

FRANCHISE DISCLOSURE DOCUMENT

FRANCHISOR: BEE HIVE HOMES, INC. (a Utah corporation)
3973 North Eagle Road
Boise, Idaho 83713-0727
Telephone: 208-939-6781
Website: www.beehivehomes.com
Email: TWalker@beehivehomes.com



The franchise offered is a Bee Hive Homes facility providing assisted living and/or residential care to persons not requiring skilled nursing care.

The initial investment necessary to begin operation of a Bee Hive Homes franchise ranges from approximately \$3,400,000 to \$5,100,000. This includes an initial franchise fee of \$75,000 that must be paid to the franchisor or its affiliates but does not include the cost of land.

This Franchise Disclosure Document summarizes certain provisions of your franchise agreement and other information in plain English. Read this Franchise Disclosure Document and all accompanying agreements carefully. You must receive this Franchise Disclosure Document at least 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 Franchise Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Bee Hive Homes at 3973 North Eagle Road, Boise, Idaho 83713-0727, 208-939-6781, TWalker@beehivehomes.com.

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

Buying a franchise is a complex investment. The information in this Franchise Disclosure Document can help you make up your mind. More information on franchising, such as "A Consumer's Guide to Buying a Franchise," which can help you understand how to use this Franchise Disclosure Document, is available from the Federal Trade Commission. You can contact the FTC at 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.

Issue Date: May 3, 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 B-1 and B-2.
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?	Exhibit C 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 Bee Hive Homes 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 Bee Hive Homes franchisee?	Exhibit B-1 and B-2 list current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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, arbitration and/or litigation only in Utah. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Utah than in your own state.

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.

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ITEM 1. THE FRANCHISOR, AND ANY PREDECESSORS AND AFFILIATES

Franchisor

Bee Hive Homes, Inc. is the Franchisor. The franchises described in this Franchise Disclosure Document are offered and sold by Bee Hive Homes, Inc. References in this Franchise Disclosure Document to “WE”, “US” or “OUR” mean Bee Hive Homes, Inc. References in this Franchise Disclosure Document to “YOU” or “YOUR” mean the person who buys the franchise. If YOU purchase a franchise described in this Franchise Disclosure Document, YOU will have a contractual relationship with US.

Bee Hive Homes, Inc. has rights to the name “Bee Hive Homes” and the System pursuant to a License Agreement with Bee Hive Homes of America, Inc., an affiliate of Bee Hive Homes, Inc. by reason of common control. Please refer to “Affiliates” below. Bee Hive Homes, Inc. does business under the name Bee Hive Homes and does not do business under any other names. Bee Hive Homes, Inc. is an Utah corporation which was incorporated on June 9, 2000. Bee Hive Homes, Inc. maintains its principal place of business at 3973 North Eagle Road, Boise, Idaho 83713-0727. Please refer to Exhibit A for a listing of agents for service of process.

Predecessors

The Franchisor was formerly known as Bee Hive Homes Intermountain, Inc. and, together with Bee Hive Homes of Utah, Inc. and Bee Hive Homes, Inc.(ID), offered and sold franchises. Effective January 1, 2020, Bee Hive Homes of Utah, Inc. and Bee Hive Homes, Inc.(ID) were merged with and into Bee Hive Homes Intermountain, Inc. and Bee Hive Homes Intermountain, Inc. changed its name to Bee Hive Homes, Inc. and became the Franchisor.

Bee Hive Homes of Idaho, Inc. began the business of assisted living and residential care in September 1987. It began offering franchises in November 1992. In August 1996, as part of a reorganization of the franchise business, Bee Hive Homes of Idaho, Inc. transferred all of its rights to the franchise system and the names and marks to Bee Hive Homes of America, Inc. In October 1996, as part of a further reorganization of the franchise business along geographic lines, Bee Hive Homes of America, Inc. licensed its franchise business to (i) Bee Hive Homes, Inc. for the area including all of North America excepting Ada County, Idaho; Canyon County, Idaho; the State of Utah and Clark County, Nevada; (ii) Bee Hive Homes of Idaho, Inc. for the area including Ada County, Idaho and Canyon County, Idaho; and (iii) Bee Hive Homes of Utah, Inc. for the area including the State of Utah and Clark County, Nevada. In March 2000, as part of a further reorganization, Bee Hive Homes, Inc. discontinued the offer and sale of franchises. Bee Hive Homes of Idaho, Inc. also discontinued the offer and sale of franchises. In June 2000 Bee Hive Homes of America, Inc. licensed its franchise business

to Bee Hive Homes Intermountain, Inc. for the area including all of North America excepting the State of Utah and Clark County, Nevada. In March 2008, Bee Hive Homes of America, Inc. entered into a license agreement with Bee Hive Homes, Inc. providing that Bee Hive Homes, Inc. would offer and sell franchises in all of North America, excepting the state of Utah and Clark County, Nevada, which would be serviced by Bee Hive Homes of Utah, Inc. Effective January 1, 2020, Bee Hives Homes, Inc. and Bee Hive Homes of Utah, Inc. were merged with and into Bee Hive Homes Intermountain, Inc. and Bee Hive Homes Intermountain changed its name to Bee Hive Homes, Inc. Bee Hive Homes, Inc., pursuant to license agreement with Bee Hive Homes of America, Inc. is the sole Franchisor of the Bee Hive Homes franchises. Bee Hive Homes of Idaho, Inc. was dissolved in 2006.

