) describe any improvements and/or modifications required to bring the Franchised Business into compliance with then applicable System Standards for new Town Square Franchised Businesses;

(5) describe our then-current qualifications, certification and training requirements, and specify the training program(s) that you and your employee must complete to our satisfaction before you may be offered a successor franchise agreement; and

(6) state the actions you must take to correct operating deficiencies and the time period in which you must correct these deficiencies.

If we elect not to grant you a successor franchise agreement, our Notice will describe the reasons for our decision. If we elect to grant you a successor franchise agreement, your right to sign a successor franchise agreement is subject to your full compliance with all of the terms and conditions of this Agreement through the date of its expiration, in addition to your compliance with the obligations described in our Notice.

If our Notice states that you must cure certain deficiencies of the Franchised Business or its operation as a condition to our granting you a successor franchise agreement, we will give you written notice of our decision not to grant a successor franchise agreement, based upon your failure to cure those deficiencies, not less than ninety (90) days before this Agreement expires, provided, however, that we need not give you this ninety (90) days' notice if we decide not to grant you a successor franchise agreement due to your breach of this Agreement during the ninety (90) day period before it expires. If we fail to give you:

(7) notice of deficiencies in the Franchised Business, or in your operation of the Franchised Business, within ninety (90) days after we receive your timely election to request or obtain a successor franchise agreement (if we elect to grant you a successor franchise agreement under subparagraphs (2) and (b) above); or

(8) notice of our decision not to grant a successor franchise agreement at least ninety (90) days before this Agreement expires, if this notice is required, we may extend this Agreement's term for the time period necessary to give you either reasonable time to correct deficiencies or the ninety (90) days' notice of our refusal to grant a successor franchise agreement. If you fail to notify us of your election to request a successor franchise agreement within the prescribed time period, we need not grant you a successor franchise agreement.

13.3 Agreements/Releases

If you satisfy all of the other conditions for a successor franchise agreement, you and your owners agree to execute the form of franchise agreement and any ancillary agreements we then customarily use in granting franchises for Town Square Franchised Businesses (modified as necessary to reflect the fact that it is for a successor franchise agreement), which may contain provisions that differ materially from any and all of those contained in this Agreement; provided,

however, that the Royalty owed under the successor agreement for the first successor term will be the same as under this Agreement, however, any reduction to the Royalty fee during the first Year of Operation will not apply. You and your owners further agree to sign general releases, in a form satisfactory to us, of any and all claims against us and our current and former shareholders, members, managers, officers, directors, employees, agents, successors, and assigns. We will consider your or your owners' failure to sign these agreements and releases and to deliver them to us for acceptance and execution within thirty (30) days after their delivery to you to be an election not to be granted a successor franchise agreement.

14. TERMINATION OF AGREEMENT

14.1 Automatic Termination

You shall be deemed to be in default under this Agreement, and all rights granted herein shall automatically terminate without notice to you, if you shall become insolvent or make a general assignment for the benefit of creditors; or if a petition in bankruptcy is filed by you or such a petition is filed against and not opposed by you; or if you are adjudicated a bankrupt or insolvent; or if a bill in equity or other proceeding for the appointment of a receiver of you or other custodian for your business or assets is filed and consented to by you; or if a receiver or other custodian (permanent or temporary) of your assets or property, or any part thereof, is appointed by any court of competent jurisdiction; or if proceedings for a composition with creditors under any state or federal law should be instituted by or against you; or if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless unappealed or a supersedeas bond is filed); or if you are dissolved; or if execution is levied against your business or property; or if suit to foreclose any lien or mortgage against the Franchised Business premises or equipment is instituted against you and not dismissed within thirty (30) days; or if the real or personal property of your Franchised Business shall be sold after levy thereupon by any sheriff, marshal, or constable.

14.2 Termination Upon Notice Without Opportunity to Cure

You shall be deemed to be in default and we may, at our option, terminate this Agreement and all rights granted hereunder, without affording you any opportunity to cure the default, effective immediately upon the delivery of written notice to you by us, upon the occurrence of any of the following events:

(1) you (or any of your owners) intentionally underreport Gross Sales, falsify financial data, or otherwise commit an act of fraud, or make any material misrepresentation or omission in your application for, or in acquiring, the license and franchise rights, or in operating the Franchised Business;

(2) you (or your owners) make or attempt to make any transfer in violation of Section 12;

(3) you fail to maintain any required licenses, permits, or certifications to open or operate the Franchised Business, or fail to comply with any federal, state, or local law regulation, or you operate the Franchised Business in an unsafe manner, and you do not cure or commence to cure this failure within five (5) days after you receive notice;

(4) you or any of your employees fail to meet the state and local certifications or other requirements for employment in an adult day care center, or similar business, and you fail to cure this default within five (5) days after you receive notice, or, alternatively, you fail to prohibit such employees from working in the Franchised Business until the requirements are met;

(5) you (or any of your owners) are or have been convicted by a trial court of, or plead or have pleaded no contest to, a felony;

(6) you (or any of your owners) or any of your key employees engage in any dishonest or unethical conduct, any unprofessional conduct, or any conduct or action which, in our opinion, adversely affects, harms, or has or may have a detrimental effect on or impact on, the Town Square® brand, the Franchised Business, other Town Square Franchised Businesses, or the goodwill associated with the Marks;

(7) you (or any of your owners) knowingly make any unauthorized use or disclosure of any part of the Operations Manual or any other Confidential Information;

(8) you interfere with our relations with third parties and the ability to operate, and/or grant franchises under, our System;

(9) you fail to maintain the insurance we require or you fail to repay us for the insurance that we have paid on your behalf and you do not correct the failure within ten (10) days after we deliver written notice of that failure to you;

(10) you fail to pay us (or our affiliates) any amounts due and do not correct the failure within five (5) days after we deliver written notice of that failure to you, or immediately if payment has not been made within thirty (30) days of its due date;

(11) you understate the Franchised Business's Gross Sales for any period by five percent (5%) or more three (3) times or more during any twelve (12) month period, or by more than ten percent (10%) on any one occasion;

(12) you (or any of your owners) (a) fail on three (3) or more separate occasions within any twelve (12) consecutive month period to comply with this Agreement, whether or not we notify you of the failures, and, if we do notify you of the failures, whether or not you correct the failures after our delivery of notice to you; or (b) fail on two (2) or more separate occasions within any eighteen (18) consecutive month period to comply with the same obligation under this Agreement, whether or not we notify you of the failures, and, if we do notify you of the failures, whether or not you correct the failures after our delivery of notice to you;

(13) your or any of your owners' assets, property, or interests are blocked under any law, ordinance, or regulation relating to terrorist activities, or you or any of your owners otherwise violate any such law, ordinance, or regulation; or

(14) you are in default of any other agreement with us or any of our affiliates, and you have failed to cure the default within the time period, if any, provided for such cure.

14.3 Termination With Opportunity to Cure

Except as otherwise provided in Sections 14.1 and 14.2 above, upon any other default by you of your obligations hereunder, including those identified below, we may terminate this Agreement by giving written notice of termination, setting forth the nature of such default to you at least thirty (30) days prior to the effective date of termination; provided, however, that you may avoid termination by immediately initiating a remedy to cure such default, curing it to our satisfaction, and by promptly providing proof thereof to us, all within the thirty (30) day period. If any such default is not cured within the specified time, this Agreement shall terminate without further notice to you effective immediately upon the expiration of the thirty (30) day period or such longer period as applicable law may require. The following is a non- exclusive list of illustrative events of default for which you may have an opportunity to cure the default to avoid termination:

(1) you do not sign your lease for your Center within time period prescribed in Section 2.1 or you do not open the Franchised Business for business within the time period prescribed in Section 2.5;

(2) you (or your Operating Principal) and/or your initial Center Director do not satisfactorily complete the initial training program (after we provide a second opportunity as provided in Section 4.1);

(3) you abandon or fail actively to operate the Franchised Business for three (3) or more consecutive business days, unless you close the Franchised Business for a purpose we approve or because of casualty or government order;

(4) you (or any of your owners) misuse our Marks, or use our Marks at any other location owned or operated by you (or any of your owners) without our authorization;

(5) you make any unauthorized use of our proprietary software;

(6) you fail to operate the Franchised Business during the days and hours specified in the Operations Manual without our prior approval;

(7) you fail to operate the Franchised Business from the Center or any substitute center approved by us;

(8) you fail to pay when due any federal or state income, service, sales, or other taxes due on the Franchised Business's operation, unless you are in good faith contesting your liability for these taxes;

(9) you fail to promptly pay your suppliers, including any of our affiliates, when such payments are due; or

(10) you (or any of your owners) fail to comply with any other provision of this Agreement, the Operations Manual, or any System Standard.

14.4 Extended Notice of Termination

If any law applicable to this Section 14, or Section 13 above, requires a longer notice period prior to termination of this Agreement, or prior to a refusal to enter into a successor franchise agreement, than is specified in this Agreement, a different standard of "good cause," or the taking of some other action not required under this Agreement, the prior notice, "good cause" standard, and/or other action required by such law will be substituted for the comparable provisions in this Agreement.

15. OUR AND YOUR RIGHTS AND OBLIGATIONS UPON TERMINATION OR EXPIRATION OF THIS AGREEMENT

15.1 Payment of Amounts Owed to Us

You agree to pay us within fifteen (15) days after this Agreement expires or is terminated, or on any later date that we determine the amounts due to us, the Royalties, Marketing Fund contributions, interest, and all other amounts owed to us (and our affiliates) which then are unpaid.

15.2 Marks.

When this Agreement expires or is terminated:

(1) you may not directly or indirectly at any time or in any manner (except as we may otherwise approve, and except with respect to other Town Square Franchised Businesses you lawfully own and operate) identify yourself or any business as a current or former Town Square Franchised Business or as one of our current or former franchisees; use any Mark, any colorable imitation of a Mark, or other indicia of a Town Square Franchised Business in any manner or for any purpose; or use for any purpose any trade name, trade or service mark, or other commercial symbol that indicates or suggests a connection or association with us; and within fifteen days

(2) you agree to take within fifteen (15) days the action required to cancel all fictitious or assumed name or equivalent registrations relating to your use of any Mark;

(3) you agree to deliver to us within thirty (30) days all signage, marketing materials, forms, and other materials containing any Mark or otherwise identifying or relating to a Town Square Franchised Business that we request and allow us, without liability to you or third parties for trespass or any other claim, to enter the Center and remove these items from the Franchised Business;

(4) if we do not have or do not exercise an option to purchase the assets of the Franchised Business under Section 15.5 below, you agree promptly and at your own expense to make the alterations we specify in our Operations Manual (or otherwise) to distinguish the Franchised Business clearly from its former appearance and from other Town Square Franchised Businesses in order to prevent public confusion.

(5) you agree immediately to notify the telephone company, all telephone directory publishers, and all domain name registries and internet service providers of the termination or expiration of your right to use any telephone, facsimile, URLs and domain names, or other numbers names and telephone directory listings associated with any Mark; to authorize the

transfer of these numbers, names, and directory listings to us or at our direction; and/or to instruct the telephone company, domain name registries, and Internet service providers to forward all calls, e-mails and electronic communications made to your names, numbers, or addresses to names, numbers, or addresses we specify. If you fail to do so, we may take whatever action and sign whatever documents we deem appropriate on your behalf to affect these events;

(6) you agree to give us, within thirty (30) days after the expiration or termination of this Agreement, evidence satisfactory to us of your compliance with these obligations; and

15.3 Confidential Information

You agree that, when this Agreement expires or is terminated, you will immediately cease using any of our Confidential Information (including computer software or similar technology and digital passwords and identifications that we have licensed to you or that otherwise are proprietary to us or the System) in any business or otherwise and return to us the client list, all copies of the Operations Manual and any other confidential materials that we have loaned you.

15.4 Covenant Not to Compete

Upon:

(1) our termination of this Agreement according to its terms and conditions,

(2) your termination of this Agreement without cause, or

(3) expiration of this Agreement (if we offer, but you elect not to execute, a successor franchise agreement, or if we do not offer you a successor franchise agreement due to your failure to satisfy the conditions for a successor franchise agreement set forth in Section 13), you and your owners agree that, for two (2) years beginning on the later to occur of (i) the effective date of termination or expiration or (ii) the date on which all persons restricted by this Section 15.4 begin to comply with this Section 15.4 or (iii) if litigation is necessary to enforce this Agreement, the date of entry of an order by a court of competent jurisdiction enforcing the Agreement, you and your owners, and your and their immediate family members, for yourself, or through, on behalf of, or in conjunction with any person, persons, partnership, corporation, limited liability company, or other entity, will not own, maintain, operate, engage in, franchise or license, or have any direct or indirect controlling or non-controlling interest as an owner (whether of record, beneficially, or otherwise) or be or perform services as a partner, director, officer, manager, employee, consultant, representative, or agent in any Competitive Business (as defined in Section 7 above), that is or may be located or operating:

(a) at the Center;

(b) within the Territory;

(c) within five (5) miles of the border of the Territory;

(d) within the territory, area, or market area of any other Town Square Franchised

Business in operation on the later of the effective date of the termination or expiration of this Agreement or the date on which all persons restricted by this Section begin to comply with this Section; or

(e) at the home of any client or customer, or person who received care from the Franchised Business during the one (1) year period prior to the effective date of termination or expiration of this Agreement.

In addition, during the one (1) year period referred to above, you or your owners may not solicit any of our employees or employees of any other then-operating Town Square Franchised Businesses on behalf of any Competitive Business that is or may be located, or is or may have a business located, or services any customer, client, or person in any of the areas described in subclauses (a), (b), (c) or (d) above.

Equity ownership of less than five percent (5%) of a Competitive Business whose stock or other forms of ownership interest are publicly traded on a recognized United States stock exchange will not be deemed to violate this Section 15.4.

These restrictions also apply after transfers, as provided in Section 12.3(12) above. If any person restricted by this Section refuses voluntarily to comply with these obligations, the two (2) year period for that person will commence with the entry of a court order enforcing this provision. You and your owners expressly acknowledge that you possess skills and abilities of a general nature and have other opportunities for exploiting these skills. Consequently, our enforcing the covenants made in this Section will not deprive you of your personal goodwill or ability to earn a living.

15.5 Our Right to Purchase Certain Assets of the Franchised Business

Upon termination of this Agreement, or upon expiration of this Agreement if you do not enter into a successor franchise agreement, we will have the right and option, but not the obligation, to purchase any and all of your assets from the Franchised Business at a purchase price equal to their fair market value. If we elect to exercise this option, we will deliver written notice to you of our election within thirty (30) days after the date of termination or expiration of this Agreement. We will have the right to inspect any equipment at any time prior to or during this thirty-day period. If we elect to purchase the equipment, we will be entitled to, and you must provide, all customary warranties and representations relating to the equipment purchase, including, without limitation, representations and warranties as to the maintenance, function and condition of the equipment and your good title to the equipment (including that you own the equipment free and clear of any liens and encumbrances). If we and you cannot agree on fair market value, fair market value will be determined by three (3) independent accredited appraisers with experience in commercial real estate. You and we will each select one (1) appraiser, and one (1) will be selected by mutual agreement of the other two (2) appraisers. The appraisers will conduct an appraisal in accordance with this Section. You and we agree to select our respective appraisers within fifteen (15) days after we notify you that we wish to exercise our purchase option (if you and we have not agreed on fair market value before then). You and we will share equally the appraisers' fees and expenses. The appraisers must complete their appraisals within thirty (30) days after their appointment. The purchase price will be the average of the three (3) appraised values. If the two appraisers cannot agree on the third appraiser, one will be chosen by the American Arbitration Association.

15.6 Return of Customer Data

Upon termination of this Agreement, or upon expiration of this Agreement if you do not enter into a successor franchise agreement, you must immediately return to us all Customer Data, stored or copied in any and all formats, in the manner we prescribe. You acknowledge and agree that we own the Customer Data, and you have no right to use, or to transfer or sell to a third party, the Customer Data upon termination or expiration of this Agreement.

15.7 Continuing Obligations

All of our and your (and your owners') obligations which expressly or by their nature survive this Agreement's expiration or termination will continue in full force and effect subsequent to and notwithstanding its expiration or termination and until they are satisfied in full or by their nature expire.

16. RELATIONSHIP OF THE PARTIES/INDEMNIFICATION

16.1 Independent Contractors

You and we understand and agree that this Agreement does not create a fiduciary relationship between you and us, that you and we are and will be independent contractors, and that nothing in this Agreement is intended to make either you or us a general or special agent, joint ventures, partner, or employee of the other for any purpose. You further acknowledge and agree that we are not, and nothing in this Agreement or the Operations Manual is intended to make us, the employer or joint employer of your employees. You shall control and be solely responsible for the day-to-day operation of the Franchised Business and the terms and conditions of your personnel and employees, including the soliciting, hiring, firing, disciplining, paying, scheduling, and managing of your employees. You agree to identify yourself conspicuously in all dealings with customers, suppliers, public officials, Franchised Business personnel and employees, and others as the Franchised Business's owner under a franchise we have granted and to place notices of independent ownership on the forms, business cards, stationery, advertising, and other materials we require from time to time.

16.2 No Liability for Acts of Other Party

We and you may not make any express or implied agreements, warranties, guarantees, or representations, or incur any debt, in the name or on behalf of the other or represent that our respective relationship is other than franchisor and franchisee. We will not be obligated for any damages to any person or property directly or indirectly arising out of the Franchised Business's operation or the business you conduct under this Agreement.