Affiliates

Bee Hive Homes of America, Inc. is an affiliate of the Franchisor by reason of common ownership. Bee Hive Homes of America, Inc. owns the service mark “Bee Hive Homes®” and rights to the System and has licensed the service mark and its rights to the System to the Franchisor. Bee Hive Homes of America, Inc. does not offer and sell franchises or do any other business. Bee Hive Homes of America, Inc. is an Idaho corporation which was incorporated on August 9, 1996. Bee Hive Homes of America, Inc. maintains its principal place of business at 3973 North Eagle Road, Boise, Idaho 83713-0727. Please refer to Exhibit A for a listing of agents for service of process.

The Franchisor has entered into a Sub-Franchise Agreement with BHH Homes of Texas, Inc. (the “Sub-Franchisor”), pursuant to which the Sub-Franchisor has the exclusive right to offer and sell Franchises in the State of Texas. The Sub-Franchisor is responsible for the preparation of its own FDD and compliance with all laws applicable to the offer and sale of Franchises.

Franchise Brokers

The Franchisor does not use franchise brokers in connection with the offer and sale of franchises.

The Business

The business which is the basis of the franchise business described in this Franchise Disclosure Document was begun in September 1987 by Bee Hive Homes of Idaho, Inc. Bee Hive Homes of Idaho, Inc. began offering franchises in November 1992. The franchise business is the operation of facilities providing residential care, assisted living, rehabilitation and/or memory care (the “Homes”) of persons not requiring skilled nursing care. These Homes provide services using a unique system under the certain names and marks.

The Franchise

The franchise being offered in this disclosure document is the right to establish, construct and operate a Home offering services to persons who do not require skilled nursing assistance. No medical services are provided to residents at the Home. Homes are generally staffed with from 1 to 4 persons, depending upon the time of day. Higher staffing is generally required in the mornings with lower staffing at night. Homes provide meals, assistance with activities of daily living (ADL's) and social activities. Residents are primarily elderly persons who are generally able to take care of themselves and who can benefit from a group room and board arrangement. Residents typically come to a Home referred by word of mouth or in response to advertising of the Home. Residents may also be referred by their physician or in some cases by home health providers. The Homes are based on a ranch style architectural appearance and are generally located in residential neighborhoods. Each Home is approximately 8,000 to 12,000 square feet and has from 15 to 24 bedrooms accommodating an equal number of residents. The Homes are generally constructed using standardized plans and are operated in a standardized manner.

The Homes as providers of health related services may be subject to regulation by the health agencies of the specific state in which a Home is located. Every state requires a certification of the Home, which certification requirements vary from state to state. Some states require that a licensed CNA be on staff and others may require that the administrator of the Home be certified by the respective state. Operation of the Homes is also subject to federal HIPAA privacy laws, and, if applicable, specific state privacy laws. No medical services are provided at the Homes. These laws and regulations may differ from state to state and should be considered in connection with any decision regarding a Bee Hive Homes franchise.

YOU will have to compete with other businesses providing similar services including several franchise programs competing with Bee Hive Homes. The principal market for the services of the franchise is the population of aging persons who are generally able to care for themselves or who may require some assistance with ADL's and who can benefit from the associations of a group living environment and meals and maintenance services of a Home.

The market is an emerging market driven by the aging of the general population. Medicare/Medicaid programs are available for some prospective residents as well as Veterans programs and some county aging programs. Participation in these programs is determined by the individual franchisee and is not mandated or prohibited by US.

Business Experience

The Franchisor does not and has not conducted or operated any Homes of the type that are to be operated by YOU and, except as described here, neither has any of its predecessors or affiliates. However, certain affiliates of Bee Hive Homes, Inc., including its principals, have operated Homes which are similar to the type being franchised, although these Homes were not operated as franchises. Mr. Twayne K. Walker, principal of Bee Hive Homes, Inc. and its affiliates, has conducted and operated a business of the type to be operated by YOU, having operated up to six Homes of the type being franchised, the first of which was opened in November 1987. These Homes were subsequently sold to third parties. Mr. Dennis R. Toland has conducted and operated a business of the type to be operated by YOU, having operated up to four Homes of the type being franchised, the first of which was opened in November 1991. These Homes were subsequently sold to third parties.

Bee Hive Homes, Inc. and its affiliates began offering franchises of the type of business that is to be operated by YOU in November 1992.

Bee Hive Homes, Inc. and its predecessors and affiliates have offered Sub-Franchises and Area Representative Agreements. Sub-Franchises are no longer offered. Bee Hive Homes, Inc. continues to offer Area Representative Agreements to individuals on a limited and select basis.

ITEM 2. BUSINESS EXPERIENCE

Bee Hive Homes, Inc.

Director and President

Twayne K. Walker

Mr. Walker has been the President and a Director of Bee Hive Homes of America, Inc. since June, 2000. He has been involved in the business since its inception in September 1987 and has been a primary force behind the development and philosophy of Bee Hive Homes of America, Inc. Mr. Walker is employed full-time by Bee Hive Homes, Inc. and its predecessors since 1996. Mr. Walker served as vice-president/secretary of and was employed full-time by T&R Construction, Inc., an Idaho corporation, from March 1985 until April 2000. Since April 2000, Mr. Walker has served as secretary/treasurer of Yellowstone West, LLC, a builder of log homes and commercial properties.

Director and Vice President/Secretary

Dennis R. Toland

Mr. Toland has been the Vice President/Secretary and a Director of Bee Hive Homes of America, Inc. since June, 2000. Mr. Toland has worked with Bee Hive Homes since August 1992.

Area Representatives

Bee Hive Homes, Inc. continues to offer Area Representative Agreements to individuals on a limited and select basis. These individuals may have management responsibility relating to the sale or operation of franchises. For information regarding the experience of these Area Representatives, please refer to Exhibit “H” - State Specific Addenda.

ITEM 3. LITIGATION

On May 13, 2020, a Complaint was filed in the U.S. District Court for the District of New Mexico (Civil No. 20-456) by the National Fair Housing Alliance against Bee Hive Homes, Inc. and seven franchise homes in New Mexico alleging discrimination in violation of the Fair Housing Act against fictitious deaf persons. Bee Hive Homes, Inc. denied any liability in the matter. The matter was settled and on March 16, 2021, the Court entered its Order dismissing the action with prejudice and retaining jurisdiction for 36 months if needed to enforce the settlement agreement.

On May 15, 2020, a Complaint was filed in the U.S. District Court for the District of Utah (Civil Action No. 2:20-CV-00312-DBP) by the National Fair Housing Alliance against Bee Hive Homes, Inc. and one of its franchise homes in Utah alleging discrimination in violation of The Fair Housing Act ("FHA"), 42 U.S.C. §3602; Section 504 of the Rehabilitation Act of 1973 ("RA"), 29 U.S.C. §794; and Section 1557 of the Patient Protection and Affordable Care Act ("ACA"), 42 U.S.C. §18116 against fictitious deaf persons. Bee Hive Homes, Inc. denied any liability in the matter. The matter was settled and on March 26, 2021, the Court entered its Order granting a motion for dismissal with prejudice and retention of jurisdiction by the Court to enforce the settlement agreement if needed.

On May 9, 2023, William Fisher, as the Attorney-in-Fact of Toby Butler, filed a Complaint (Case No. D-1215-CV-2023-00407) in the Twelfth Judicial District Court for the County of Otero, State of New Mexico, against Alamo Care, LLC d/b/a/ Bee Hive Homes of Alamogordo; Bee Hive Homes of America, Inc.; Jay T. Manning; and Elena Smarr in her capacity as the Administrator of Bee Hive Homes of Alamogordo alleging negligence, unfair trade practices and punitive damages. Bee Hive Homes of America, Inc. has denied any liability in the matter. The suit is ongoing.

On September 21, 2023, Mary Martinez, as Attorney-in-Fact of Martha Viola Jones, filed a Complaint (Case No. D-101-CV-2023-02336) in the First Judicial District Court for the County of Santa Fe, State of New Mexico, against San Pedro Hope, LLC dba Bee Hive Homes of Santa Fe; Buzz Operations, LLC; Bee Hive Homes of America, Inc., and Danyell Sena, in her capacity as the Administrator of Bee Hive Homes of Santa Fe alleging negligence, unfair trade practices and punitive damages. Bee Hive Homes of America, Inc. has denied any liability in the matter. The Court has granted its motion to dismiss for lack of personal jurisdiction, with prejudice.

Other than the above, there is no other litigation that is required to be disclosed in this Item.

ITEM 4. BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

ITEM 5. INITIAL FEES

YOU must pay an initial franchise fee of \$75,000 for the first franchise. The initial franchise fee includes all fees and payments for services or goods received from US before YOUR franchise opens. This initial franchise fee is payable one-third (1/3) upon the signing of the Franchise Agreement and the balance in full upon the earlier of (i) funding of a construction loan for the Home, or (ii) issuance of a building permit for the Home. If the initial franchise fee is not paid in full on or before the date which is one year after the date of the Franchise Agreement, WE, in our sole discretion, may terminate the Franchise Agreement, and no fees will be refunded to YOU. However, franchises in some states may be subject to special payment terms.

YOU may purchase additional franchises, with the approval of the Franchisor, by paying a reduced initial franchise fee of \$50,000.00 per franchise. This initial franchise fee for additional franchises is payable in full upon the signing of the franchise agreement for the additional franchise.

All franchisees pay the same initial franchise fees. All franchise fees are nonrefundable.

ITEM 6. OTHER FEES

Type of Fee (1)	Amount of Fee	When Due	To Whom Paid
Royalty (2)	5% of Gross Revenues	monthly	US
Training (3)	not less than \$300 per day inclusive	when incurred	US
Consultation After Opening (4)	not less than \$300 per day inclusive	when negotiated	US
Audit Fees (5)	actual cost	when incurred	Third Parties
Transfer Fee (6)	\$2,500 or \$15,000	pay at transfer	US

Additional Transfer Fee (6)	10 times calculated annual Franchise Royalties	pay at transfer	US
Transfer Commission (6)	6% of total price	pay at transfer	US
Penalty Fee (2)	\$100 per occurrence	upon demand	US
Late Charge (2)	10% of late payment	upon demand	US
Interest Charge (2)	18% per annum on past due royalties	upon demand	US
Examination Fee (2)	actual cost	upon demand	US

(1) All of these fees apply to each franchise purchased.

(2) Royalty. YOU are required to pay a royalty to US equal to five percent (5%) of Gross Revenues on each franchise owned. Gross Revenues is defined in the Franchise Agreement, Article IV, paragraph 4.3, as being all gross receipts received or receivable less sales or use tax. Each month YOU will furnish an accurate electronic report to US, according to OUR reporting instructions, containing this information. This data will be required from YOU by the 10th of the month following each monthly reporting period. (If YOU don't furnish the date in the required manner by the 10th of the month, YOU must pay a \$100.00 penalty.) The royalty fee, as calculated from the date you report, is to be paid on or before the 10th day of each calendar month. Royalties are not refundable. A Royalty which is not paid when due will bear a late charge equal to ten percent (10%) of the past due balance. In addition to late charges, delinquent payments will be assessed interest at eighteen percent (18%) per annum or any lower maximum rate of interest allowable under the laws of the state in which YOUR Bee Hive Home is located from the due date until the date paid. WE have the right to examine YOUR books and records. If this examination reveals a discrepancy of two percent (2%) or more, then YOU will reimburse US for the cost of the examination.