16.3 Taxes

We will have no liability for any sales, use, service, occupation, excise, gross receipts, income, property, or other taxes, whether levied upon you or the Franchised Business, due to the business you conduct (except for our income taxes). You are responsible for paying these taxes and must reimburse us for any taxes that we must pay to any taxing authority on account of either your operation or payments that you make to us. If you are required to deduct any sales tax, gross

receipts tax, income tax, withholding tax or similar tax from any payment to us, then, to the extent that we are not able to successfully obtain and utilize a tax credit from the applicable taxing authorities, the amount payable by you to us must be increased by such amount as is necessary to make the actual amount we receive (after such withholding tax and after any additional taxes on account of such additional payment) equal to the amount that we would have received had no tax payment been required; provided that such shortfall is not caused by our negligence in filing the claims, or for reasons that can be solely attributable to us.

16.4 Indemnification

You agree to indemnify, defend, and hold harmless us our affiliates, and our and their respective shareholders, directors, members, managers, officers, employees, agents, successors, and assignees and Glenner and their respective affiliates, directors, members, managers, officers, employees, agents, successors, and assignees (the "**Indemnified Parties**") against, and to reimburse any one or more of the Indemnified Parties for, all claims, actions, suits, proceedings, demands, investigations, inquiries (formal or informal), settlements, obligations, and damages directly or indirectly arising out of the Franchised Business's operation, the business you conduct under this Agreement, the actions or inactions of your employees, your failure to comply with applicable laws, or your breach of this Agreement, to the fullest extent permissible under applicable law, unless (and then only to the extent that) the claims, obligations, or damages are determined to be caused solely by our gross negligence or willful misconduct in a final, unappealable ruling issued by a court with competent jurisdiction including, but not limited to, claims brought by you; provided, however, that this indemnification shall not apply to matters where we have been found liable in a court of competent jurisdiction for causing the costs or claims.

For purposes of this indemnification, "**claims**" include all obligations, damages (actual, consequential, or otherwise), and costs that any Indemnified Party reasonably incurs in defending any claim against it, including, without limitation, reasonable accountants', attorneys', and expert witness fees, costs of investigation and proof of facts, court costs, travel and living expenses, and other expenses of litigation or alternative dispute resolution, regardless of whether litigation or alternative dispute resolution is commenced. Each Indemnified Party may defend any claim against it at your expense and agree to settlements or take any other remedial, corrective, or other actions. We have the right to designate attorneys that you must retain to defend any claims subject to this indemnification provision.

This indemnity will continue in full force and effect after and notwithstanding this Agreement's expiration or termination. An Indemnified Party need not seek recovery from any insurer or other third party, or otherwise mitigate its losses and expenses, to maintain and recover fully a claim against you under this subparagraph. You agree that a failure to pursue a recovery or mitigate a loss will not reduce or alter the amounts that an Indemnified Party may recover from you under this subparagraph.

17. ENFORCEMENT

17.1 Severability and Substitution of Valid Provisions

Except as expressly provided to the contrary in this Agreement, each section, paragraph, term, and provision of this Agreement is severable, and if, for any reason, any part is held to be invalid or contrary to or in conflict with any applicable present or future law or regulation in a final, unappealable ruling issued by any court, agency, or tribunal with competent jurisdiction, that ruling will not impair the operation of, or otherwise affect, any other portions of this Agreement, which will continue to have full force and effect and bind the parties.

If any covenant which restricts competitive activity is deemed unenforceable by virtue of its scope in terms of area, business activity prohibited, and/or length of time, but would be enforceable if modified, you and we agree that the covenant will be fully enforced permissible under the laws and public policies applied in the jurisdiction whose law determines the covenant's validity.

If any applicable and binding law or rule of any jurisdiction requires more notice than this Agreement requires of this Agreement's termination or of our refusal to enter into a successor franchise agreement, or some other action that this Agreement does not require, or if, under any applicable and binding law or rule of any jurisdiction, any provision of this Agreement or any System Standard is invalid, unenforceable, or unlawful, the notice and/or other action required by the law or rule will be substituted for the comparable provisions of this Agreement, and we may modify the invalid or unenforceable provision or System Standard to the extent required to be valid and enforceable or delete the unlawful provision in its entirety. You agree to be bound by any promise or covenant imposing the maximum duty the law permits which is subsumed within any provision of this Agreement, as though it were separately articulated in and made a part of this Agreement.

17.2 Waiver of Obligations

We and you may by written instrument unilaterally waive or reduce any obligation of or restriction upon the other under this Agreement, effective upon delivery of written notice to the other or another effective date stated in the notice of waiver. Any waiver granted will be without prejudice to any other rights we or you have, will be subject to continuing review, and may be revoked at any time and for any reason effective upon delivery of ten (10) days' prior written notice.

We and you will not waive or impair any right, power, or option this Agreement reserves (including, without limitation, our right to demand exact compliance with every term, condition, and covenant or to declare any breach to be a default and to terminate this Agreement before its term expires) because of any custom or practice at variance with this Agreement's terms; our or your failure, refusal, or neglect to exercise any right under this Agreement or to insist upon the other's compliance with this Agreement, including, without limitation, any System Standard; our waiver of or failure to exercise any right, power, or option, whether of the same, similar, or different nature, with other Town Square Franchised Businesses; the existence of franchise agreements for other Town Square Franchised Businesses which contain provisions different from those contained

in this Agreement; or our acceptance of any payments or partial payments due from you after any breach of this Agreement. No special or restrictive legend or endorsement on any check or similar item given to us will be a waiver, compromise, settlement, or accord and satisfaction. We are authorized to remove any legend or endorsement, which then will have no effect.

Neither we nor you will be liable for loss or damage or be in breach of this Agreement if our or your failure to perform our or your obligations results from: (1) compliance with the orders, requests, regulations, or recommendations of any federal, state, or municipal government; (2) acts of God; (3) fires, strikes, embargoes, war, acts of terrorism or similar events, or riot; or (4) any other similar event or cause. Any delay resulting from any of these causes will extend performance accordingly or excuse performance, in whole or in part, as may be reasonable, except that these causes will not excuse payments of amounts owed at the time of the occurrence or payment of Royalties or Marketing Fund contributions due afterward.

17.3 Costs and Attorneys' Fees

If we incur costs and expenses due to your failure to pay when due amounts owed to us, to submit when due any reports, information, or supporting records, or otherwise to comply with this Agreement, you agree, whether or not we initiate a formal legal proceeding, to reimburse us for all of the costs, interest and expenses that we incur, including, without limitation, reasonable accounting, attorneys' and related fees. Additionally, if we incur attorneys' fees or other expenses in defending any claim you bring against us, including without limitation, a claim related to the offering of a franchise or the franchise relationship, you will be required to reimburse us for our reasonable costs and expenses (including attorneys' fees and expert witness fees).

17.4 Rights of Parties are Cumulative.

Our and your rights under this Agreement are cumulative, and our or your exercise or enforcement of any right or remedy under this Agreement will not preclude our or your exercise or enforcement of any other right or remedy which we or you are entitled by law to enforce.

17.5 Mediation

Before you and we may bring an action in court against the other, you and we must first meet to mediate the dispute (except as otherwise provided below). Any such mediation shall be non-binding and shall be conducted by the CPR Center for Alternative Dispute Resolution, under the rules established by the International Franchise Association endorsed National Franchise Mediation Program, and in accordance with its then-current rules for mediation of franchise disputes (and in the event such program is not then in existence, by the American Arbitration Association in accordance with its then-current rules for mediation of commercial disputes). Notwithstanding the previous sentence, the parties may mutually agree on a mediator and/or procedures and/or venue for mediation. Notwithstanding anything to the contrary, this Section 17.5 shall not bar you or we from obtaining judicial or injunctive relief for claims that are based solely on demands for money owed, or from obtaining injunctive relief against threatened conduct that will cause it harm, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary injunctions, without having to engage in mediation; including, without limitation, claims involving the Marks.

The non-binding mediation provided for under this Section 17.5 shall be commenced by the party requesting mediation (the "complainant") providing written notice of the request for mediation (the "request") to the party with whom mediation is sought (the "respondent"). The request shall specify with reasonable particularity the matter or matters on which non-binding mediation is sought. A copy of the request shall be given by the complainant simultaneously to us if we are not a complainant or respondent.

Non-binding mediation commenced under this Section shall be concluded within sixty (60) days of the issuance of the request or such longer period as may be agreed upon by the parties in writing. All aspects of the mediation process shall be treated as confidential, shall not be disclosed to others, and shall not be offered or admissible in any other proceeding or legal action whatever. Complainant and respondent shall each bear its own costs of mediation, and each shall bear one-half the cost of the mediator or mediation service.

17.6 Governing Law

Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 *et seq.*), or other federal law, this Agreement, the Franchise, the Franchised Business, and all claims or disputes arising from the relationship between us and you will be governed by the procedural and substantive laws of the State of Maryland, without regard to its conflict of laws rules, except that any Maryland law regulating the sale of franchises or business opportunities or governing the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are met independently without reference to this paragraph.

17.7 Consent to Jurisdiction

You and your owners agree that all claims between or among you and us must be initiated and litigated exclusively and only in a state or federal court of competent jurisdiction within such state or judicial district in which we have our principal place of business at the time the action is commenced and no other venue, and you (and each owner) irrevocably submit to the jurisdiction of those courts and waive all objections you (or the owner) might have to either the jurisdiction of or venue in those courts. Nonetheless, you and your owners agree that we may enforce this Agreement in the courts of the state or states in which you are domiciled, or the Franchised Business is located.

17.8 **Waiver of Class Actions**

ANY LAWSUIT, CLAIM, COUNTERCLAIM, OR OTHER ACTION MUST BE CONDUCTED ONLY ON AN INDIVIDUAL BASIS, AND MUST NOT BE AS PART OF A CONSOLIDATED, COMMON, OR CLASS ACTION. YOU HEREBY AGREE NOT TO SEEK JOINDER OF ANY OF YOUR CLAIMS WITH THOSE OF ANY OTHER PARTY.

17.9 **Waiver of Punitive Damages and Jury Trial**

EXCEPT FOR YOUR OBLIGATION TO INDEMNIFY US FOR THIRD PARTY CLAIMS UNDER SECTION 16.4, AND EXCEPT FOR PUNITIVE DAMAGES AVAILABLE TO EITHER PARTY UNDER FEDERAL LAW, AND EXCEPT FOR LIQUIDATED DAMAGES OWED TO US UNDER SECTION 15.7, WE AND YOU (AND

YOUR OWNERS) WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE, EXEMPLARY, CONSEQUENTIAL OR MULTIPLE DAMAGES AGAINST THE OTHER AND AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN US AND YOU, THE PARTY MAKING A CLAIM WILL BE LIMITED TO EQUITABLE RELIEF AND TO RECOVERY OF ANY ACTUAL DAMAGES IT SUSTAINS.

WE AND YOU IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF US AGAINST THE OTHER, WHETHER OR NOT THERE ARE OTHER PARTIES IN SUCH ACTION OR PROCEEDING.

17.10 Binding Effect

This Agreement is binding upon us and you and our and your respective executors, administrators, heirs, beneficiaries, permitted assigns, and successors in interest. Subject to our right to modify the Operations Manual and System Standards, this Agreement may not be modified except by a written agreement signed by both our and your duly authorized officers.

17.11 **Limitations of Claims**

ANY AND ALL CLAIMS AND ACTIONS ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE RELATIONSHIP OF YOU AND US, OR YOUR OPERATION OF THE FRANCHISED BUSINESS (INCLUDING ANY DEFENSES AND ANY CLAIMS OF SET-OFF OR RECOUPMENT), MUST BE BROUGHT OR ASSERTED BEFORE THE EXPIRATION OF THE EARLIER OF (A) THE TIME PERIOD FOR BRINGING AN ACTION UNDER ANY APPLICABLE STATE OR FEDERAL STATUTE OF LIMITATIONS; (B) ONE (1) YEAR AFTER THE DATE UPON WHICH A PARTY DISCOVERED, OR SHOULD HAVE DISCOVERED, THE FACTS GIVING RISE TO AN ALLEGED CLAIM; OR (C) TWO (2) YEARS AFTER THE FIRST ACT OR OMISSION GIVING RISE TO AN ALLEGED CLAIM; OR IT IS EXPRESSLY ACKNOWLEDGED AND AGREED BY ALL PARTIES THAT SUCH CLAIMS OR ACTIONS SHALL BE IRREVOCABLY BARRED. OUR CLAIMS ATTRIBUTABLE TO UNDERREPORTING OF SALES, AND CLAIMS OF ANY PARTY FOR FAILURE TO PAY MONIES OWED AND/OR INDEMNIFICATION SHALL BE SUBJECT ONLY TO THE APPLICABLE STATE OR FEDERAL STATUTE OF LIMITATIONS.

17.12 Our Discretion and Judgment

Whenever we have expressly reserved in this Agreement a right and/or discretion (or we are deemed to have a right and/or discretion) to take or withhold an action, or to grant or decline to grant you a right to take or withhold an action, except as otherwise expressly and specifically provided in this Agreement, we may make such decision or exercise our right and/or discretion on the basis of our judgment of what is in our best interests, which includes what we believe to be the best interests of the franchise network at the time our decision is made or our right or discretion is exercised even though (1) there may have been other alternative decisions or actions that could have been taken; (2) our decision or the action taken promotes our financial or other individual

interest; or (3) our decision or the action we take may apply differently to different franchisees or our company-owned or affiliate-owned operations. In the absence of an applicable statute, we will have no liability to you for any such decision or action. We and you intend that the exercise of our right or discretion will not be subject to limitation or review.

If applicable law implies a covenant of good faith and fair dealing in this Agreement, we and you agree that such covenant shall not imply any rights or obligations that are inconsistent with a fair Project Management of the terms of this Agreement and that this Agreement grants us the right to make decisions, take actions and/or refrain from taking actions not inconsistent with your rights and obligations hereunder.

17.13 Construction of the Franchise Agreement

The preambles, background, and exhibits are a part of this Agreement, and this Agreement, and the exhibits and attachments hereto, constitutes the entire, full and complete agreement between the parties hereto, and supersede any and all prior or contemporaneous negotiations, discussions, understandings and agreements. There are no other oral or written understandings or agreements between us and you, or oral representations by us, or written representations by us (other than those set forth in our Franchise Disclosure Document that we provided to you), relating to the subject matter of this Agreement, the franchise relationship, or the Franchised Business (any understandings or agreements reached, or any representations made, before this Agreement are superseded by this Agreement). However, and notwithstanding the foregoing, nothing in this Franchise Agreement is intended to disclaim any representations made by us in the Franchise Disclosure Document that we furnished to you.

Any policies that we adopt and implement from time to time to guide us in our decision-making are subject to change, are not a part of this Agreement, and are not binding on us.

Except as provided in Section 16.4, nothing in this Agreement is intended or deemed to confer any rights or remedies upon any person or legal entity not a party to this Agreement.

Except where this Agreement expressly obligates us reasonably to approve or not unreasonably to withhold our approval of any of your actions or requests, we have the absolute right to refuse any request you make or to withhold our approval of any of your proposed, initiated, or completed actions that require our approval. The headings of the sections and paragraphs are for convenience only and do not define, limit, or construe the contents of these sections or paragraphs.

References in this Agreement to "we," "us," and "our," with respect to all of our rights and all of your obligations to us under this Agreement, include any of our affiliates with whom you deal. The term "affiliate" means any person or entity directly or indirectly owned or controlled by, under common control with, or owning or controlling you or us. "Control" means the power to direct or cause the direction of management and policies.

If two or more people are at any time the owners of the Franchise and the Franchised Business, whether as partners or joint venturers, their obligations and liabilities to us will be joint and several. References to "owner" mean any person holding a direct or indirect ownership interest

(whether of record, beneficially, or otherwise) or voting rights in you (or a transferee of this Agreement and the Franchised Business or an ownership interest in you), including, without limitation, any person who has a direct or indirect interest in you (or a transferee), this Agreement, the Franchise, or the Franchised Business and any person who has any other legal or equitable interest, or the power to vest in himself or herself any legal or equitable interest, in their revenue, profits, rights, or assets.

References to a "controlling ownership interest" in you or one of your owners (if an Entity) mean the percent of the voting shares or other voting rights that results from dividing one hundred percent (100%) of the ownership interests by the number of owners. In the case of a proposed transfer of an ownership interest in you or one of your owners, the determination of whether a "controlling ownership interest" is involved must be made as of both immediately before and immediately after the proposed transfer to see if a "controlling ownership interest" will be transferred (because of the number of owners before the proposed transfer) or will be deemed to have been transferred (because of the number of owners after the proposed transfer).

"Person" means any natural person, corporation, limited liability company, general or limited partnership, unincorporated association, cooperative, or other legal or functional entity.

Unless otherwise specified, all references to a number of days shall mean calendar days and not business days.

The term "Franchised Business" includes all of the assets of the Town Square Franchised Business you operate under this Agreement, including its revenue and the Lease.

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

18. NOTICES AND PAYMENTS

All written notices, reports, and payments permitted or required to be delivered by this Agreement or the Operations Manual shall be in writing and shall be personally delivered, sent by a recognized overnight delivery service (e.g., UPS, FedEx, etc.), or by other means which affords the sender evidence of delivery, or of rejected delivery, to the respective parties at the addresses shown on Exhibit A of this Agreement, unless and until a different address has been designated by written notice to the other party. Any notice by a means which affords the sender evidence of delivery, or rejected delivery, shall be deemed to have been given at the date and time of receipt or rejected delivery. The Operations Manual, any changes that we make to the Operations Manual, and/or any other written instructions that we provide relating to operational matters, are not considered to be "notices" for the purpose of the delivery requirements in this Section 18.

19. COMPLIANCE WITH ANTI-TERRORISM LAWS

You and your owners agree to comply, and to fully assist us possible in our efforts to comply, with Anti-Terrorism Laws (defined below). In connection with that compliance, you and your owners certify, represent, and warrant that none of your property or interests is subject to being blocked under, and that you and your owners otherwise are not in violation of, any of the Anti-Terrorism Laws. "Anti-Terrorism Laws" mean Executive Order 13224 issued by the President of the United States, the USA PATRIOT Act, and all other present and future federal, state, and

local laws, ordinances, regulations, policies, lists, and other requirements of any governmental authority addressing or in any way relating to terrorist acts and acts of war. Any violation of the Anti-Terrorism Laws by you or your owners, or any blocking of your or your owners' assets under the Anti-Terrorism Laws, shall constitute good cause for immediate termination of this Agreement, as provided in Section 14.1(26) above.

20. ACKNOWLEDGMENTS

You acknowledge:

(1) That you have independently investigated the Town Square Franchised Business franchise opportunity and recognize that, like any other business, the nature of the business a Town Square Franchised Business may, and probably will, evolve and change over time.

(2) That an investment in a Town Square Franchised Business involves business risks that could result in the loss of a significant portion or all of your investment.

(3) That your business abilities and efforts are vital to your success.

(4) Attracting customers for your Town Square Franchised Business will require you to make consistent marketing efforts in your community through various methods, including media advertising, direct mail advertising, and display materials.

(5) That you must maintain a high level of customer service and adhere strictly to the System and our System Standards, and that you are committed to maintaining System Standards.

(6) That you have not received from us or any person or entity representing or claiming to represent us, and you are not relying upon, any representations or guarantees, express or implied, as to the potential volume, sales, income, or profits of a Town Square Franchised Business, and that any financial information that may appear in our Franchise Disclosure Document is not a representation or guarantee as to potential volume, sales, income, or profits that you may achieve at a Town Square Franchised Business.

(7) That in all their dealings with you, our officers, directors, employees, and agents act only in a representative, and not in an individual, capacity and that business dealings between you and them as a result of this Agreement are deemed to be only between you and us.

(8) That you have represented to us, to induce our entry into this Agreement, that all statements you have made and all materials you have given us, including your response to our franchise application and related prospective franchisee evaluation materials, are accurate and complete and that you have made no misrepresentations or material omissions in obtaining the rights under this Franchise Agreement.

(9) That you have read this Agreement and our Franchise Disclosure Document and understand and accept that this Agreement's terms and covenants are reasonably necessary for us to maintain our high standards of quality and service, as well as the uniformity of those standards

at each Town Square Franchised Business, and to protect and preserve the goodwill of the Marks.

(10) That we have not made any representation, warranty, or other claim regarding this Town Square Franchised Business franchise opportunity, other than those made in this Agreement and our Franchise Disclosure Document, and that you have independently evaluated this opportunity, including by using your business professionals and advisors, and have relied solely upon those evaluations in deciding to enter into this Agreement.

(11) That you have been afforded an opportunity to ask any questions you have and to review any materials of interest to you concerning the Town Square Franchised Business franchise opportunity, and that we have not refused to answer any questions, inquiries, or requests.

(12) That you have been afforded an opportunity, and have been encouraged by us, to have this Agreement and all other agreements and materials we have given or made available to you reviewed by an attorney and have either done so or chosen not to do so.

(13) That we` may modify the offer of our franchise opportunity to other franchisees in any manner and at any time, and these offers and agreements have or may have terms, conditions, and obligations that may differ from the terms, conditions, and obligations in this Agreement.

[The remainder of this page is left intentionally blank.]

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement on the dates noted below, to be effective as of the Effective Date.

TOWN SQUARE FRANCHISING LLC,
a Delaware limited liability company

By: _____

Title: _____

Dated: _____

FRANCHISEE

(IF YOU ARE TAKING THE FRANCHISE AS A CORPORATION, LIMITED LIABILITY COMPANY, OR PARTNERSHIP):

_____
[Name]

By: _____

Title: _____

Dated: _____

(IF YOU ARE TAKING THE FRANCHISE INDIVIDUALLY AND NOT AS A LEGAL ENTITY):

_____
[Signature]

_____
[Print Name]

_____
[Signature]

_____
[Print Name]

EXHIBIT A
TO THE FRANCHISE AGREEMENT

TERRITORY, INITIAL FEE AND ROYALTY

1. The Center for the Franchised Business will be located in the following DMA:

_____
_____
_____
_____.

2. The Territory shall be (to be completed when the Center lease is signed):

_____
_____
_____
_____(as depicted on the map attached to this Exhibit A).

3. The Initial Term of this Agreement will expire on _____. (10 years after Opening Date; see Section 1.1)

4. The initial franchise fee shall be (check one):

Option	Units	Cost	
☐	Single	$99,500	Ninety-Nine Thousand Five Hundred Dollars
☐	2-Pack	$165,000	One Hundred Sixty-Five Thousand Dollars
☐	3-Pack	$200,000	Two Hundred Thousand Dollars

which is paid when you sign the Franchise Agreement.

5. The Royalty must be transmitted in the manner we specify, which may include, as provided for in Section 3.6, an automatic, electronic debit of funds on the frequency as outlined in the Systems Standards, based on the Gross Sales from the preceding period. The Royalty fee will be 7% of the Gross Sales of the Franchised Business for each period.

6. The designated address for notices under Section 18 of the Agreement should be as follows:

Notices to Us:

Town Square Franchising LLC	_____
9708 Belair Road	_____
Perry Hall, MD 21236	
Telephone: (410) 498-6562	Telephone: _____
Fax: (____) _____	Fax: _____
Attn: _____	Attn: _____

TOWN SQUARE FRANCHISING LLC,
a Delaware limited liability company

By: _____

Title: _____

Dated: _____

FRANCHISEE

(IF YOU ARE TAKING THE FRANCHISE AS A CORPORATION, LIMITED LIABILITY COMPANY, OR PARTNERSHIP):

_____
[Name]

By: _____

Title: _____

Dated: _____

(IF YOU ARE TAKING THE FRANCHISE INDIVIDUALLY AND NOT AS A LEGAL ENTITY):

_____
[Signature]

_____
[Print Name]

_____
[Signature]

_____
[Print Name]

EXHIBIT B
TO THE FRANCHISE AGREEMENT

LISTING OF OWNERSHIP INTERESTS

Effective Date: This Exhibit B is current and complete as of _____, 20____

You and Your Owners

1. Form of Owner.

(a) Individual Proprietorship. Your owner(s) (is) (are) as follows:

_____

_____

_____

(b) Corporation, Limited Liability Company, or Partnership. You were incorporated or formed on _____, under the laws of the State of _____. You have not conducted business under any name other than your corporate, limited liability company, or partnership name and _____. The following is a list of your directors, if applicable, and officers as of the effective date shown above:

Name of Each Director/Officer	Position(s) Held

2. Owners. The following list includes the full name of each person who is one of your owners (as defined in the Franchise Agreement), or an owner of one of your owners, and fully describes the nature of each owner's interest (attach additional pages if necessary).

	Owner's Name	Percentage / Description of Interest
(a)		
(b)		
(c)		

(d) _____ _____

3. Identification of Operating Principal. Your Operating Principal as of the Effective Date is _____ (must be one of the individuals listed in paragraph 2 above). You may not change the Operating Principal without our prior written approval.

TOWN SQUARE FRANCHISING LLC,
a Delaware limited liability company

By: _____

Title: _____

Dated: _____

FRANCHISEE

(IF YOU ARE TAKING THE FRANCHISE AS A CORPORATION, LIMITED LIABILITY COMPANY, OR PARTNERSHIP):

_____
[Name]

By: _____

Title: _____

Dated: _____

(IF YOU ARE TAKING THE FRANCHISE INDIVIDUALLY AND NOT AS A LEGAL ENTITY):

_____
[Signature]

_____
[Print Name]

_____
[Signature]

_____
[Print Name]

EXHIBIT C
TO THE FRANCHISE AGREEMENT

EDTA FORM

AUTHORIZATION AGREEMENT FOR PREARRANGED PAYMENTS (DIRECT DEBITS)
_____ (Name of Person or Legal Entity)
_____ (FEIN Number)

The undersigned depositor ("Depositor") ("Franchisee") hereby authorizes Town Square Franchising LLC ("Franchisor") to initiate debit entries and/or credit correction entries to the undersigned's checking and/or savings account(s) indicated below, and the depository designated below ("Depository") ("Bank") to debit or credit such account(s) pursuant to Franchisor's instructions.

Depository	Branch
City	State Zip Code
Bank Transit / ABA Number	Account Number

This authority is to remain in full force and effect until sixty (60) days after Franchisor has received written notification from Franchisee of its termination.

Depositor:	Depository:
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____
Date: _____	Date: _____

EXHIBIT D
TO THE FRANCHISE AGREEMENT

GUARANTY AND ASSUMPTION OF OBLIGATIONS

THIS GUARANTY AND ASSUMPTION OF OBLIGATIONS is given this ____ day of _____, 20___, by _____
_____
_____
_____.

In consideration of, and as an inducement to, the execution of that certain Franchise Agreement (the "Agreement") on this date by TOWN SQUARE FRANCHISING LLC ("us," "we," or "our"), each of the undersigned personally and unconditionally (a) guarantees to us and our successors and assigns, for the term of the Agreement (including extensions) and afterward as provided in the Agreement, that _____ ("Franchisee") will punctually pay and perform each and every undertaking, agreement, and covenant set forth in the Agreement (including any amendments or modifications of the Agreement) and (b) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement (including any amendments or modifications of the Agreement), both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities, including the non-competition, confidentiality, and transfer requirements; provided, however, that this guaranty to pay monetary obligations arising under the Agreement shall be limited to royalty fees, software fees, marketing fees, other periodic fees and payments owed to us, and any claims under the indemnification provisions of the Agreement (including, without limitation, Section 16.4), and any judgments or claims that are reduced to monetary claims; provided, however, that the maximum financial obligation under this Guaranty shall be limited to $250,000 per guarantor, per occurrence.

Each of the undersigned consents and agrees that: (1) his or her direct and immediate liability under this Guaranty will be joint and several, both with Franchisee and among other guarantors; (2) he or she will render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so; (3) this liability will not be contingent or conditioned upon our pursuit of any remedies against Franchisee or any other person; (4) this liability will not be diminished, relieved, or otherwise affected by any extension of time, credit, or other indulgence which we may from time to time grant to Franchisee or to any other person, including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims (including the release of other guarantors), none of which will in any way modify or amend this Guaranty, which will be continuing and irrevocable during the term of the Agreement (including extensions), for so long as any performance is or might be owed under the Agreement by Franchisee or its owners, and for so long as we have any cause of action against Franchisee or its owners; and (5) this Guaranty will continue in full force and effect for (and as to) any extension or modification of the Agreement and despite the transfer of any interest in the Agreement or Franchisee, and each of the undersigned waives notice of any and all renewals, extensions, modifications, amendments, or transfers; provided, however, that in the event of a complete and total transfer of all assets and ownership interests in Franchisee and in the Franchised Business, such that a Guarantor has no ownership interest in Franchisee on the

Franchised Business ("Transfer"), this Guaranty shall terminate as of the date of the Transfer with respect to any obligations that arise as of or after the Transfer.

Each of the undersigned waives: (i) all rights to payments and claims for reimbursement or subrogation which any of the undersigned may have against Franchisee arising as a result of the undersigned's execution of and performance under this Guaranty; and (ii) acceptance and notice of acceptance by us of his or her undertakings under this Guaranty, notice of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed, protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed, and any other notices to which he or she may be entitled.

If we are required to enforce this Guaranty in a judicial proceeding, and prevail in such proceeding, we shall be entitled to reimbursement of our costs and expenses, including, but not limited to, reasonable accountants', attorneys', attorneys' assistants', and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses, whether incurred prior to, in preparation for, or in contemplation of the filing of any such proceeding. If we are required to engage legal counsel in connection with any failure by the undersigned to comply with this Guaranty, the undersigned shall reimburse us for any of the above-listed costs and expenses we incur.

Each of the undersigned agrees that all actions arising under this Guaranty or the Agreement, or otherwise as a result of the relationship between us and the undersigned, must be commenced in a state or federal court of competent jurisdiction in the state or judicial district in which we have our principal place of business at the time the action is commenced, and each of the undersigned irrevocably submits to the jurisdiction of those courts and waives any objection he or she might have to either the jurisdiction of or venue in those courts. Nonetheless, each of the undersigned agrees that we may enforce this Guaranty and judgment orders in the courts of the state or states in which he or she is domiciled.

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

GUARANTOR(S)	**PERCENTAGE OF OWNERSHIP IN FRANCHISEE**
_____	_____%
Signature	
_____	
Printed Name	
_____	_____%
Signature	
_____	
Printed Name	
_____	_____%
Signature	
_____	
Printed Name	

EXHIBIT E
TO THE FRANCHISE AGREEMENT

BUSINESS ASSOCIATE AGREEMENT

This Business Associate Agreement (the "Agreement") by and between _____ dba Town Square ("Town Square") and Town Square Franchising LLC (for purposes of this Agreement, the "Business Associate"), is entered into as of the _____ day of _____, 202___ (the "Effective Date")

WHEREAS Business Associate arranges for certain products and services (the "Services") as a franchisor, to Covered Entity as a franchisee, as set forth in the Franchise Agreement between Covered Entity and Business Associate;

WHEREAS, the parties' performance under the Franchise Agreement may or will require Covered Entity to disclose and/or provide to Business Associate private and/or protected health and/or medical information as defined under, and governed by, applicable state and Individually Identifiable Health Information and/or Electronic Protected Health Information as defined in the Health Insurance Portability and Accountability Act ("HIPAA"), the Health Information Technology for Economic and Clinical Health Act ("HITECH"), and/or regulations promulgated under such laws (state law, HIPAA, and HITECH are hereafter referred to collectively as "Privacy Laws") and may or will require Business Associate to receive, access, review, maintain, retain, modify, record, store, forward, produce, hold, use, create, disclose, and/or destroy such information (the "PHI");

WHEREAS Business Associate's performance of the Services may give rise to certain legal obligations under Privacy Laws and Business Associate may be considered a "business associate" and franchisee may be a "covered entity" as those terms are defined in 45 C.F.R.

§160.103. This Agreement will not apply to relationships between the parties where Business Associate is not considered a "business associate" as defined in 45 C.F.R. §160.103.

NOW, THEREFORE, In consideration of the mutual promises below and the exchange of information pursuant to this Agreement, the parties agree as follows:

I. Definitions. For the purposes of this Agreement, the following capitalized terms shall have the meanings ascribed to them below:

A. "Breach" will have the meaning set forth in Section 13402 of the Health Information Technology for Economic and Clinical Health ("HITECH") Act, and regulations implementing Section 13402.

B. "Data Aggregation" will mean, with respect to PHI created or received by Business Associate as the Business Associate of Town Square, the combining of such PHI by Business Associate with the PHI received by Business Associate in its capacity as Business Associate of another covered entity, to permit data analyses that relate to the operations of the respective covered entities.

C. "Disclosure" will mean the release, transfer, provision of access to, or divulging in any other manner of information outside the entity holding the information, including the transfer of EPHI.

D. "Electronic PHI" or "EPHI" will mean that subset of PHI that is transmitted by or maintained in electronic media and that is created by, transmitted to or by, or maintained by Business Associate.

E. "Electronic Media" will mean (1) Electronic storage media including memory devices in computers (hard drives) and any removable/transportable digital memory medium, such as magnetic tape or disk, optical disk, or digital memory card; or (2) Transmission media used to exchange information already in electronic storage media. Transmission media include, for example, the internet (wide-open), extranet (using internet technology to link a business with information accessible only to collaborating parties), leased lines, dial-up lines, private networks, and the physical movement of removable/transportable electronic storage media. Certain transmissions, including paper, via facsimile, and of voice, via telephone, are not considered to be transmission via electronic media, because the information being exchanged did not exist in electronic form before the transmission.

F. "Individual" has the same meaning as the term "individual" in 45. C.F.R. §160.103 and includes a person who qualifies as a personal representative in accordance with 45 C.F.R. §164.502(g).

G. "Individually Identifiable Health Information" will mean information that is a subset of health information, including demographic information collected from an individual, and (i) is created or received by a health care provider, health plan, employer, or health care clearinghouse; and (ii) relates to the past, present, or future physical or mental health or condition of an individual; or the past, present or future payment for the provision of health care to an individual; and (a) identifies the individual, or (b) with respect to which there is a reasonable basis to believe the information can be used to identify the individual.

H. "Marketing" has the same meaning as the term "marketing" in 45 C.F.R. §164.501.

I. "Privacy Standards" will mean the Standard for Privacy of Individually Identifiable Health Information, 45 C.F.R. Parts 160 and 164.

J. "Protected Health Information" or "PHI" will mean Individually Identifiable Health Information received from Town Square or received or created on behalf of Town Square, except that "Protected Health Information" will not include (i) education records covered by the Family Educational Right and Privacy Act, as amended, 20 U.S.C. §1232g and (ii) records described in 20 U.S.C. §1232g(a)(4)(B)(iv). .