(3) Additional Training by US. The initial franchise fee covers the cost of training YOU and YOUR resident manager. This training takes place at a location designated by US. The cost of round trip travel for YOU is borne by US. The cost of YOUR meals and lodging, as well as the travel, meals and lodging for YOUR resident manager, is borne by YOU. If additional persons are to be trained, YOU must bear the costs of travel, meals and lodging for those additional persons. There is no separate charge for instruction. If after the initial training YOU change resident managers, the new resident manager must be trained according to the initial training outline. If YOU are unable to perform this

training at YOUR Home, a regional service representative employed by US will do the training for a fee of not less than \$300.00 per day inclusive.

(4) Consultation After Opening. After YOU have had YOUR grand opening WE have no further obligation to provide additional consultation without fee. Even though not obligated to do so, WE may provide consultation and assistance to YOU during visits by US or OUR representatives. If YOU feel additional assistance for management training or motivational training for staff is necessary, WE will provide assistance at a compensation mutually agreed to in advance. This fee is currently not less than \$300.00 per day inclusive.

(5) Audit Fees. YOU are required by the Franchise Agreement to submit to US certain financial reports and information. WE have the right to audit or cause to be audited these financial reports and information at OUR expense. However, if the audit discloses an understatement of 2% or more of the Gross Revenues of the franchise for any period, YOU are required to reimburse US for the costs of the audit.

(6) Transfer Fee. YOU may not transfer YOUR franchise without OUR prior written consent. If WE consent to a transfer of the franchise by YOU, a fee of \$2,500.00 for certain Permitted Transfers or \$15,000.00 for certain approved transfers must be paid, by either YOU or the approved transferee to reimburse US for OUR reasonable legal, accounting, credit or other investigation expenses. This transfer fee is nonrefundable and is payable at the time of the approved transfer. If WE arrange the transferee for YOU, YOU must pay US a nonrefundable commission equal to six percent (6%) of the gross transfer price, in addition to the transfer fee. For certain Unauthorized Transfers, YOU will pay US a transfer fee equal to 10 times the amount of Franchise Fees paid for the highest 12 of the 18 months preceding the transfer.

NOTE: These fees are uniformly imposed on all franchisees.

ITEM 7. YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	High	Low	Method of Payment	When Due	To Whom Paid
Initial Franchise Fee	\$75,000 (1)	\$75,000	Lump Sum	One-third (1/3) upon signing and balance upon earlier of financing or permitting	US

Building	\$4,500,000 (2)	\$2,875,000 (2)	As Incurred (2)	As Incurred (2)	Third Party Lenders and Contractors (2)
Furniture, Fixtures and Equipment (3)	\$150,000	\$120,000	Lump Sum	Prior to Opening	Third Party Suppliers
Supplies and Materials Inventory (4)	\$30,000	\$25,000	Lump Sum	Prior to Opening	Third Party Suppliers
Travel, Meals and Lodging for Training	\$10,000	\$8,500	As Incurred	As Incurred	Airlines, Hotels, Restaurants
Insurance (5)	\$15,600	\$13,600	As Incurred	Monthly	Third Party Insurers
Architectural Fees	\$44,000	\$40,000	As Incurred	As Incurred	Third Party Suppliers
Engineering Fees	\$48,400	\$44,000	As Incurred	As Incurred	Third Party Suppliers
Healthcare Licensing and Certifications	\$22,000	\$20,700	As Incurred	As Incurred	Third Party Suppliers
Other Professional Fees (6)	\$3,200	\$2,800	As Incurred	As Incurred	Third Party Suppliers
Utilities (7)	\$5,200	\$5,000	As Incurred	As Incurred	Third Party Suppliers
Miscellaneous Opening Costs	\$10,000	\$9,500	Lump Sum	Prior to Opening	Third Party Suppliers
Additional Funds - Employees and 6 months (8)	\$186,600	\$160,900	As Incurred	As Incurred	Third Party Suppliers
Totals (9)	\$5,100,000	\$3,400,000			

None of the fees listed above are refundable. WE do not finance any part of the Initial Investment.

(1) The initial franchise fee is \$75,000 for YOUR first franchise, the initial franchise fee is \$50,000 per franchise for each additional franchise. This fee is non-refundable. WE do not provide any financing for this fee.

(2) YOU will be required to obtain a building lot for YOUR Home and construct the Home on the lot in accordance with specifications. Homes vary in size from approximately 8,000 to 12,000 square feet. Since building lot prices vary widely, WE cannot estimate this item of expense. Home construction costs vary widely and are influenced by such variables as interest rates, material costs and the applicable building code, whether R-4 of the Residential Building Code or I-1 or I-2 of the International Building Code.

(3) Furniture, Fixtures and Equipment include beds, dressers, night stands, easy chairs, living room furnishings, television, kitchen utensils and appliances and laundry appliances.

(4) Initial stores of Supplies, Materials and Inventory include office equipment and supplies, first aid supplies, and cleaning supplies.

(5) Estimated premium costs for the first six months for general commercial liability, professional liability, including sexual assault and molestation, property and casualty, and workers' compensation insurance.