K. "Secretary" will mean the Secretary of the Department of Health and Human Services.

L. "Security Standards" will mean the Standards for Security of Electronic PHI, 45 C.F.R. 160 and 164.

M. "Use" means the employment, application, utilization, examination, or analysis of information within the entity that holds the information.

II. OBLIGATIONS OF BUSINESS ASSOCIATE

Section 1. **Use of Protected Health Information.** Business Associate will not, and will ensure that its directors, officers, employees, contractors, and other agents do not, Use PHI other than as permitted or required by Business Associate to perform the Services or as required by law, but in no event in any manner that would constitute a violation of the Privacy Standards or Security Standards if Used by Town Square. However, Business Associate may Use PHI to carry out its legal responsibilities and for Business Associate's proper management and administrative services. Without limiting the foregoing, Business Associate agrees it will (a) secure and protect PHI consistent with applicable laws and standards that apply to the security and protection of confidential information, and in any event using at least the degree of care and security as Business Associate uses to maintain the confidentiality of its own confidential information; (b) make all reasonable efforts to only Use the minimum amount of PHI necessary to accomplish the intended purpose of the Use; and (c) permit access within its organization to the PHI only to those of its employees who need to know such information and only the minimum amount necessary in order to fulfill Business Associate's rights and obligations under the arrangement.

Section 2. **Disclosure of Protected Health Information.** Business Associate will not, and will ensure that its directors, officers, employees, contractors, and other agents do not, Disclose PHI other than as permitted pursuant to this arrangement or as required by law, but in no event in any manner that would constitute a violation of the Privacy Standards or Security Standards if disclosed by Town Square. To the extent Business Associate Discloses PHI to a third party, Business Associate must obtain, prior to making any such Disclosure, reasonable assurances from such third party that the party will abide by the same restrictions and conditions contained in this BAA, including that (a) the third party will hold the PHI in confidence and will only Disclose PHI as required by law or only for the purposes for which it was Disclosed to such third party, (b) the third party will immediately notify Business Associate of any breaches of these confidentiality restrictions, to the extent it has obtained knowledge of such breach, and (c) the third party will protect the integrity, and availability of PHI. Without limiting the foregoing, Business Associate agrees it will (y) secure and protect PHI consistent with applicable laws and standards that apply to the security and protection of the information, and (z) make all reasonable efforts to only Disclose the minimum amount of PHI necessary to accomplish the intended purpose of the Use.

If Business Associate is confronted with legal action to Disclose any portion of PHI, Business Associate will promptly notify and assist Town Square (at Town Square's expense) in obtaining a protective order or other similar order, and shall thereafter Disclose only the minimum amount of the PHI that is required to be Disclosed in order to comply with the legal action, whether or not a protective order or other order has been obtained.

Section 3. **Compliance with HITECH Act.** Business Associate acknowledges that the HITECH Act (P.L. 111-5, February 17, 2009) and the implementing regulations apply provisions of the

Privacy and Security Standards directly upon Business Associate, which provisions are hereby incorporated by reference. Business Associate agrees to comply with all such requirements of HIPAA, HITECH, and the implementing regulations, currently in effect as well as those promulgated after the Effective Date of this BAA. These provisions include, but are not limited to Sections 164.308, 164.310, 164.312, and 164.316 of Title 45 of the U.S. Code of Federal Regulations.

Section 4. **Safeguards Against Misuse of Information**. Business Associate agrees that it will implement appropriate safeguards to (a) prevent the Use or Disclosure of PHI other than pursuant to the terms and conditions of this BAA, and (b) to appropriately protect the integrity and availability of PHI. The Business Associate also agrees to mitigate, to the extent practicable, any harmful effect that is known to it of its Use or Disclosure of PHI or failure to safeguard PHI in violation of this BAA.

Section 5. **Sale of PHI; Genetic Information**. Business Associate shall not, directly, or indirectly, receive remuneration in exchange for the PHI of an Individual, except as authorized by the Individual. Business Associate shall not use or disclose Genetic Information (as that term is defined in 45 C.F.R. § 160.103) except as permitted by 45 C.F.R. §164.502(a)(5)(i).

Section 6. **Marketing**. Business Associate shall not use or disclose PHI for Marketing except as authorized by an Individual or otherwise permitted under the Privacy Standards.

Section 7. **Encryption**. Business Associate shall encrypt Town Square's Electronic PHI prior to saving it on portable media. In other circumstances, Business Associate shall encrypt Town Square's Electronic PHI whenever reasonably practicable.

Section 8. **Reporting of Disclosures of Protected Health Information.** Business Associate will, within five (5) days of becoming aware of a Breach, Disclosure of PHI or failure to safeguard PHI in violation of this BAA by Business Associate, its officers, directors, employees, contractors, or other agents or by a third party to which Business Associate Disclosed PHI, report any such Breach, Disclosure, and/or failure to the Chief Privacy Officer of Town Square, HIPAA Program Office, Pete Spillum, Vice President of Operations (410)847-2150. The five (5) day notice will provide as much information as the Business Associate has gathered at that time. A subsequent notice, which Business Associate will provide no later than thirty (30) days of the first discovery of the Breach, Disclosure, or failure, will include the identification of everyone whose PHI has been or is reasonably believed by Business Associate to have been affected by or during such Breach, Disclosure, or failure. Business Associate will make no public disclosures of such Breach, Disclosure, or failure without the approval of Town Square.

Section 9. **Agreements by Third Parties.** Business Associate will enter into an agreement with any agent or subcontractor that will have access to PHI, pursuant to which such agent or subcontractor agrees to be bound by the same restrictions, terms, and conditions that apply to Business Associate pursuant to this BAA. Pete Spillum, Vice President

Section 10. **Access to Information.** Within five (5) days of a request by Town Square for access to PHI, Business Associate will make available to Town Square the PHI requested. Business Associate will have no responsibility to respond to requests of Individuals who are seeking PHI

directly from Business Associate. If any Individual requests access to PHI directly from Business Associate, Business Associate will within two (2) business days forward such request to the Town Square Chief Privacy Officer. Any denials of access to the PHI requested will be the responsibility of Town Square.

Section 11. **Availability of Protected Health Information for Amendment.** Within ten (10) days of receipt of Town Square's request to amend an Individual's PHI, Business Associate will provide such information to Town Square for amendment, or amend the information upon Town Square's request, and incorporate any such amendments in the PHI as required by 45 C.F.R.§164.526. Business Associate will have no responsibility to respond to requests of Individuals who are seeking to amend their PHI directly with Business Associate.

Section 12. **Accounting of Disclosures.** Within ten (10) days of notice by Town Square to Business Associate that it has received a request for an accounting of Disclosures of PHI regarding an Individual, which Disclosures include the time during the six (6) years prior to the date on which the accounting was requested, Business Associate will make available to Town Square such information as is in Business Associate's possession and is required for Town Square to make the accounting required by 45 C.F.R. §164.528. At a minimum, Business Associate will provide Town Square with the following information: (i) the date of the Disclosure, (ii) the name of the entity or person who received the PHI, and if known, the address of such entity or person, (iii) a brief description of the PHI Disclosed, and (iv) a brief statement of the purpose of such Disclose, which includes an explanation of the basis for such Disclosure. Business Associate will have no responsibility to respond to requests of Individuals who are seeking an accounting of PHI Disclosures directly from Town Square. If the request for an accounting is delivered directly to Business Associate, Business Associate will within two (2) business days forward such request to Town Square. It will be Town Square's responsibility to prepare and deliver any such accounting requested. Business Associate hereby agrees to implement an appropriate record-keeping process to enable it to comply with the requirements of this Section.

Section 13. **Availability of Books and Records.** Business Associate hereby agrees to make its internal practices, books, and records relating to the Use, Disclosure, and safeguarding of PHI available to the Secretary for purposes of determining Town's Square's and/or Business Associate's compliance with the Privacy Standards and the Security Standards.

Section 14. **Town Square's Access to Books and Records.** Immediately upon Town Square's reasonable request, Business Associate will permit Town Square or its designee to access any and all records and material created, maintained, or held by or for Business Associate that contains any form of PHI, whether such records are in paper, electronic, or other form. Business Associate will supply Town Square with any copies of any such records as Town Square reasonably requests in order for Town Square to audit the scope, nature, and level of the Use, Disclosure, or safeguarding of PHI. If the audit uncovers irregularities in the scope, nature, and level of such Use, Disclosure, or safeguarding due to the negligence, gross negligence, willful acts, or omissions of Business Associate's officers, directors, personnel, affiliates, and/or subcontractors, then Business Associate will bear all costs of such audit, including those of Town Square. If no such irregularities are uncovered, then the parties will bear their own costs of such an audit.

Section 15. **Regulatory Changes.** The parties acknowledge and agree that this BAA is always subject to applicable laws, including, but not limited to, the Social Security Act and the rules, regulations, and policies of the U.S. Department of Health and Human Services. In the event legislation is enacted or rules, regulations, or interpretations thereof are set forth by a governmental agency or a decision or ruling by any such agency or a court or tribunal of competent jurisdiction, which in the opinion of Town Square's legal counsel affects or may affect the legality of this BAA or materially and adversely affects the ability of either party to perform its obligations or receive the benefits intended hereunder, then within ten (10) days of notice from Town Square's legal counsel the parties will meet to amend this BAA to carry out the original intentions of the parties. If the parties cannot reach a mutually agreeable resolution within forty-five (45) days after notice from Town Square's legal counsel, then either party may terminate this BAA upon an additional thirty (30) days written notice to the other.

Section 16. **Other Privacy Requirements.** In addition to complying with the Privacy Standards and Security Standards, Business Associate will comply with all applicable laws, including statutes, regulations, and judgments.

Section 17. **Town Square Obligations**. Town Square shall notify Business Associate of any limitation(s) in the notice of privacy practices of Town Square under 45 C.F.R. §164.520, to the extent that such limitation may affect Business Associate's Use or Disclosure of the PHI. Town Square shall notify Business Associate of any changes in, or revocation of, the permission by an Individual to Use or Disclosure his or her PHI, to the extent that such changes may affect Business Associate's Use or Disclosure of PHI. Town Square shall notify Business Associate of any restriction on the Use or Disclosure of PHI that Town Square has agreed to or is required to abide by under 45 C.F.R. §164.522, to the extent that such restriction may affect Business Associate's Use or Disclosure of PHI.

Section 18. **Term and Termination of this BAA.** The term of this BAA is effective as of the earlier of the date listed above of or the date of the last signature below ("Effective Date") and will replace any and all prior business associate agreements as of the Effective Date.

Notwithstanding anything to the contrary in any other document, this BAA will continue after the Services are complete, even if the arrangement has terminated or expired. Sections 10 through 12 of this BAA will expire six (6) years after the later of the completion of the Services or the termination or expiration of the arrangement. Upon Town Square's knowledge of a breach of this BAA by Business Associate, Town Square may either (i) provide an opportunity for Business Associate to cure the breach by providing written notice of the breach with a time by which the breach must be cured, and if the breach is not cured within that time, Town Square may terminate the arrangement immediately upon delivery of a written notice of termination, (ii) immediately terminate the arrangement by providing written notice of the breach and termination, or (iii) if termination and cure are not feasible, Town Square may report the violation to the Secretary. This section will in no way limit Town Square's termination rights or remedies under the arrangement, this BAA, or the law. After the completion of the Services or the termination or expiration of the arrangement, whichever is later, Business Associate will within thirty (30) days of Town Square's request return to Town Square all PHI (including copies, notes, or other documents, electronic or printed, containing PHI) in its possession, or if directed by Town Square in writing, destroy such

PHI and cause an officer of Business Associate to certify to Town Square in writing that all PHI has been destroyed.

Section 19. **Injunctive Relief.** Business Associate acknowledges and agrees that any breach or threatened breach of this BAA would cause continuing, substantial, and irreparable injury to Town Square, and that its remedy at law for such breach will not be adequate. Business Associate agrees that Town Square will be entitled to immediate equitable relief, including a permanent injunction or a temporary restraining order, for a breach or threatened breach hereof without the need for Town Square to post a bond or other surety. Such rights will be in addition to, and not in limitation of, any other rights or remedies to which Town Square may be entitled at law or equity.

Section 20. **Use of Names; No Implied Endorsement.** Business Associate agrees that it will not use in any way in its promotional, informational, or marketing activities or materials the names, trademarks, logos, symbols, or a description of the business or activities of Town Square without in each instance obtaining the prior written consent of Town Square.

Section 21. **Miscellaneous.** This BAA contains the entire intent of the parties, superseding any other arrangements between the parties about its subject matter, may only be amended in writing, and will be governed by the laws of the state of Maryland. In addition, the parties hereby irrevocably and unconditionally consent and submit to the personal jurisdiction of Maryland courts over all matters relating to this BAA. Whenever possible, each provision of this BAA will be interpreted in such a manner as to be effective and valid under applicable law, but if any provision thereof will be prohibited by or held invalid under applicable law, such provision will be ineffective to the extent of such prohibition or invalidity without invalidating the remainder of such provision or the remaining provisions thereof.

IN WITNESS WHEREOF, the signatory represent that they are duly authorized representatives and execute this Business Associate Agreement on behalf of the undersigned.

TOWN SQUARE	TOWN SQUARE FRANCHISING LLC
By: _____	By: _____
Title: _____	Title: _____
Date: _____	Date: _____

EXHIBIT G

TO THE FRANCHISE AGREEMENT

SUBSCRIPTION SERVICE AGREEMENT

SUBSCRIPTION SERVICE AGREEMENT

This Subscription Service Agreement ("Agreement") is entered into as of the ____ day of _____, 20___, by and between Town Square Franchising LLC ("Town Square"), a Delaware limited liability company with a physical address 9708 Belair Road, Perry Hall, MD 21236, and _____, a _____ Company, whose physical address is _____ ("Customer" or "Subscriber").

1. **Definitions**.

"**Customer Data**" means any content, materials, data and information of Subscriber's customers that Subscriber or its authorized users has collected and input into the Software.

"**Permitted User Capacity**" means the Permitted Number of Users for the Services.

"**Permitted Number of Users**" means the number of Users who are authorized to use the Service, for whom subscriptions to a Service have been ordered, and who have been supplied user identifications and passwords.

"**Portal**" means a web-based facility that is used by Customer to access the Services.

"**Services**" means Town Square's adult day care software platform.

"**Software**" means Town Square's proprietary adult day care software application called XCITE!

"**Software Upgrades**" means certain modifications or revisions to the Software.

"**Subscriber**" means the franchisee named above that has entered into a Franchise Agreement with Town Square.

"**Subscription**" means a non-exclusive, non-transferable right to use the Services in accordance with this Agreement and the Franchise Agreement.

"**Subscription Fees**" means that portion of the IT Fee allocated towards the Services that the Subscriber pays to Town Square monthly per the Franchise Agreement.

"**Subscription Term**" means the term of the Franchise Agreement, unless terminated earlier by Town Square in accordance with this Agreement.

"Users" means individuals who are authorized to use the Service, for whom subscriptions to a Service have been ordered, and who have been supplied user identifications and passwords. Users may include but are not limited to your employees, consultants, contractors, and agents, and third parties with whom you transact business.

"**Virus**" or "**Malware**" means computer software or program code that is designed to damage or reduce the performance or security of a computer program or data.

2. Subscription and Grant of Right to Use.

Subject to the terms and conditions of this Agreement, Town Square will provide Subscriber with the Subscription at the Permitted User Capacity for the Subscription Term. Subscriber may use the Services solely for its own internal business operations (not for the benefit of any other person or entity) during the Subscription Term, provided Subscriber has paid and continues to pay the Subscription Fees. Subscription Fees are nonrefundable. Subscriber may not license, sublicense, transfer, assign, rent, lease or timeshare or otherwise commercially exploit the Services or provide the Subscription for the Services or permit others to do so. Subscriber may allow its agents and independent contractors to use the Services solely for the benefit of Subscriber, provided, however, Subscriber shall be responsible for any breach of this Agreement related to such use. Subscribers shall only allow Users to access the Services. Any other use of the Services by any other entity is a material breach of this Agreement.

3. Subscriber Responsibilities.

In connection with the Services, Subscriber shall not: (i) send spam or otherwise duplicative or unsolicited messages in violation of applicable laws; (ii) send or store infringing, obscene, threatening, libelous, or otherwise unlawful material, including material harmful to children or violative of third party privacy rights; (iii) send or store material containing software viruses, worms, Trojan horses or other harmful computer code, files, scripts, agents or programs; (iv) interfere with or disrupt the integrity or performance of the Services or the data contained therein; or (v) attempt to gain unauthorized access to the Services or its related systems or networks.

Subscriber is responsible for all activity occurring under its User accounts and shall abide by all applicable local, national and foreign laws, treaties and regulations in connection with its use of the Services, including those related to data privacy, international communications and the transmission of technical or personal data. Subscriber shall: (i) notify Town Square immediately of any unauthorized use of any password or account or any other known or suspected breach of security; (ii) report to Town Square immediately and use reasonable efforts to stop immediately any copying or distribution of content that is known or suspected by Subscriber or its Users; and (iii) not impersonate another Town Square user or provide false identity information to gain access to or use the Services.

4. Provision of Services.

Town Square will use commercially reasonable efforts to provide the Services for the Subscription Term in a manner consistent with general industry standards. If Town Square determines that the security or proper function of the Services would be compromised due to, hacking, denial of service attacks or other activities originating from or directed at Subscriber's network, Town Square may immediately suspend the Services until the problem is resolved. Town Square will promptly notify and work with Subscriber to resolve the issues. Town Square may modify, enhance, replace, or make additions to the Services.

TOWN SQUARE'S SERVICES MAY BE SUBJECT TO LIMITATIONS, DELAYS, AND OTHER PROBLEMS INHERENT IN THE USE OF THE INTERNET AND ELECTRONIC COMMUNICATIONS. TOWN SQUARE IS NOT RESPONSIBLE FOR ANY DELAYS, DELIVERY FAILURES, OR OTHER DAMAGE RESULTING FROM SUCH PROBLEMS.

5. Subscription Fees.

Subscribers shall pay monthly Subscription Fees as a portion of the IT Fee provided for in the Franchise Agreement. All payments of Subscription Fees are non-refundable. Town Square reserves the right to modify its Subscription Fees and other charges and to introduce new charges at any time, upon at least 30 days prior notice to Subscriber, which notice may be provided by e-mail. All pricing terms are confidential, and Subscriber shall not disclose them to any third party. Fees for other services will be charged on an as-quoted basis. Town Square's fees are exclusive of all taxes, levies, or duties imposed by taxing authorities, and Subscriber shall be responsible for payment of all such taxes, levies, or duties.

Town Square reserves the right to impose a reconnection fee in the event Subscriber Services are suspended and thereafter requests access to the Services. The subscriber agrees and acknowledges that Town Square has no obligation to retain Customer Data and that such Customer Data may be irretrievably deleted if Subscriber's account is 30 days or more delinquent.

6. Suspension of Services.

In addition to any other rights granted to Town Square herein, Town Square reserves the right to suspend or terminate this Agreement and Subscriber's access to the Services if Subscriber's account becomes delinquent (falls into arrears). If any amount owing by Subscriber under this or any other agreement, including, but not limited to the Franchise Agreement, is 30 or more days overdue, Town Square may, without limiting its other rights and remedies, suspend Services to Subscriber until such amounts are paid in full. Town Square will give Subscriber at least seven (7) days prior notice that Subscriber's account is overdue, before suspending Services.

7. Intellectual Property Rights.

The Services and all related intellectual property rights, including, but not limited to any suggestions, ideas, enhancement requests, feedback, recommendations, or other information provided by Subscriber or any other party relating to the Services are the exclusive property of Town Square or its licensors. All right, title and interest in and to the Services, any modifications, translations, or derivatives thereof, even if unauthorized, and all applicable rights in patents, copyrights, trade secrets, trademarks and all intellectual property rights in the Services remain exclusively with Town Square or its licensors. The Services contain material that is protected by copyright and trade secret law. Subscribers may not remove any proprietary notice of Town Square. All rights not granted to Subscriber in this Agreement are reserved to Town Square. No ownership of the Services passes to

Subscriber. Town Square may make changes to the Services at any time without notice to the Subscriber.

Subscriber shall have sole responsibility for the accuracy, quality, integrity, legality, reliability, appropriateness, and intellectual property ownership or right to use of all Customer Data, and Town Square shall not be responsible or liable for the deletion, correction, destruction, damage, loss or failure to store any Customer Data. Town Square reserves the right to withhold, remove and/or discard Customer Data without notice for any breach, including, without limitation, Subscriber's non-payment. Upon termination of this Agreement, Subscriber's right to access or use Customer Data immediately ceases, and Town Square shall have no obligation to maintain or forward any Customer Data.

8. Confidential Information.

Subscribers shall take all reasonable steps to safeguard the Services to ensure that no unauthorized person has access and that no unauthorized copy, publication, disclosure, or distribution, in any form is made. The Services contain valuable, confidential information and trade secrets and unauthorized use or copying thereof would be harmful to Town Square. Subscribers may not directly or indirectly transfer, assign, publish, display, disclose, rent, lease, modify, loan, distribute, or create derivative works based on the Services or any part thereof. Subscriber may not reverse engineer, decompile, translate, adapt, or disassemble the Services, nor shall Subscriber attempt to create the source code from the object code for the Software.

Town Square's privacy and security policies may be viewed at https://www.townsquare.net/privacy-policy. Town Square reserves the right to modify its privacy and security policies in its reasonable discretion from time to time.

9. Limited Warranty.

For the Subscription Term, Town Square warrants that the Services will operate in substantial conformance with the then current Town Square published documentation under normal use. Town Square does not warrant that: (A) the Services will be free from defects, satisfy Subscriber's requirements, or operate without interruption or error; or (B) data contained in the databases will be appropriately categorized or that the algorithms used in the Services will be complete or accurate. Town Square will use reasonable efforts to remedy any significant non-conformance in the Services which is reported to Town Square and that Town Square can reasonably identify and confirm. Town Square at its discretion will repair or replace any such non-conforming or defective Services or refund a pro-rata portion of the unused Subscription Fees paid for the remainder of the then current Subscription Term. This paragraph sets forth Subscriber's sole and exclusive remedy and Town Square's entire liability for any breach of warranty or other duty related to the Services. Any unauthorized modification of the Services, tampering with the Services, use of the Services inconsistent with the accompanying documentation, or related breach of this Agreement voids the warranty. EXCEPT AS EXPLICITLY STATED AND TO THE EXTENT ALLOWED BY LAW, THERE ARE NO OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO, THE IMPLIED WARRANTIES

OF MERCHANTABILITY, NON-INFRINGEMENT, TITLE OR FITNESS FOR A PARTICULAR PURPOSE WITH RESPECT TO THE SERVICES.

10. Limitation of Liability.

TOWN SQUARE, ITS AFFILIATES, ITS LICENSORS OR RESELLERS WILL NOT BE LIABILE FOR ANY DIRECT, INDIRECT, CONSEQUENTIAL, SPECIAL, PUNITIVE OR INCIDENTAL DAMAGES, WHETHER FORESEEABLE OR UNFORSEEABLE, ARISING OF OR RELATED TO THIS AGREEMENT. TOWN SQUARE'S AGGREGATE MONETARY LIABILITY ARISING OUT OF THIS AGREEMENT SHALL IN NO EVENT EXCEED THE TOTAL AMOUNT PAID TO TOWN SQUARE FOR THE APPLICABLE SERVICES OVER THE ONE YEAR PERIOD PRIOR TO THE EVENT OUT OF WHICH THE CLAIM AROSE FOR THE SERVICES THAT DIRECTLY CAUSED THE LIABILITY.

11. Term.

This Agreement is effective until the end of the Subscription Term, or until terminated by either party as specified herein. Upon expiration of the Subscription Term, this Agreement will automatically renew for successive renewal terms of one month, at Town Square's then current subscription fees. Town Square may terminate this Agreement upon thirty (30) days prior written notice to the Subscriber. Upon notification of termination by either party, Subscriber must cease using and destroy or return all copies of the Services to Town Square. Sections 1, 6-10, 13 and 14 shall survive the termination of this Agreement.

Any breach of the Subscriber's payment obligations or unauthorized use of the Services will be deemed a material breach of this Agreement. Town Square, in its sole discretion, may terminate the Subscriber's password, account or use of the Services if Subscriber breaches or otherwise fails to comply with this Agreement. Subscriber agrees and acknowledges that Town Square has no obligation to retain the Customer Data, and may delete such Customer Data, if Subscriber has materially breached this Agreement, including but not limited to failure to pay outstanding fees, and such breach has not been cured within 30 days of notice of such breach.

12. Data Privacy.

Subscriber will comply with all applicable laws and regulations, including those of other jurisdictions that may apply to Subscriber, concerning the protection of personal data. Neither party will use any data obtained via the Services for any unlawful purpose.

13. Mutual Indemnification.

Subscriber shall indemnify and hold Town Square, its licensors and each such party's parent organizations, subsidiaries, affiliates, members, managers, officers, directors, employees, attorneys and agents harmless from and against any and all claims, costs, damages, losses, liabilities and expenses (including attorneys' fees and costs) arising out of or in connection with: (i) a claim alleging that use of the Customer Data infringes the rights of, or has caused harm to, a third party; (ii) a claim arising from the breach by

Subscriber or its Users of this Agreement, provided in any such case that Town Square (a) gives written notice of the claim promptly to Subscriber; (b) gives Subscriber sole control of the defense and settlement of the claim (provided that Subscriber may not settle or defend any claim unless Town Square is unconditionally released of all liability and such settlement does not affect Town Square's business or Services); (c) provides to Subscriber all available information and reasonable assistance; and (d) has not compromised or settled such claim.

Town Square shall indemnify and hold Subscriber and its parent organizations, subsidiaries, affiliates, members, managers, officers, directors, employees, attorneys and agents harmless from and against any and all claims, costs, damages, losses, liabilities and expenses (including attorneys' fees and costs) arising out of or in connection with a claim alleging that the Services directly infringes a copyright, or a trademark of a third party; provided that Subscriber (a) promptly gives written notice of the claim to Town Square; (b) gives Town Square sole control of the defense and settlement of the claim (provided that Town Square may not settle or defend any claim unless the settlement unconditionally releases Subscriber of all liability); (c) provides to Town Square all available information and reasonable assistance; and (d) has not compromised or settled such claim. Town Square shall have no indemnification obligation, and Subscriber shall indemnify Town Square pursuant to this Agreement, for claims arising from any infringement arising from the combination of the Services with any of Subscriber's products, services, hardware, or business process(s).

14. General Provisions.

This Agreement shall be binding upon, and inure to the benefit of, the parties hereto and their respective heirs, executors, personal representative, successors, and permitted assigns. Town Square may assign any of its rights or obligations under this Agreement without the prior written consent of the Subscriber. This Agreement may not be assigned by the Subscriber without the prior written consent of Town Square. This Agreement is the entire agreement between the parties hereto with respect to the subject matter hereof, and no alteration, modification or interpretation hereof shall be binding unless in writing and signed by an officer of each party. If any provision of this Agreement or application to any party or circumstance shall be determined by any court of competent jurisdiction to be invalid and unenforceable to any extent, the remainder of this Agreement, where the application of such provisions or circumstances other than those as to which it is determined to be invalid or unenforceable shall not be effected thereby, and each provision hereof shall be valid and shall be enforced to the fullest extent permitted by law. Any failure to insist upon strict compliance with any of the terms or conditions of this Agreement shall not be deemed a waiver of such term or condition, nor shall any waiver or relinquishment of any right hereunder at any time or times be deemed a subsequent waiver or relinquishment of such right. Neither party shall be liable for any failure to perform its obligations under this Agreement when such failure is due to an act of God or any unforeseeable cause reasonably beyond the relevant party's control. This Agreement shall be construed and enforced in accordance with the laws of the State of Maryland. If either party shall bring an action under this Agreement regarding a breach, default, or to enforce the terms of this Agreement, the prevailing party in such action shall receive its reasonable attorney's fees

and costs. The parties further agree that jurisdiction for any disputes arising out of this Agreement shall vest in either the courts of Baltimore County, the State of Maryland, or the federal court in or nearest Baltimore, Maryland. Except for disputes pertaining to the payment of money to Town Square on outstanding invoices and claims for injunctive relief, disputes or controversies of any other nature, including the arbitrability of any claim, shall be exclusively resolved by the parties in a mediation under the Mediation Rules of, administered by, and conducted by the American Arbitration Association, failing which, settlement of the dispute shall be by binding arbitration conducted under the rules of the American Arbitration Association. All notices hereunder shall be in writing and/or mailed by United States postal service, postage prepaid, registered, certified, or express mail and addressed to the other party's principal place of business as set forth in this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date first above written.

FRANCHISEE

Signature: _____

Name: _____

Title: _____

Date: _____

TOWN SQUARE FRANCHISING LLC

Signature: _____

Name: _____

Title: _____

Date: _____

EXHIBIT B

LIST OF ADMINISTRATORS

We intend to register this Disclosure Document as a "franchise" in some or all of the following states, in accordance with 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 Financial Protection and Innovation Department of Financial Protection and Innovation 320 West Fourth Street, Suite 750 Los Angeles, California 90013-2344 (213) 576-7500 (866) 275-2677 (toll free)	**MARYLAND** Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360
HAWAII Commissioner of Securities of the State of Hawaii Department of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722	**MICHIGAN** Michigan Attorney General's Office Consumer Protection Division Attn: Franchise Section 525 W. Ottawa Street Williams Building, 1st Floor Lansing, MI 48909 (517) 373-7117
ILLINOIS Office of the Attorney General Franchise Bureau 500 South Second Street Springfield, Illinois 62706 (217) 782-4465	**MINNESOTA** Commissioner of Commerce Department of Commerce 85 7th Place East, Suite 280 St. Paul, Minnesota 55101 (651) 539-1600
INDIANA Secretary of State Franchise Section 302 West Washington, Room E-111 Indianapolis, Indiana 46204 (317) 232-6681	**NEW YORK** NYS Department of Law Investor Protection Bureau 28 Liberty St. 21st Floor New York, NY 10005 (212) 416-8285 Phone
NORTH DAKOTA North Dakota Securities Department 600 E. Boulevard Avenue, State Capitol Fifth Floor, Dept. 414 Bismarck, North Dakota 58505-0510 (701) 328-2910	**VIRGINIA** Director, Securities and Retail Franchising Div. State Corporation Commission 1300 East Main Street Richmond, Virginia 23219 (804) 371-9051
RHODE ISLAND Department of Business Regulation Securities Division Building 69-1, First Floor John O. Pastore Center 1511 Pontiac Avenue Cranston, Rhode Island 02920 (401) 462-9527	**WASHINGTON** Department of Financial Institutions General Administration Building Securities Division – 3rd Floor 150 Israel Road, S.W. Tumwater, Washington 98501 (360) 902-8760
SOUTH DAKOTA Department of Labor and Regulation Division of Insurance – Securities Regulation 124 S. Euclid, Suite 104 Pierre, South Dakota 57501-3185 (605) 773-4823	**WISCONSIN** Office of the Commissioner of Securities Post Office Box 1768 Madison, WI 53701 (608) 261-9555

EXHIBIT C

AGENTS FOR SERVICE OF PROCESS

We intend to register this Disclosure Document as a "franchise" in some or all of the following states, in accordance with 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 Financial Protection and Innovation 320 West Fourth Street, Suite 750 Los Angeles, California 90013-2344 (213) 576-7500 (866) 275-2677 (toll free)	**MARYLAND** Maryland Securities Commissioner 200 St. Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360
HAWAII Commissioner of Securities of the State of Hawaii Department of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722	**MICHIGAN** Dept. of Energy, Labor, & Economic Growth Corporations Division P.O. Box 30054 Lansing, Michigan 48909 7150 Harris Drive Lansing, Michigan 48909 (517) 373-7117
ILLINOIS Illinois Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465	**MINNESOTA** Commissioner of Commerce 85 7th Place East, Suite 280 St. Paul, Minnesota 55101 (651) 539-1600
INDIANA Indiana Secretary of State 201 State House Indianapolis, Indiana 46204 (317) 232-6681	**NEW YORK** Secretary of State One Commerce Plaza 99 Washington Avenue, 6th Floor Albany, NY 12231-0001
NORTH DAKOTA North Dakota Securities Commissioner 600 E. Boulevard Avenue, State Capitol Fifth Floor Bismarck, North Dakota 58505-0510	**VIRGINIA** Clerk of the State Corporation Commission 1300 East Main Street Richmond, Virginia 23219 (804) 371-9733
RHODE ISLAND Director of Department of Business Regulation Department of Business Regulation Securities Division John O. Pastore Complex – 69-1 1511 Pontiac Avenue Cranston, Rhode Island 02920 (401) 462-9527	**WASHINGTON** Director of Department of Financial Institutions General Administration Building Securities Division – 3rd Floor 150 Israel Road, S.W. Tumwater, Washington 98501 (360) 902-8760
SOUTH DAKOTA Department of Labor and Regulation Division of Insurance – Securities Regulation 124 S. Euclid, Suite 104 Pierre, South Dakota 57501-3185 (605) 773-4823	**WISCONSIN** Commissioner of Securities Department of Financial Institutions Division of Securities 345 W. Washington Ave., 4th Floor Madison, Wisconsin 53703 (608) 261-9555

EXHIBIT D

LIST OF FRANCHISEES

As of December 31, 2023, the following franchisees were open and operating a Town Square Franchised Business:

TS Adult Enrichment Center, LLC, 1930 NJ-88, Brick Township, NJ 08724, (732) 451-6185.

We Help Seniors, Inc., 3882 Central Sarasota Parkway, Sarasota, FL 34238, (941) 336-5061.

K&P Adult Day Services, LLC, 549 Jefferson Road, Mullica Hill, NJ 08062, (267) 249-5721.

Emily Rollins, 4916 Paraiso Parkway, Austin, TX 78738, (515) 428-6915.

KAP Adult Day Services, 8601 Dunwoody Place, Building 1, Suite 130 Sandy Springs, GA 30350 (404) 595-2034.

Active Senior Care, Inc., 8450 Lockwood Ridge Rd., Unit No. 55, Sarasota, FL 34243, (941) 216-3800

K&P Adult Day Services, LLC, 171 Route 70, East Marlton, NJ 08053, (856) 553-0828.

As of December 31, 2023, the following franchisees had signed a franchise agreement to open a Town Square Franchised Business, but had not yet opened a franchised business:

Global Goodie, Inc., 4243 Calle Isabelino, San Diego, CA 92130, (858) 539-9793.