(6) Professional fees for the first six months include accounting and legal fees.

(7) Utilities for the first six months.

(8) This is an estimate of YOUR initial start-up expenses and includes payroll costs. These figures are estimates and WE cannot guarantee that you will not have additional expenses starting the business. These amounts include such things as additional expenses for shipping of furniture and fixtures, legal costs, insurance, licenses, security deposits, utility hook up costs and the like. The costs vary widely from city to city and from state to state. YOUR costs will depend on factors such as: how much YOU follow the approved methods and procedures; YOUR management skill, experience and acumen; local economic conditions; local demographics; wage rates and competition.

(9) These figures are based upon OUR experience with existing Homes. However, YOU should review these figures carefully with a business advisor before making any decision to purchase the franchise. WE do not offer financing to franchisees for any of these items. As noted above, these costs do not include land costs.

ITEM 8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

YOU will be required to build YOUR Bee Hive Home in accordance with architectural and design specifications provided by US. These specifications will be determined generally by the trade dress and uniformity standards of the franchise and specifically by the unique location chosen by YOU. These specifications will be provided to YOU after YOU sign the Franchise Agreement.

YOU have no obligation to purchase or lease goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, real estate, or comparable items related to establishing or operating the franchised business either from US, OUR designee, or suppliers approved by US.

For certain items of furniture, fixtures and equipment, and supplies and materials, WE may provide you with specifications which may include minimum standards for performance, warranties, design, appearance and other restrictions. YOU may purchase items which meet specifications from any source. Specifications are provided to YOU after signing the Franchise Agreement and are found in OUR Owner/Operator Training Outline. WE currently do not maintain a list of approved suppliers and do not maintain criteria for approving suppliers of the items listed in this paragraph. Any supplier which is able to provide these items meeting OUR specifications is, in effect, an approved supplier. YOU may determine which suppliers meet OUR specifications without OUR prior approval. However, any determination by YOU is subject to OUR review.

All advertising used by YOU must be approved in advance by US for conformity with the trade dress standards of Bee Hive Homes.

There is no obligation for YOU, under the terms of the Franchise Agreement or any other device or practice, to purchase or lease any other goods, services or real estate for the Home or operation of the franchise business from US or any of OUR affiliates. Neither WE nor OUR affiliates are approved suppliers. None of OUR officers owns an interest in any supplier. WE do not have any arrangements providing for income to US resulting from purchases made from third parties. WE do not provide any material benefits to franchisees for purchasing products and services from designated suppliers.

WE do not make available to YOU any purchasing or distribution cooperative nor have WE negotiated any special pricing arrangements with suppliers for the benefit of franchisees.

ITEM 9. FRANCHISEE'S OBLIGATIONS

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

OBLIGATION	FRANCHISE AGREEMENT SECTION	FRANCHISE DISCLOSURE DOCUMENT ITEM
a. Site selection and acquisition/lease	Sections 7.1	Items 6 & 11
b. Pre-opening purchase/lease	Sections 7.1 & 8.1	Item 8
c. Site development and other pre-opening requirements	Sections 7 & 8	Items 6, 7 & 11
d. Initial and ongoing training	Sections 7.4 & 8.10	Item 11
e. Opening	Section 7.5	Item 11
f. Fees	Section 4	Items 5, 6 & 7
g. Compliance standards and policies/Manuals	Sections 7.7, 8.2 & 8.3	Item 11
h. Trademarks, proprietary information	Section 6	Items 13 & 14
i. Restrictions on products and services offered	Sections 7.2, 7.8, 11.3 & 11.4	Item 16
j. Warranty and customer service requirements	None	None
k. Territorial development and sales quotas	Sections 3.1 & 7.1	Item 12
l. Ongoing product/service purchases	Section 8 & 11	Item 8
m. Maintenance, appearance and remodeling requirements	Section 11	Item 11
n. Insurance	Section 10.1	Items 6 & 8

o. Advertising	Section 8.9	Items 8 & 11
p. Indemnification	Section 10.3	Item 19
q. Owner's participation/ management/staffing	Section 8.6, 11	Items 11 & 15
r. Records/reports	Section 4.4 & 9	Item 6
s. Inspections/audits	Section 8.8, 9.3	Items 6 & 11
t. Transfer	Section 13	Item 17
u. Renewal	Section 5.2, 5.3	Item 17
v. Post-termination obligations	Sections 5.3, 5.4, 6.2, 6.3, 13.6, 12, 14.4 & 14.5	Item 17
w. Non-competition covenants	Section 12	Items 14 & 17
x. Dispute resolution	Section 16	Item 17

ITEM 10. FINANCING

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

Other franchisees have obtained financing through the United States Small Business Administration under one or more of its available loan programs.

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

Except as listed below, WE are not required to provide you with any assistance. WE undertake certain obligations to YOU in connection with a Bee Hive Homes franchise. These obligations are set out below and are the same for initial as well as all additional franchise purchases.