KMK Memory Care Options, L.L.C., 14039, Sunnybrook Road, Phoenix, MD 21131, (410) 218-1132 – (3 Units)

Yvonne Randall, 6576 Appletree Circle, Las Vegas, NV 89103, (702) 280-0236.

K&P Adult Day Services, LLC, 549 Jefferson Road, Mullica Hill, NJ 08062, (267) 249-5721

Adult Day Care, LLC, 1234 River Ridge Lane, Spanish Fork, UT 84660, (720) 232-6564.

John and Catherine McDermott, 5614 Cloverleaf Run, Lakewood Ranch, FL 34211, (941) 277-5048 – (2 Units)

KAP Adult Day Services, 8601 Dunwoody Place, Building 1, Suite 130 Sandy Springs, GA 30350 (404) 595-2034 – (2 Units)

Kelli and Rob Gagne, 5183 Mill Race Lane, Lancaster, SC 29720 – (860) 346-0252 (2 Units)

Day Stake, LLC Bergen County, NJ (201) 286-3970

Doubleton LLC, Charleston SC (843) 628-3486 (2 Units)

EXHIBIT E

LIST OF FORMER FRANCHISEES

(Left the system in the fiscal year ended December 31, 2023)

*Citro & Associates, LLC, 2327 NE 29th St., Lighthouse Point, FL 33064 – (310) 909-3241

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

* Franchisee signed two franchise agreements in 2022, but subsequently agreed to mutually terminate the agreements without building or opening a franchised business in 2022.

EXHIBIT F

FINANCIAL STATEMENTS

TOWN SQUARE FRANCHISING LLC

(A Limited Liability Company)

FINANCIAL STATEMENT

MARCH 18, 2024

TOWN SQUARE FRANCHISING LLC

(A Limited Liability Company)

MARCH 18, 2024

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CITRINCOOPERMAN®

Citrin Cooperman & Company, LLP
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Member

Town Square Franchising LLC

Opinion

We have audited the accompanying balance sheet of Town Square Franchising LLC (a limited liability company) as of March 18, 2024, and the related notes to the financial statement.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position of Town Square Franchising LLC as of March 18, 2024, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statement

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

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

"Citrin Cooperman" is the brand under which Citrin Cooperman & Company, LLP, a licensed independent CPA firm, and Citrin Cooperman Advisors LLC serve clients' business needs. The two firms operate as separate legal entities in an alternative practice structure. The entities of Citrin Cooperman & Company, LLP and Citrin Cooperman Advisors LLC are independent member firms of the Moore North America, Inc. (MNA) Association, which is itself a regional member of Moore Global Network Limited (MGNL). All the firms associated with MNA are independently owned and managed entities. Their membership in, or association with, MNA should not be construed as constituting or implying any partnership between them.

Auditor's Responsibilities for the Audit of the Financial Statement

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

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

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

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

Citrin Cooperman & Company, LLP

Melville, New York

April 9, 2024

"Citrin Cooperman" is the brand under which Citrin Cooperman & Company, LLP, a licensed independent CPA firm, and Citrin Cooperman Advisors LLC serve clients' business needs. The two firms operate as separate legal entities in an alternative practice structure. The entities of Citrin Cooperman & Company, LLP and Citrin Cooperman Advisors LLC are independent member firms of the Moore North America, Inc. (MNA) Association, which is itself a regional member of Moore Global Network Limited (MGNL). All the firms associated with MNA are independently owned and managed entities. Their membership in, or association with, MNA should not be construed as constituting or implying any partnership between them.

TOWN SQUARE FRANCHISING LLC

(A Limited Liability Company)
BALANCE SHEET

MARCH 18, 2024

ASSETS

Cash	$ 500,000
TOTAL ASSETS	$ 500,000

LIABILITIES AND MEMBER'S EQUITY

Liabilities	$ -
Member's equity	500,000
TOTAL LIABILITIES AND MEMBER'S EQUITY	$500,000

See accompanying notes to financial statement.

TOWN SQUARE FRANCHISING LLC

(A Limited Liability Company)
NOTES TO FINANCIAL STATEMENT

MARCH 18, 2024

NOTE 1. ORGANIZATION AND NATURE OF OPERATIONS

Town Square Franchising LLC (the "Company") was formed on December 19, 2023, as a Delaware limited liability company to sell franchises pursuant to a license agreement with the Company's sole member, SH Town Square Franchising, Inc. (the "Licensor" or the "Member") whereas the Member had previously been engaged in the business of selling franchises under the name "Town Square". The Company will be a franchisor whose franchisees provide adult day care services for individuals and families affected by Alzheimer's and other forms of memory impairment diseases. The Company has not had significant operations through April 4, 2024, the date on which this financial statement was available to be issued, and has not executed any franchise agreements as of that date.

The Company is a limited liability company and, therefore, the member is not liable for the debts, obligations or other liabilities of the Company, whether arising in contract, tort or otherwise, unless the member has signed a specific guarantee.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statement has been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Use of Estimates

The preparation of a financial statement in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts in the financial statement and accompanying disclosures. These estimates may be adjusted due to changes in future economic, industry or other financial conditions. Actual results may ultimately differ from these estimates.

Concentration of Credit Risk

The Company places its cash, which may at times be in excess of Federal Deposit Insurance Corporation insurance limits, with a major financial institution. Management believes that this policy will limit the Company's exposure to credit risk.

Revenue and Cost Recognition

The Company expects that it will derive substantially all its revenue from franchise agreements related to franchise fee revenue, royalty fees, technology fees, transfer fees, product sales, area development fees and system advertising fund fees when revenue- generating activities commence. No such franchise agreements have been executed by the Company as of the date this financial statement was available to be issued.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue and Cost Recognition (Continued)

Franchise Fees, Royalties and Other Franchise Related Fees

Contract consideration from franchisees is expected to consist primarily of initial or renewal franchise fees, sales-based royalties, sales-based marketing fund fees, technology fees and transfer fees payable by a franchisee for the transfer of their franchise unit to another franchisee. The Company also offers the opportunity to purchase multiple territories under additional franchise agreements for an additional fee. The initial franchise fees are nonrefundable and collected when the underlying franchise agreement and related addendum are signed by the franchisee. Sales-based royalties, sales-based marketing fund fees and technology fees are payable on a monthly basis. Renewal and transfer fees are due from franchisees when an existing franchisee renews the franchise agreement for an additional term or when a transfer to a third party occurs, respectively.

The Company's primary performance obligation under the franchise agreement includes granting certain rights to access the Company's intellectual property and a variety of activities relating to opening a franchise unit, including initial training and other such activities commonly referred to collectively as "pre-opening activities." The Company has determined that certain training provided to the franchisee is not brand specific and provides the franchisee with relevant general business information that is separate and distinct from the operation of a Company-branded franchise unit. The portion of training services provided that is not brand specific is deemed to be distinct as it provides a benefit to the franchisee and is not highly interrelated or interdependent to the access of the Company's intellectual property, and therefore will be accounted for as a separate distinct performance obligation. All other pre-opening activities have been determined to be highly interrelated and interdependent to the access of the Company's intellectual property and therefore are accounted for as a single performance obligation, which is satisfied by granting certain rights to access the Company's intellectual property over the term of each franchise agreement.

The Company will estimate the stand-alone selling price of training services that are not brand specific using an adjusted market assessment approach. The Company will first allocate the initial franchise fees and the fixed consideration, under the franchise agreement to the stand-alone selling price of the training services that are not brand specific and the residual, if any, to the right to access the Company's intellectual property. Consideration allocated to training services that are not brand specific will be recognized ratably as the training services are rendered.

Initial and renewal franchise fees allocated to the right to access the Company's intellectual property will be recognized as revenue on a straight-line basis over the term of the respective franchise agreement.

Royalties will be earned as a percentage of franchisee gross sales ("sales-based royalties") over the term of the franchise agreement, as defined in each respective franchise agreement. Franchise royalties which represent sales-based royalties that are related entirely to the use of the Company's intellectual property will be recognized as franchisee sales occur and the royalty is deemed collectible.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue and Cost Recognition (Continued)

Marketing Fund

The Company maintains a marketing fund which is established to collect and administer funds contributed by franchisees for use in advertising and promotional programs for the benefit of franchisees. Marketing fund fees are collected from franchisees based on a percentage of franchisee gross sales. The Company has determined that it acts as a principal in the collection and administration of the brand fund and therefore recognizes the revenues and expenses related to the brand fund on a gross basis. The Company has determined that the right to access its intellectual property and administration of the brand fund are highly interrelated and therefore will be accounted for as a single performance obligation. As a result, revenues from the brand fund are treated as sales-based royalties related to the right to access the Company's intellectual property, which will be recognized as franchisee sales occur.

When marketing fund fees exceed the related marketing fund expenses in a reporting period, advertising costs will be accrued up to the amount of marketing fund revenues recognized to reflect the expected spend on behalf of franchisees.

Other Revenues

The Company will recognize revenue from other fees and other services provided to the franchisees as a single performance obligation, when the services are rendered.

Incremental Costs of Obtaining a Contract

The Company will capitalize direct and incremental costs, principally consisting of commissions, associated with the sale of franchises and amortize them over the term of the franchise agreement.

Income Taxes

The Company is a single-member limited liability company and is therefore considered a disregarded entity for income tax purposes. Accordingly, no provision has been made for income taxes in the accompanying financial statement, since all items of income or loss are required to be reported on the income tax returns of the member, who is responsible for any taxes thereon.

The Company recognizes and measures its unrecognized tax benefits in accordance with Financial Accounting Standards Board Accounting Standards Codification 740, *Income Taxes*. Under that guidance, management assesses the likelihood that tax positions will be sustained upon examination based on the facts, circumstances and information, including the technical merits of those positions, available at the end of each period. The measurement of unrecognized tax benefits is adjusted when new information is available or when an event occurs that requires a change. There were no uncertain tax positions at March 18, 2024.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

The Company has evaluated subsequent events through April 9, 2024, the date on which this financial statement was available to be issued. There were no material subsequent events that required recognition or additional disclosure in the financial statement, other than disclosed in Note 5.

NOTE 3. MARKETING FUND

Pursuant to the structured form of the franchising arrangement, the Company reserves the right to collect marketing fund fees up to 1% of franchisees' reported sales. These funds are to be spent solely on advertising and related expenses for the benefit of the franchisees with a portion designated to offset the Company's administrative costs to administer the funds, all at the discretion of the Company. There have been no contributions to the franchisee marketing fund as of the date this financial statement was available to be issued.

NOTE 4. RELATED-PARTY TRANSACTIONS

License Agreement

On April 1, 2024, the Company entered into a royalty-free intellectual property license agreement (the "license agreement") with the Licensor for the use of certain trademarks and other intellectual property, as defined, including but not limited to "Town Square". Pursuant to the license agreement, the Company acquired the right to sell "Town Square" franchises, and the right to earn franchise fees, royalties and other fees from franchisees. The term of the license agreement is 10 years, with options to extend for successive periods of 10 years if agreed upon by the Licensor and the Company.

EXHIBIT G

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FRANCHISE OPERATIONS MANUAL

TABLE OF CONTENTS

240 Pages

Preface for Manual (11 pages)

The Purpose of this Manual (P-1)

The Manual Organization (P-2)

The Manual as an Extension of the Legal Documents (P-3)

The Importance of Confidentiality (P-4)

Keeping the Town Square Operations Manual Current (P-7)

Requesting a Variance (P-8)

Submitting Suggestions to the Town Square Corporate Office (P-9)

Section A: Introduction (15 Pages)

Welcome Letter From The Founder . (p.4)

Town Square Mission Statement (p. 5)

Town Square Core Values (p. 6)

History Of Town Square (p. 7)

Services Provided To Franchisees (p. 8)

Responsibilities Of Franchisees And Staff (p. 10)

Visits From The Home Office (p. 12)

Paying Other Fees (p.13)

Section B: Pre-Opening Procedures (37 Pages)

Pre-Opening Timeline and Checklist (p.4)

Establishment of Business Form (p. 7)

Business Planning (p. 8)

Competitive Analysis (p. 10)

Site Selection (p. 8)

Building Out Your Town Square (p. 14)
Technology Requirements (p. 21)
Required Equipment and Supplies (p. 22)
Contracting with required utilities and services (p. 23)
Obtaining Required licenses and permits (p. 25)
Setting up Bank Accounts (p. 27)
Procuring Required Insurance Policies (p. 28)
Paying Taxes (p. 33)
Grand Opening (p. 35)

Section C: People Development (53 Pages)

Eeoc Guidelines (p. 5)
Laws Regarding Harassment (p. 9)
Immigration Reform/Control Act (p. 11)
Wage And Labor Laws (p. 14)
American With Disabilities Act (ADA) (p. 18)
Job Descriptions (p. 20)
Recruiting Team Members (p. 21)
The Interview Process (p. 24)
Orientation (p. 32)
Training (p. 34)
Introductory Period (p. 40)
Personnel Policies (p. 41)
Time reporting (p. 45)
Uniform/Dress Code (P. 46)
Performance Evaluations (p. 47)
Progressive Discipline (p. 49)
Termination/Separation (p. 51)

Section D: Sales Procedures (23 pages)

Town Square Program (p. 4)
Lead Generation (p. 5)
Phone Inquiries (p. 10)
Lead Development (p. 14)

Sales Management Procedures (p. 23)

Section E: Town Square Operating Procedures (41 pages)

Suggested Hours of Operation (p. 5)

Daily, Weekly, and Monthly Procedures (p.6)

Member Service Procedures (p. 11)

Transportation Procedures (p. 12)

Food Service Operating Procedures (p. 13)

Medication Management (p. 28)

Health and Safety (p. 35)

Required Cleaning and Maintenance (p. 34)

Section F: Reminiscence Management (28 Pages)

The Town Square System (p. 5)

Member Care Plan (p. 6)

Program Management (p. 11)

Facilitating Activities (p. 14)

Emergency Procedures (p. 24)

Section G: Managing Your Town Square (14 Pages)

Managing Personnel (p. 3)

Inventory Management (p. 8)

Billing Procedures (p. 10)

Key Management Reports (p. 12)

Franchise Reporting Requirements (p. 14)

Section H: Marketing & Advertising (15 Pages)

Developing a Marketing Plan (p. 3)

Required Advertising Expenditures (p. 6)

Promoting Town Square in Your Area (p. 7)

Using the Town Square Marks (p. 11)

Logo and Signage Specifications (p. 12)

Public Relations (p. 13)

Community Involvement (p. 14)

Obtaining Advertising Approval (p. 15)

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TOTAL NUMBER OF PAGES: 240

EXHIBIT H

STATE-SPECIFIC DISCLOSURES

1. California
2. Illinois
3. Maryland
4. Michigan
5. Minnesota
6. New York
7. Virginia
8. Washington

California Disclosure

In recognition of the requirements of the California Franchise Investment Law, Cal. Corp. Code §§ 31000-31516, and the California Franchise Relations Act, Cal. Bus. & Prof. Code §§ 20000-20043, the Franchise Disclosure Document for Town Square Franchising LLC in connection with the offer and sale of franchises for use in the State of California shall be amended to include the following:

1. Our website, www.townsquare.net, has not been reviewed or approved by the California Department of Financial Protection and Innovation. Any complaints concerning the content of the website may be directed to the California Department of Financial Protection and Innovation at www.dfpi.ca.gov.

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

3. § 31125 OF THE CALIFORNIA CORPORATIONS CODE REQUIRES US TO GIVE YOU A DISCLOSURE DOCUMENT, IN A FORM CONTAINING THE INFORMATION THAT THE COMMISSIONER MAY BY RULE OR ORDER REQUIRE, BEFORE A SOLICITATION OF A PROPOSED MATERIAL MODIFICATION OF AN EXISTING FRANCHISE.

4. Item 3, "Litigation," shall be amended by the addition of the following paragraphs:

Under California law, this Item does not include any information regarding the arrest of any person(s) that did not result in a conviction or plea of nolo contendere.

Neither we, nor any person identified in Item 2 above, 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, 15 U.S.C. § 78a, et seq.) suspending or expelling such person from membership in such association or exchange.

5. Item 6, "Other Fees" shall be amended by the addition of the following sentence: The maximum interest on overdue amounts in California shall be 10% annually.

6. Item 16, "Restrictions on What the Franchisee May Sell," shall be amended by the addition of the following sentence at the end of the first paragraph:

If we permit you to offer or provide any medical care or medical services, or any other services that require a state or local license or permit, you must obtain, and certify to us that you have obtained, all required licenses, permits, certificates, and authorizations before you begin to offer the additional care or services. In many states, including California, there are laws and regulations that govern the provision of medical care and/or medical services. If you provide any medical care or medical services that are covered by applicable law, you must demonstrate to us that you have complied with all laws and regulations.

7. Item 17, "Renewal, Termination, Transfer and Dispute Resolution," shall be amended by the addition of the following paragraph(s) at the conclusion of the Item:

The following notice is required to be inserted in this Disclosure Document by the state of California whenever an applicable provision is included in a Franchise Agreement.

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

The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C. § 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 laws of the State of Maryland. This provision may not be enforceable under California law.

The Franchise Agreement states that you must sign a general release if you transfer your franchise or renew or sign a successor Franchise Agreement. California Corporations Code § 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code §§ 31000 - 31516).

Business and Professions Code § 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professionals Code §§ 20000 - 20043).