A. The obligations that WE will perform before the opening of YOUR Bee Hive Home are:

- (1) to grant a nonexclusive license to YOU to use the trade names, trademarks and service marks of Bee Hive Homes. (paragraph 3.2 of the Franchise Agreement)

(2) to provide YOU with general architectural and design drawings for a Home to submit to YOUR architect for rendering, and to provide YOU with an itemization of all equipment and supplies to be used in the operation of the Home. It will be YOUR responsibility to engage, at YOUR expense, an architect and an engineer who will prepare the final specifications and drawings, and provided necessary stamps and certifications to be submitted for approval by local government agencies and by the franchisor, all of whom must approve prior to the start of construction. Upon YOUR request, WE will provide assistance and guidance in negotiating construction, equipment and supply contracts for the construction, furnishing and equipping of the Home. However, YOU are solely responsible for the terms of all contracts and exercising adequate supervision. WE do not assist in construction, remodeling or decorating of the site. (paragraph 7.2 of the Franchise Agreement)

(3) to provide one standard sign conforming with local requirements as to size and style. (paragraph 7.3 of the Franchise Agreement)

(4) to provide training, prior to opening the Home for business, in the various practices, policies and procedures for operation of a Bee Hive Home. YOU and YOUR resident manager are required to complete a training program of up to three (3) days duration at a location designated by US. (paragraph 7.4 of the Franchise Agreement)

(5) to provide opening supervision to assist YOU in the preparation and opening of the Home. OUR representative will assist YOU in hiring staff, training personnel, marketing, inventory control and promotional programs in connection with the opening of the Home. (paragraph 7.5 of the Franchise Agreement)

B. YOU select, with OUR approval, the location of YOUR Bee Hive Home. In determining whether to approve any particular site WE will consider things like: analysis of traffic patterns, both vehicular and pedestrian; proximity to grocery or retail stores; population, age and income demographics; and proximity to competing businesses. If YOU are unable to find a location that meets the requirements for a HOME in six months, YOUR franchise agreement will be terminated and any franchise fees paid will be refunded to YOU. Approval by US is not a representation or endorsement to YOU of successful operation of a franchise. WE do not own any premises for lease to franchisees. YOU are responsible for conforming YOUR site to applicable ordinances, codes and zoning. (paragraph 7.1 of the Franchise Agreement)

C. The typical length of time between the signing of the Franchise Agreement with the accompanying payment of one-third (1/3) of the initial franchise fee and the opening of YOUR Bee Hive Home can vary greatly, up to 18 months to 30 months. Factors affecting this length of time usually include obtaining a satisfactory location,

financing arrangements, finalizing architectural plans conforming with applicable building codes, local zoning and ordinance compliance, permitting, site improvement, construction of the Home and delivery and installation of decor, fixtures and equipment. Healthcare licensing and certification of the Home and employees does not generally cause any significant delays in the process.

D. The obligations that WE will perform during the operation of YOUR Bee Hive Home are:

(1) OUR representative will reasonably assist YOU in any operational problem encountered by YOU in connection with YOUR franchise and OUR representative will make himself available to consult with YOU during the continuing operations of YOUR Home on the terms and for the additional compensation as may be mutually agreed to by the parties. (paragraph 7.6 of the Franchise Agreement)

(2) WE will provide YOU a copy of the “Bee Hive Homes Owner/Operator Training Manual” and the “Bee Hive Homes Policy and Procedures Manual.” The Manuals contain approximately 300 pages. WE retain the right to modify the Manuals in any manner we deem appropriate, in our sole discretion, provided no modification shall alter YOUR rights under the Franchise Agreement and if there is a conflict between the Manuals and the Franchise Agreement the terms and conditions of the Franchise Agreement shall control. (paragraph 7.7 of the Franchise Agreement)

(3) Except as stated in paragraph (1) above, WE are not bound by the Franchise Agreement or any related agreement to provide any other supervision, assistance or services during the operation of the franchise. While not obligated to do so, WE may publish newsletters and introduce new programs. WE may also provide consultation and assistance to YOU during visits by OUR representatives.

(4) Again, while not obligated to do so, WE may enter into separate consulting contracts with YOU at YOUR discretion to provide individual counseling for YOUR Home. If such a contract is entered into the compensation base will be not less than \$300.00 per day which includes all costs for our representatives.

E. WE have no obligation to conduct any advertising program for YOUR Home. YOU may and are encouraged to advertise YOUR Home, however, all advertising materials used by YOU must first be approved by the Franchisor and by US. WE have no advertising council composed of franchisees to advise US on advertising matters. YOU currently are not required to participate in any local or regional advertising cooperative, nor are YOU required to participate in any other advertising fund.

F. WE currently do not require the purchase or use of electronic cash registers. WE require YOU to use the third party data management software which WE will provide to YOU at no cost. YOU must have a desktop computer, laptop or tablet with which to operate the software and WE estimate the cost to be less than \$4,000.00. YOU are solely responsible to provide ongoing maintenance, repairs, upgrades, or updates for YOUR desktop computer, laptop or tablet. YOU have no contractual obligation to upgrade or update any system during the term of the franchise. WE require YOU to maintain a continuous internet connection to which WE will have access. The estimated cost of an internet connection is \$75.00 per month.

WE will have full access to your information through the data management software that you are required to use. WE will comply with all applicable HIPAA and other privacy laws in connection with our access of your information.

G. The Table of Contents of the Bee Hive Homes Policy and Procedure Manual and an outline of the Bee Hive Homes Owner/Operator Training which is provided to franchisees as of the date of this Franchise Disclosure Document is attached hereto as Exhibit G.

H. TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Policies and Procedures	n/a	up to 3 days	to be determined
Owner/Operator Training	n/a	see above	see above
Forms, Files and Information Packets	n/a	see above	see above
Staff Employment, Orientation and Training	n/a	see above	see above
Resource and Inservice Training	n/a	see above	see above
Diet, Nutrition, Menus and Food Safety	n/a	see above	see above
Resident Activities	n/a	see above	see above

No less than one week prior to opening of YOUR Bee Hive Home YOU and YOUR resident manager are required to attend and complete a mandatory training program which will be held at a location designated by US. Training programs may be held at Bee Hive Homes headquarters or at other locations where a Bee Hive Home is in operation. YOU must bear the cost of lodging and meals for YOURSELF, and travel, lodging and meals for YOUR resident manager and any other persons you desire to be trained at the training program.

The training course consists of up to three (3) non-consecutive days. During the training course YOU and YOUR resident manager will be instructed in Home operations and management and will be given "hands on" experience in all phases of Home operations. At the training program YOU will be given a copy of the Bee Hive Homes Policy and Procedure Manual described earlier and an outline of the Bee Hive Homes Owner/Operator Training, unless one has been previously provided to YOU. The training sessions will cover the basic elements that are necessary for the operation of a Bee Hive Home.

The training program is based on the Bee Hive Homes Policy and Procedure Manual and the Bee Hive Homes Owner/Operator Training Outline.

Training programs are scheduled on an "as needed" basis.

Training is conducted by OUR representatives who are familiar with and understand the franchise practices and policies. The person in charge of training is Twayne K. Walker. Mr. Walker has been involved with Bee Hive Homes as an owner and operator since 1987 and is experienced in all aspects of franchise operations. Mr. Mark Hegele also participates in training. Mr. Hegele became a Bee Hive Homes franchisee in 1998 and operated Homes until 2018, when he sold his interests in his Homes. In 2019 he reassociated with Bee Hive Homes to supervise franchisee training, particularly in the eastern United States. Mr. Hegele was a successful operator of Bee Hive Homes franchises for many years and is well qualified to train new franchisees. Bee Hive Homes also uses unspecified instructors for certain aspects of its training, for example, the Certified Public Accountants for Bee Hive Homes may provide staff accountants to train in accounting matters and Mike Shosted, the IT supervisor for Bee Hive Homes may provide training for computer and systems implementation. These instructors will normally be persons who have had experience in marketing and/or teaching. The function of the instructor is to be available to answer specific questions during training sessions. Training may also consist of practical experience dealing with residents in an actual Bee Hive Home.

Some training may be conducted by Area Representatives of the Company or persons acting on their behalf. For information regarding the experience of these instructors, please refer to Exhibit "H" - State Specific Addenda.

The goal of the training is to provide YOU with a mutually acceptable base of knowledge of Bee Hive Home operations. YOU must demonstrate reasonable knowledge of Home operations at the end of the training program.

WE are under the same obligations stated above in the event a franchisee purchases multiple franchises, unless waived in writing by the franchisee.

WE currently do not require that YOU attend additional training programs or refresher courses.

ITEM 12. TERRITORY

YOU will be granted a location by the Franchise Agreement. This location will be the address of your Home. YOU will construct and operate a single Home at the location. The location of YOUR Home is subject to OUR approval. WE will not grant another franchise using the Bee Hive Homes mark or any other mark or operate a company owned Home using the Bee Hive Homes mark or any other mark within a contiguous geographical area which contains YOUR location and which is of sufficient size to include a population of at least 30,000 persons, without YOUR prior written consent. This area may not be circular in shape with a fixed radius, but rather will be created consistent with the geographic and demographic characteristics surrounding YOUR location.

The Franchise Agreement gives YOU the right to construct and operate a Home at the location. You will not receive an exclusive territory. You may face competition from other franchisees. Residents of YOUR Home may come from within or without the area encompassing YOUR Home and persons from the area encompassing YOUR Home may become residents of Homes of other franchisees.

There are no restrictions limiting YOU from soliciting residents for YOUR Home from outside the area encompassing YOUR location, using any channels of distribution, such as the Internet, telemarketing or other direct marketing. Provided, however, that any advertising content is first approved by the Franchisor. WE do not own or operate any Homes and thus we do not solicit within or without the area encompassing YOUR Home. Neither WE nor our affiliates operates, franchises, or has plans to operate or franchise a business under a different trademark and that business sells or will sell goods or services similar to those that YOU will offer.

YOUR Franchise Agreement does not give YOU the right to acquire or establish any additional franchises. The relocation of YOUR franchise is subject to the same terms and conditions as was the selection of YOUR initial location. There are no conditions, other than compliance with the terms and conditions of the Franchise Agreement, to maintaining YOUR location.

ITEM 13. TRADEMARKS

Bee Hive Homes of America, Inc. is the owner of the mark "Bee Hive Homes®" which was registered with the United States Patent and Trademark Office on the Principal Register on December 30, 2014 (Reg. No. 4,663,072). All required affidavits have been filed with the United States Patent and Trademark Office. The trademark is in its initial term and is not due for renewal. The trademark and/or service mark "Bee Hive Homes" is separately registered in the state of Utah and is not separately registered in any other states. Bee Hive Homes of America, Inc. has licensed the use of the Marks to US. If the rights to use the trademark are challenged, you may have to change to an alternative trademark, which may increase your expenses.

Under the Franchise Agreement, WE grant to YOU a nonexclusive right to operate a Home under the name "Bee Hive Homes" and under any other trade names, trademarks and service marks and logos currently used or that may hereafter be used in the operation of the Homes insofar as available on a state by state basis and only to the extent WE have rights or may acquire rights to the same. YOU must use all names, marks, logos and symbols in full compliance with rules prescribed by US. YOU are prohibited from using any licensed name or mark as part of YOUR corporate name but may, with OUR prior written consent, have the nonexclusive use of the name "Bee Hive Homes" as part of an assumed name registered with applicable governmental authorities having jurisdiction over YOUR location and must execute any document necessary to enable US or any other franchisee to use the name "Bee Hive Homes." YOU are prohibited from using any licensed name or mark in connection with the sale of any unauthorized product or service or in any manner not expressly authorized in writing by US.