8. Exhibit J, "Franchisee Compliance Certification," shall be amended by the addition of the following paragraph:

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

Illinois Disclosure

In recognition of the requirements of the Illinois Franchise Disclosure Act, Ill. Comp. Stat. §§ 705/1 to 705/44 the Franchise Disclosure Document for Town Square Franchising for use in the State of Illinois shall be amended as follows:

Illinois law governs the Franchise Agreement.

In conformance with Section 4 of the Illinois Disclosure Act, any provision in a Franchise Agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a Franchise Agreement may provide for arbitration to take place outside of Illinois.

Your right upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

In conformance with section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

The Home Health, Home Services, and Home Nursing Agency Code is set forth in the Illinois Administrative Code at: 77 Ill. Adm. Code 245 (2015).

See: http://www.dph.illinois.gov/topics-services/health-care-regulation/facilities/home-health for info on Home Health state certification and licensure requirements, costs and process.

The Nurse Practice Act is set forth in Illinois law at: 225 ILCS 65/50 (West 2016).

See: http://www.dph.illinois.gov/topics-services2fhealth-care-regulation2ffacilities2fhospice%23laws-rules-laws-rules-hospice for Hospice info. Regulations and process.

ILLINOIS PROHIBITS THE CORPORATE PRACTICE OF MEDICINE. UNLICENSED INDIVIDUALS AND ENTITIES ARE PROHBITED FROM OWING, OPERATING AND MAINTAINING AN ESTABLISHMENT FOR THE STUDY, DIAGNOSIS AND TREATMENT OF HUMAN AILMENTS AND INJURIES, WHETHER PHYSICAL OR MENTAL. See Medical Corporation Act, 85 ILCS 15/2, 5 (West 2014); Medical Practice Act of 1987, 225 ILCS 60/ (West 2014); and Prohibition Against Fee Splitting at 225 ILCS 60/22.2 (West 2014).

IF YOU ARE NOT LICENSED TO PRACTICE MEDICINE OR NURSING IN ILLINOIS, YOU MUST NEGOTIATE THE TERMS OF A MANAGEMENT AGREEMENT WITH LICENSED MEDICAL PROFESSIONALS WHO WILL PROVIDE MEDICAL PRODUCTS AND SERVICES IN YOUR FRANCHISED BUSINESS. YOU SHOULD RETAIN AN EXPERIENCED ATTORNEY WHO WILL LOOK OUT FOR YOUR BEST INTERESTS IN THIS BUSINESS VENTURE.

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

Each section above in this addendum will be effective only if (and then to the extent) that the jurisdictional requirements of the Illinois Franchise Disclosure Act are independently met (i.e. by facts and not simply by referencing this addendum).

Maryland Disclosure

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, the Franchise Disclosure Document for Town Square Franchising LLC for use in the State of Maryland shall be amended as follows:

1. Item 17, "Renewal, Termination, Transfer and Dispute Resolution," shall be amended by the addition of the following language:

> The general releases required for renewal or transfer will not apply with respect to any claim you may have which arises under the Maryland Franchise Registration and Disclosure Law.
>
> Despite any provision of the Franchise Agreement to the contrary, all claims arising under the Maryland Franchise Registration and Disclosure Law must be commenced within three (3) years from the grant of the franchise or such action shall be barred.
>
> Subject to the mediation provisions, the Franchise Agreement permits you to sue only in the jurisdiction in which we maintain our principal place of business, except for claims arising under the Maryland Franchise Registration and Disclosure Law, and for those claims (to the extent not covered by the mediation requirements), you may file suit in Maryland.

2. Item 17, "Renewal, Termination, Transfer and Dispute Resolution," shall be amended by the addition of the following language to the summary of Provision "h":

The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law, 11 U.S.C. Section 101 et seq.

3. Exhibit J, "Franchisee Compliance Certification," shall be amended by the addition of the following at the end of Exhibit J:

> The representations under this Franchisee Compliance Certification are not intended, nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

4. Exhibit J, "Franchisee Compliance Certification," shall be amended by the addition of the following paragraph:

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

Minnesota Disclosure

In recognition of the requirements of the Minnesota Franchises Law, Minn. Stat. §§ 80C.01 through 80C.22, and of the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce, Minn. Rules §§ 2860.0100 through 2860.9930, the Franchise Disclosure Document for Town Square Franchising LLC for use in the State of Minnesota shall be amended to include the following:

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

> With respect to franchisees governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4, and 5 which 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, and that consent to the transfer of the franchise not be unreasonably withheld.
>
> Pursuant to Minn. Rule 2860.4400D, any general release of claims that you or a transferor may have against us or our shareholders, directors, employees, and agents, including without limitation claims arising under federal, state, and local laws and regulations shall exclude claims you or a transferor may have under the Minnesota Franchise Law and the Rules and Regulations promulgated thereunder by the Commissioner of Commerce.
>
> Minn. Stat. §80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Disclosure Document or agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to jury trial, any procedure, forum, or remedies as may be provided for by the laws of the jurisdiction.

2. Exhibit J, "Franchisee Compliance Certification," shall be amended by the addition of the following paragraph:

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

3. Each provision of this addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Minnesota Franchises Law or the Rules and Regulations promulgated thereunder by the Minnesota Commission of Commerce are met independently without reference to this addendum to the Disclosure Document.

New York Disclosure

1. The following information is added to the cover page of the Franchise Disclosure Document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT B OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. 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 FRANCHISE DISCLOSURE DOCUMENT.

2. The following is to be added at the end of Item 3:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party 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.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-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.

D. No such party 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 agent; 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.

3. The following is added to the end of the "Summary" sections of Item 17(c), titled "**Requirements for franchisee to renew or extend,**" and Item 17(m), entitled "**Conditions for franchisor approval of transfer**";

> However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied.

4. The following language replaces the "Summary" section of Item 17(d), titled "**Termination by franchisee**": You may terminate the Agreement on any grounds available by law.

5. The following is added to the end of the "Summary" sections of Item 17(v), titled "Choice of forum", and Item 17(w), titled "Choice of law":

> The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

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

7. Receipts--Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 et seq.), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

Virginia Disclosure

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for Town Square Franchising LLC for use in the Commonwealth of Virginia shall be amended as follows:

The following statements are added to Item 17.h.:

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

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

Washington Disclosure

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

1. 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 or mediator at the time of the arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchisees or a violation of the Washington Franchise Investment Protection Act.

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 or any rule or order thereunder 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.
>
> Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a

result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

2. Exhibit J, "Renewal, Franchisee Compliance Certification," shall be amended by the addition of the following paragraph:

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

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.

EXHIBIT I

STATE-SPECIFIC AGREEMENT AMENDMENTS

1. Illinois
2. Maryland
3. Minnesota
4. New York
5. Washington

Illinois Franchise Agreement Amendment

In recognition of the requirements of the Illinois Franchise Disclosure Act, Ill. Comp. Stat. §§ 705/1 to 705/44, the parties to the attached Town Square Franchising LLC Franchise Agreement (the "Agreement") agree as follows:

1. Illinois law governs the Franchise Agreement.

2. In conformance with Section 4 of the Illinois Disclosure Act, any provision in a Franchise Agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a Franchise Agreement may provide for arbitration to take place outside of Illinois.

3. Your rights upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

4. In conformance with section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

6. The Home Health, Home Services, and Home Nursing Agency Code is set forth in the Illinois Administrative Code at: 77 Ill. Adm. Code 245 (2015).

7. See:http://www.dph.illinois.gov/topics-services/health-care-regulation/facilities/home- health for info on Home Health state certification and licensure requirements, costs and process.

8. The Nurse Practice Act is set forth in Illinois law at: 225 ILCS 65/50 (West 2016).

9. See: http://www.dph.illinois.gov/topics-services2fhealth-care-regulation2ffacilities2fhospice%23laws-rules-laws-rules-hospice for Hospice info. Regulations and process.

10. ILLINOIS PROHIBITS THE CORPORATE PRACTICE OF MEDICINE. UNLICENSED INDIVIDUALS AND ENTITIES ARE PROHBITED FROM OWING, OPERATING AND MAINTAINING ESTABLISHMENT FOR THE STUDY, DIAGNOSIS AND TREATMENT OF HUMAN AILMENTS AND INJURIES, WHETHER PHYSICAL OR MENTAL. See Medical Corporation Act, 85 ILCS 15/2, 5 (West 2014); Medical Practice Act of 1987, 225 ILCS 60/ (West 2014); and Prohibition Against Fee Splitting at 225 ILCS 60/22.2 (West 2014).

IF YOU ARE NOT LICENSED TO PRACTICE MEDICINE OR NURSING IN ILLINOIS, YOU MUST NEGOTIATE THE TERMS OF A MANAGEMENT AGREEMENT WITH LICENSED MEDICAL PROFESSIONALS WHO WILL PROVIDE MEDICAL PRODUCTS AND SERVICES IN YOUR FRANCHISED BUSINESS. YOU SHOULD RETAIN AN EXPERIENCED ATTORNEY WHO WILL LOOK OUT FOR YOUR BEST INTERESTS IN THIS BUSINESS VENTURE.

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

12. The provisions of this Addendum form an integral part of, and are incorporated into the Franchise Agreement. This Addendum is being execute because: (A) the offer or sale of the franchise to you was made in the State of Illinois; (B) you are a resident of the State of Illinois; and/or (C) the Franchised Business will be located and/or operated, and/or all or part of the Territory will be located, in the State of Illinois.

[signature page follows]

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

TOWN SQUARE FRANCHISING LLC,
a Delaware limited liability company

By: _____

Title: _____

Dated: _____

FRANCHISEE

(IF YOU ARE TAKING THE FRANCHISE AS A CORPORATION, LIMITED LIABILITY COMPANY, OR PARTNERSHIP):

_____
[Name]

By: _____

Title: _____

Dated: _____

(IF YOU ARE TAKING THE FRANCHISE INDIVIDUALLY AND NOT AS A LEGAL ENTITY):

_____
[Signature]

_____
[Print Name]

_____
[Signature]

_____
[Print Name]

Maryland Franchise Agreement Amendment

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, Md. Code Bus. Reg. §§ 14-201 through 14-233, the parties to the attached Town Square Franchising LLC Franchise Agreement (the "Agreement") agree as follows:

1. The following is added to the end of the Agreement:

The general release required as a condition of renewal, sale, and/or assignment/transfer hereunder shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

2. The following shall be added to Section 17.10 "Limitation of Claims" of the Agreement:

Any and all claims arising under the Maryland Franchise Registration and Disclosure Law shall be commenced within three (3) years from the grant of the franchise**.**

3. Section 20 of the Agreement, under the heading "Acknowledgments," shall be supplemented by the following:

All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

4. A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

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

6. Each provision of this amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law (Md. Code Bus. Reg. §§ 14-201 through 14-233) are met independently without reference to this amendment.

[signature page follows]

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

TOWN SQUARE FRANCHISING LLC,
a Delaware limited liability company

By: _____

Title: _____

Dated: _____

FRANCHISEE

(IF YOU ARE TAKING THE FRANCHISE AS A CORPORATION, LIMITED LIABILITY COMPANY, OR PARTNERSHIP):

_____
[Name]

By: _____

Title: _____

Dated: _____

(IF YOU ARE TAKING THE FRANCHISE INDIVIDUALLY AND NOT AS A LEGAL ENTITY):

_____
[Signature]

_____
[Print Name]

_____
[Signature]

_____
[Print Name]

Minnesota Franchise Agreement Amendment

In recognition of the requirements of the Minnesota Franchises Law, Minn. Stat. §§ 80C.01 through 80C.22, and of the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce, Minn. Rules §§ 2860.0100 through 2860.9930, the parties to the attached Town Square Franchising LLC Franchise Agreement (the "Agreement") agree as follows:

1. Section 13.3 of the Agreement, under the heading "Agreements/Releases," shall be deleted in its entirety and shall have no force or effect, and the following paragraph shall be inserted in lieu thereof:

> 13.3 If you satisfy all of the other conditions for a successor franchise agreement, you and your owners agree to execute the form of franchise agreement and any ancillary agreements we then customarily use in granting franchises for Town Square Franchised Businesses (modified as necessary to reflect the fact that it is for a successor franchise agreement), which may contain provisions that differ materially from any and all of those contained in this Agreement. You and your owners further agree to sign general releases, in a form satisfactory to us, of any and all claims against us and our shareholders, officers, directors, employees, agents, successors, and assigns; excluding only such claims as you may have that have arisen under the Minnesota Franchises Law and the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce. We will consider your or your owners' failure to sign these agreements and releases and to deliver them to us for acceptance and execution within thirty (30) days after their delivery to you to be an election not to be granted a successor franchise agreement.

2. Section 13 of the Agreement, under the heading "Expiration of this Agreement," shall be supplemented by the addition of the following new paragraph:

> 13.4 Minnesota law provides you with certain non-renewal rights. In sum, Minn. Stat. § 80C.14 (subd. 4) currently requires, except in certain specified cases, that you be given 180 days' notice of non-renewal of the Franchise Agreement.

3. Section 12.3 (8), under the heading "Conditions for Approval of Transfer," is deleted in its entirety, and shall have no force or effect; and the following paragraph shall be substituted in lieu thereof:

> 12.3 (8) you (and your transferring owners) sign a general release, in a form satisfactory to us, of all claims against us and our shareholders, officers, directors, employees, and agents, excluding only such claims as the transferor may have under the Minnesota Franchises Law and the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce.

4. Section 12 of the Agreement, under the heading "Transfers," shall be supplemented by the addition of the following new paragraph 12.9:

12.9 Minnesota law provides you with certain transfer rights. In sum, Minn. Stat. §80C.14 (subd. 5) currently requires that consent to the transfer of the Franchised Business may not be unreasonably withheld.

5. Section 14 of the Agreement, under the heading "Termination of Agreement," shall be supplemented by the following new paragraph 14.5:

14.5 Minnesota law provides you with certain termination rights. In sum, Minn. Stat. § 80C.14 (subd. 3) currently requires, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) of the Franchise Agreement.

6. The first paragraph in Section 17.5 of the Agreement, under the heading "Mediation," shall be deleted in its entirety and shall have no force or effect; and the following paragraph shall be substituted in lieu thereof:

Before you and we may bring an action in court against the other, you and we must first meet to mediate the dispute (except as otherwise provided below). Any such mediation shall be non-binding and shall be conducted by the CPR Center for Alternative Dispute Resolution, under the rules established by the International Franchise Association endorsed National Franchise Mediation Program, and in accordance with its then-current rules for mediation of franchise disputes (and in the event such program is not then in existence, by the American Arbitration Association in accordance with its then-current rules for mediation of commercial disputes). Notwithstanding the previous sentence, the parties may mutually agree on a mediator and/or procedures and/or venue for mediation. Notwithstanding anything to the contrary, this Section 17.5 shall not bar you or we from seeking judicial or injunctive relief for claims that are based solely on demands for money owed, or from seeking injunctive relief against threatened conduct that will cause it loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary injunctions, without having to engage in mediation; including, without limitation, claims involving the Marks.

7. Section 17.10 of the Agreement, under the heading "Limitations of Claims", shall be replaced with the following: ANY AND ALL CLAIMS AND ACTIONS ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE RELATIONSHIP OF YOU AND US, OR YOUR OPERATIONS OF THE FRANCHISED BUSINESS (INCLUDING ANY DEFENSES AND ANY CLAIMS OF SET-OFF OR RECOUPMENT), MUST BE BROUGHT OR ASSERTED BEFORE THE EXPIRATION OF THE APPLICABLE STATE OR FEDERAL STATUTE OF LIMITATIONS.

8. Section 17 of the Agreement, under the heading "Enforcement," shall be supplemented by the following paragraph 17.13, which shall be considered an integral part of the Agreement:

17.13 Minn. Stat. §80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Disclosure

Document or agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to jury trial, any procedure, forum, or remedies as may be provided for by the laws of the jurisdiction.

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

10. Each provision of this Agreement shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Minnesota Franchises Law or the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce are met independently without reference to this addendum to the Agreement.

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

TOWN SQUARE FRANCHISING LLC,
a Delaware limited liability company

By: _____

Title: _____

Dated: _____

FRANCHISEE

(IF YOU ARE TAKING THE FRANCHISE AS A CORPORATION, LIMITED LIABILITY COMPANY, OR PARTNERSHIP):

_____
[Name]

By: _____

Title: _____

Dated: _____

New York Franchise Agreement Amendment

In recognition of the requirements of the New York General Business Law, Article 33, Sections 680 through 695, and of the regulations promulgated thereunder (N.Y. Comp. Code R. & Regs., tit. 13, §§ 200.1 through 201.16), the parties to the attached Town Square Franchising LLC Franchise Agreement (the "Agreement") agree as follows:

1. Section 12.3 (8) of the Agreement, under the heading "Conditions for Approval of Transfer," shall be deleted in its entirety, and shall have no force or effect; and the following paragraph shall be substituted in lieu thereof:

> 12.3 (8) you (and your transferring owners) sign a general release, in a form satisfactory to us, of any and all claims against us and our shareholders, officers, directors, employees, and agents; provided, however, that all rights enjoyed by the transferor and any causes of action arising in its favor from the provisions of New York General Business Law Sections 680-695 and the regulations issued thereunder, shall remain in force; it being the intent of this provision that the non-waiver provisions of N.Y. Gen. Bus. Law Sections 687.4 and 687.5 be satisfied.

2. Section 13.3 of the Agreement, under the heading "Agreements/Releases," shall be deleted in its entirety, and shall have no force or effect; and the following paragraph shall be substituted in lieu thereof:

> 13.3 If you satisfy all of the other conditions for a successor franchise agreement, you and your owners agree to execute the form of franchise agreement and any ancillary agreements we then customarily use in granting franchises for Town Square Franchised Businesses (modified as necessary to reflect the fact that it is for a successor franchise agreement), which may contain provisions that differ materially from any and all of those contained in this Agreement. You and your owners further agree to sign general releases, in a form satisfactory to us, of any and all claims against us and our shareholders, officers, directors, employees, agents, successors, and assigns; provided, however, that all rights enjoyed by you and any causes of action arising in its favor from the provisions of New York General Business Law Sections 680 695 and the regulations issued thereunder, shall remain in force; it being the intent of this provision that the non-waiver provisions of N.Y. Gen. Bus. Law Sections 687.4 and 687.5 be satisfied.

3. The first paragraph of Section 17.5 of the Agreement, under the subheading "Mediation," shall be deleted in its entirety, and shall have no force or effect; and the following paragraph shall be substituted in lieu thereof:

> 17.5 Mediation
>
> Before you and we may bring an action in court against the other, you and we must first meet to mediate the dispute (except as otherwise provided below). Any such mediation shall be non-binding and shall be conducted by the CPR Center for Alternative Dispute Resolution, under the rules established by the International

Franchise Association endorsed National Franchise Mediation Program, and in accordance with its then-current rules for mediation of franchise disputes (and in the event such program is not then in existence, by the American Arbitration Association in accordance with its then-current rules for mediation of commercial disputes). Notwithstanding the previous sentence, the parties may mutually agree on a mediator and/or procedures and/or venue for mediation. Notwithstanding anything to the contrary, this Section 17.5 shall not bar you or we from seeking judicial or injunctive relief for claims that are based solely on demands for money owed, or from seeking injunctive relief against threatened conduct that will cause it loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary injunctions, without having to engage in mediation; including, without limitation, claims involving the Marks.

4. Section 17 of the Agreement, under the heading "Enforcement," shall be supplemented by the addition of the following language:

Nothing in this Agreement should be considered a waiver of any right conferred upon you by New York General Business Law, Sections 680-695.

5. There are circumstances in which an offering made by us would not fall within the scope of the New York General Business Law, Article 33, such as when the offer and acceptance occurred outside the state of New York. However, an offer or sale is deemed made in New York if you are domiciled in or the Franchised Business will be opening in New York. We are required to furnish a New York prospectus to every prospective franchise who is protected under the New York General Business Law, Article 33.

[signature page follows]

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

TOWN SQUARE FRANCHISING LLC,
a Delaware limited liability company

By: _____

Title: _____

Dated: _____

FRANCHISEE

(IF YOU ARE TAKING THE FRANCHISE AS A CORPORATION, LIMITED LIABILITY COMPANY, OR PARTNERSHIP):

_____
[Name]

By:_____

Title:_____

Dated:_____

(IF YOU ARE TAKING THE FRANCHISE INDIVIDUALLY AND NOT AS A LEGAL ENTITY):

_____
[Signature]

_____
[Print Name]

_____
[Signature]

_____
[Print Name]

Washington Franchise Agreement Amendment

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 Town Square Franchising LLC Franchise Agreement agree as follows:

1. The parties further agree as follows:

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 mediation, or as determined by the arbitrator or mediator at the time of the arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington

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 may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder 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, or 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.

2. Section 15.4 of the Franchise Agreement is amended as follows: The third to last paragraph of Section 15.4 is hereby deleted in its entirety ("In Addition, during the one (1) year period referred to above…")

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.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an , franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

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.

TOWN SQUARE FRANCHISING LLC,
a Delaware limited liability company

By: _____

Title: _____

Dated: _____

FRANCHISEE

(IF YOU ARE TAKING THE FRANCHISE AS A CORPORATION, LIMITED LIABILITY COMPANY, OR PARTNERSHIP):

_____
[Name]

By: _____

Title: _____

Dated: _____

(IF YOU ARE TAKING THE FRANCHISE INDIVIDUALLY AND NOT AS A LEGAL ENTITY):

_____
[Signature]

_____
[Print Name]

_____
[Signature]

_____
[Print Name]

EXHIBIT J

TOWN SQUARE FRANCHISING LLC
FRANCHISEE COMPLIANCE CERTIFICATION

As you know, Town Square Franchising LLC (the **"Franchisor"**) and you are preparing to enter into a Franchise Agreement for the establishment and operation of a "TOWN SQUARE®" franchised business (the "**Town Square Franchised Business**"). The purpose of this Questionnaire is to determine whether any statements or promises were made to you that the Franchisor has not authorized and that may be untrue, inaccurate or misleading. Please review each of the following questions and statements carefully and provide honest and complete responses to each.

Another goal in asking you these questions is to be confident that you are prepared to become a Town Square franchisee, that you understand the risks of owning your own business, and that we have complied with our obligations in providing you with the information required by law.

We may, in lieu of requesting that you review and sign this Franchisee Compliance Certification, review these questions with you during our pre closing meeting, and may take notes of your verbal responses for our records.

1. The following dates and information are true and correct:

a.	_____,202__ Initials _____	The date of my first face-to-face meeting with any person to discuss the possible purchase of a Town Square Franchised Business.
b.	_____,202__ Initials _____	The date on which I received Franchisor's Franchise Disclosure Document ("**FDD**").
c.	_____,202__ Initials _____	The date when I received a fully completed copy (other than signatures) of the Franchise Agreement and Addenda (if any) and all other documents I later signed.
d.	_____,202__ Initials _____	The date on which I signed the Franchise Agreement.

2. Have you received and personally reviewed the Franchise Agreement, related agreement attached to it, and (if applicable) each state addendum that we provided?

   Yes _____ No _____

3. Do you understand that the Franchise Agreement contains a number of provisions that may affect your and our legal rights, including an agreement to mediate disputes between us

and you, use of designated locations or states for any juridical proceedings, a waiver by us and you of a jury trial, a waiver by us and you of punitive or exemplary damages, limitations on when claims may be filed, and other waivers and limitations?

Yes _____ No _____

4. Have you received and personally reviewed our FDD?

Yes _____ No _____

5. Did you sign a receipt for the FDD indicating the date you received it?

Yes _____ No _____

6. Do you understand the information contained in the FDD, including the Franchise Agreement, each related agreement, and (if applicable) state addendum provided to you?

Yes _____ No _____

7. Have you discussed with a professional advisor (such as an attorney, accountant, or other professional) the benefits and risks of establishing and operating a Town Square Franchised Business as a franchised business?

Yes _____ No _____ - You are not required to do so, but we suggest that prospective franchisees seek assistance from a professional advisor as part of their evaluation process.

8. Do you understand that the success or failure of your Town Square Franchised Business will depend in large part upon your skills and abilities?

Yes _____ No _____

9. Has any employee or other person speaking on our behalf made any statement or promise to you that is contrary to the information contained in the FDD? This would include statements concerning the following:

The actual or possible revenues, profits, or likelihood of success, and/or development and operations costs that a Town Square Franchised Business (whether owned and operated by us, you, or someone else) may experience.

The advertising, marketing, training, support service or assistance that we will provide you with.

Yes _____ No _____

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

Yes _____ No _____

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

Yes _____ No _____

12. Do you understand the territorial rights granted to you (which are described in Item 12 of our FDD)?

Yes _____ No _____

13. Do you understand that the Franchise Agreement contains the entire agreement between you and us concerning the franchise rights for the Town Square Franchised Business, meaning that any prior oral or written statements not set out in the Franchise Agreement will not be binding?

Yes _____ No _____

14. If you have answered "Yes" to any of questions 9-11, please provide a full explanation of each "yes" answer for questions 9-11, in the blank lines below. Additionally, if you do not understand the information contained in the FDD, the Franchise Agreement, and/or any related agreements, please describe below the parts that you do not understand. (Attached additional pages, as needed, and refer to them below.) Otherwise, then please leave the following lines blank.

_____

_____

_____

15. I signed the Franchise Agreement (and state addenda, if any) on __, 202,__ and acknowledge that no Agreement (or state addenda) is effective until signed and dated by Franchisor.

16. Do you understand:

a. that this franchise business may be impacted by other risks, including those outside your or our control such as local, national or global economic, political or social disruption, such as the 2020 COVID-19 outbreak?

b. that such disruptions, and any preventative, protective, or remedial actions that federal, state, and local governments may take in response to a disruption may result in a period of business disruption, reduced customer demand, and reduced operations for Town Square businesses, and may require that we take actions that might not be contemplated under the Franchise Agreement?

c. the extent to which any such disruption impacts the Town Square system, and your franchise business, will depend on future developments which are highly uncertain and which we cannot predict?

Yes _____ No _____

17. During my discussions and evaluations leading up to my decision to buy a Town Square Franchised Business, I communicated with the following individuals from Franchisor or its affiliates, or independent brokers:

Name

1. _____

2. _____

3. _____

4. _____

[Insert additional names and addresses below if needed]

Your responses to these questions are important to us and we will rely on them.

For California prospektive franchisees: You are not required to sign this Franchisee Compliance Certification.

For Maryland prospective franchisees: Do not sign this Franchisee Compliance Certification.

By signing this Questionnaire, you are representing to us that you have responded honestly, accurately, and completely to each of the above questions.

FRANCHISE APPLICANT

_____
Signed

_____
Print Name

_____, 202___
Date

EXHIBIT K

GENERAL RELEASE

The following is our current form of general release agreement that we may require a franchisee and/or transferor to sign as part of a transaction involving a successor franchise or an approved transfer. We may, in our sole discretion, periodically modify our form of the release agreement.

General Release

THIS GENERAL RELEASE (the "**Release**") is made and entered into on this ____ day of _____, 20___ the "**Effective Date**"), by and between:

- Town Square Franchising LLC, a Delaware limited liability company, having offices at 9708 Belair Road, Perry Hall, MD 21236, ("**Franchisor**"); and
- _____ a [resident of] [corporation organized in] [limited liability company organized in] _____ and having offices at _____ [("**Franchisee**")] [("**Transferor**")].

BACKGROUND:

A. Franchisor and Franchisee are party to a **[Franchise Agreement]** dated _____ (the "**Agreement**");

B. Franchisor and Franchisee have agreed, under the Agreement, [to sign a successor franchise agreement or extend Franchisee's rights under the Franchise Agreement (the "**Successor Transaction**")] [to permit a transfer or assignment of _under the Agreement (the "**Transfer Transaction**")], and, in connection with the [Successor Transaction] [Transfer Transaction], Franchisor and [Franchisee] [Transferor] have agreed to sign this Release, along with such other documents related to the approved [Successor Transaction] [Transfer Transaction].

NOW, THEREFORE, the parties, in consideration of the undertakings and commitments of each party to the other party, hereby agree as follows:

1. Release. [Franchisee] [Transferor], its officers and directors and Principals, and their respective agents, heirs, administrators, successors and assigns (the "**Franchisee Group**"), hereby forever release and discharge, and forever hold harmless Franchisor and George G. Glenner Alzheimer's Family Centers, Inc., a California non-profit corporation, their current and former affiliates and predecessors, and their respective shareholders, partners, members, directors, officers, agents, representatives, heirs, administrators, successors and assigns (the "**Franchisor Group**") from any and all claims, demands, debts, liabilities, actions or causes of action, costs, agreements, promises and expenses of every kind and nature whatsoever, at law or in equity, whether known or unknown, foreseen and unforeseen, liquidated or unliquidated, which [Franchisee] [Transferor] and/or its Principals had, have or may have against any member of the Franchisor Group, including, without limitation, any claims or causes of action arising from, in connection with or in any way related or pertaining, directly or indirectly, to the Agreement, the relationship created by the Agreement, or the development, ownership or operation of the Town Square Franchised Business. The Franchisee Group further indemnifies and holds the Franchisor Group harmless against, and

agrees to reimburse them for any loss, liability, expense or damages (actual or consequential) including, without limitation, reasonable attorneys', accountants' and expert witness fees, costs of investigation and proof of facts, court costs and other litigation and travel and living expenses, which any member of the Franchisor Group may suffer with respect to any claims or causes of action which any customer, creditor or other third party now has, ever had, or hereafter would or could have, as a result of, arising from or relating to the Agreement or the Town Square Franchised Business. The Franchisee Group and its Principals represent and warrant that they have not made an assignment or any other transfer of any interest in the claims, causes of action, suits, debts, agreements or promises described in this Release.

2. General Terms.

2.1. This Release shall be binding upon, and inure to the benefit of, each party's respective heirs, representatives, successors, and assigns.

2.2. This Release shall take effect upon its acceptance and execution by each of the parties.

2.3. This Release may be signed in counterparts, and signatures exchanged by fax, and each such counterpart, when taken together with all other identical copies of this Release also signed in counterpart, shall be considered as one Release.

2.4. The captions in this Release are for the sake of convenience only, and shall neither amend nor modify the terms hereof.

2.5 Notwithstanding any provisions in the Agreement requiring that certain claims or actions are subject to mediation and/or arbitration, the parties agree that any action under, arising out of, or related to, this Release, brought by either party against the other shall be brought in court, and not in a mediation or arbitration proceeding, and such action in any court, whether in federal or state court, shall be brought within the judicial district in which Franchisor has its principal place of business at the time the action is initiated, except that Franchisee may bring its legal action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law and regulations promulgated thereunder, and each of the undersigned irrevocably submits to the jurisdiction of those courts and waives any objection he or she might have to either the jurisdiction of or venue in those courts. This Release shall be interpreted and construed under the laws of the State of Maryland. In the event of any conflict of law, the laws of the State of Maryland shall prevail (without regard to, and without giving effect to, the application of Maryland conflict of law rules).

2.6. This Release constitutes the entire, full, and complete agreement between the parties concerning the subject matter hereof, and supersedes all prior agreements and communications concerning the subject matter hereof. No other representations have induced the parties to sign this Release. The parties agree that they have not relied upon anything other than the words of this Release in deciding whether to enter into this Release.

2.7. No amendment, change, or variance from this Release shall be binding on either party unless in writing and agreed to by all of the parties to this Release.

3. *[For California franchisees, add this paragraph]*: Each of the Franchisee Related Parties expressly waives and relinquishes all rights and benefits which either may now have or in the future have under and by virtue of California Civil Code Section 1542. The parties do so understanding the significance and consequence of such specific waiver. Section 1542 provides that "[a] general release does not extend to claims which the creditor does not know or suspect exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor." For the purpose of implementing a general release and discharge as described in Section 1. above, the parties expressly acknowledge that this Agreement is intended to include in its effect, without limitation, all claims described in Section 1. above which the parties do not know or suspect to exist in their favor at the time of execution hereof, and that this Agreement contemplates the extinguishment of any such claims.

IN WITNESS WHEREOF, the parties have duly signed and delivered this Release in duplicate on the day and year first above written.

TOWN SQUARE FRANCHISING LLC _____

By: _____ By: _____

Name: _____ Name: _____

Title: _____ Title: _____

STATE EFFECTIVE DATES

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

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

STATES	EFFECTIVE DATE
California	Pending
Illinois	Pending
Indiana	Pending
Maryland	Pending
Michigan	Pending
Minnesota	Pending
New York	Pending
Rhode Island	Pending
Virginia	Pending
Washington	Pending
Wisconsin	Pending

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

EXHIBIT L

RECEIPTS

ITEM 23 • RECEIPTS

(To be retained by Franchisee)

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 Town Square Franchising LLC offers you a franchise, we 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 and Rhode Island law, if applicable, at the earlier of (i) your first personal meeting to discuss the distributorship, or (ii) 10 business days before you sign a binding agreement with, or make payment to us for an affiliate in connection with the proposed franchise sale, or

(c) 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 Town Square Franchising LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and to the appropriate agency listed in Exhibit B.

The franchisor is Town Square Franchising LLC, located at 9708 Belair Road, Perry Hall, MD 21236. Its telephone number is 1-855-454-3056.

Issuance date: April 9, 2024.

The franchise seller is: Lori McCauley, at 9708 Belair Road, Perry Hall, MD 21236, at 1-410-657-0996. Any additional individual franchise sellers involved in offering the franchise are:

Town Square Franchising LLC authorizes the respective agencies identified on Exhibit C to receive service of process for it in the particular state.

I received a Franchise Disclosure Document dated April 9, 2024 (the effective date in certain states is listed on the State Effective Dates Page) that included the following Exhibits:

A Franchise Agreement	G Table of Contents for Manual
B List of State Administrators	H State-Specific Disclosures
C Agents for Service of Process	I State-Specific Agreement Amendments
D List of Current Town Square Franchisees	J Franchisee Compliance Certification
E List of Former Town Square Franchisees	K General Release
F Financial Statements	L Receipts (2 copies)

_____ _____

Date Received Prospective Franchisee

_____

Name (please print)

Address: _____

_____

ITEM 23 • RECEIPTS

(To be signed, dated, and sent to Franchisor)

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 Town Square Franchising LLC offers you a franchise, we 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 and Rhode Island law, if applicable, at the earlier of (i) your first personal meeting to discuss the distributorship, or (ii) 10 business days before you sign a binding agreement with, or make payment to us for an affiliate in connection with the proposed franchise sale, or

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E List of Former Town Square Franchisees	K General Release
F Financial Statements	L Receipts (2 copies)

_____ _____

Date Received Prospective Franchisee

_____

Name (please print)

Address: _____

_____