There has not been any determination of the patent office, the trademark administrator of any state or any court, any pending interference, opposition or cancellation proceeding, or any material pending litigation involving trademarks, service marks, trade names, logo types or other commercial symbols of OURS.

WE have been granted an exclusive right, pursuant to our agreement with Bee Hive Homes of America, Inc. which is described in Item 1, first paragraph under the heading - Affiliates, in this Franchise Disclosure Document, to use or license the use of the trademarks, service marks, trade names, logotypes or other commercial symbols in any manner material to the franchise. The termination, expiration or nonrenewal of our license agreement will not affect your rights to use of the trademarks, service marks and trade names as described in YOUR Franchise Agreement with US.

YOU must notify US in writing of any claim, demand or suit based upon or in connection with any or all rights which YOU have to use the trademarks, service marks, trade names, logotypes or commercial symbols. YOU must also notify US in writing of the use of, or claims of rights to, a trademark identical to or confusingly similar to the

names and marks. WE have the right to defend any such claims, demands or suits. However, WE are not obligated by the Franchise Agreement or otherwise to protect YOU against any such claim, demand or suit, nor are WE obligated by the Franchise Agreement or otherwise to protect YOU against claims of infringement or unfair competition. YOU are given the right to protect YOURSELF, at YOUR sole cost, from any claims if WE elect not to.

If at any time it becomes advisable in OUR sole discretion to modify or discontinue any use of the names and marks and/or use one or more additions to or substitutes for the names and marks, YOU will do so and OUR sole obligation will be to reimburse YOU for tangible costs in changing signs and printed matter to comply with this obligation.

There are no infringing uses actually known to US which could materially affect YOUR use of the trademarks, service marks, trade names, logotypes or commercial symbols.

ITEM 14. PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

WE at present do not own or have an interest in any patents associated with the operation of the franchised business.

WE own the common law copyright to the Bee Hive Homes Policy and Procedures Manual which may be used by YOU during the term of the Franchise Agreement, but which must be returned to US upon termination of the franchise. WE have decided not to register the manual with the U.S. Patent and Trademark Office so that changes can be made as needed without incurring the additional time delays and legal fees required by re-filing with the Patent Office for registered copyright protection.

The Franchise Agreement provides that YOU acknowledge that, YOUR entire knowledge of Bee Hive Homes system, services, all proprietary formulations, technology, know-how and the operation of a Home is derived from information disclosed to YOU by US pursuant to the Franchise Agreement and that the information is proprietary and confidential and a trade secret of OURS.

The Franchise Agreement also provides that YOU will: (a) fully and strictly adhere to all security procedures prescribed by US in OUR sole discretion for maintaining the secrecy of the information; (b) disclose the information to YOUR employees only to the extent necessary to provide the services and for the operation of the Home in accordance with the Franchise Agreement; (c) not use any of the information in any other business or in any manner not specifically authorized or approved in writing by US; and (d) exercise the highest degree of diligence and make every effort to maintain the absolute

confidentiality of all the information during and after the term of the Franchise Agreement.

YOU are also obligated to require each employee of the Home to execute OUR standard Non-Competition and Non-Disclosure Agreement before participating in any training or performing any work at or otherwise having access to the Home. A copy of the agreement shall be delivered to US within one week of its execution or on the first day of employment, whichever is sooner.

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

YOU are not required by the terms of the Franchise Agreement to personally participate in the operation of the Bee Hive Home. The franchise business must be directly supervised "on-site" by YOU or a resident manager who has successfully completed the training program. The resident manager may or may not have an ownership interest in the franchise. YOU and YOUR resident manager are required to complete a training program conducted by US. YOU also agree to require each additional resident manager to be trained either by YOU or by US. Resident managers need not be approved by US.

ITEM 16. RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

The Franchise Agreement requires that YOU may only provide specified services. WE have the right to add additional services that YOU will be required to offer. If YOU desire to engage in any other activities at YOUR Home, OUR prior written approval must be obtained. YOU are, however, not limited in the customers with whom YOU may deal.

ITEM 17. RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION THE FRANCHISE RELATIONSHIP

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

PROVISION	FRANCHISE AGREEMENT SECTION	SUMMARY
a. Length of the franchise term	Section 5.1	ten years

b. Renewal or extension of the term	Section 5.2	additional ten year renewal periods if you are in good standing
c. Requirements for franchisees to renew or extend	Section 5	three to nine month advance notice, approval by US, and signing by YOU of the current form of franchise agreement, which may have materially different terms and conditions from your initial franchise agreement
d. Termination by YOU	Not Applicable	Not Applicable
e. Termination by US without cause	Not Applicable	Not Applicable
f. Termination by US with cause	Section 14	WE can terminate if YOU commit certain events of default or other breaches of the Franchise Agreement
g. "Cause" defined - curable defaults	Section 14.1	YOU have 30 days to cure: nonpayment of fees, nonperformance of franchise agreement where performance can be completed
h. "Cause" defined - non-curable defaults	Section 14.1	non-curable defaults: bankruptcy (may not be enforceable under federal bankruptcy law), unauthorized transfers, abandonment, trademark misuse
i. YOUR obligations on termination/nonrenewal	Section 14.4; 14.5; 14.6 & 14.7	pay amounts due; sell Home to Franchisor
j. Assignment of contract by US	Section 13.1	Assignee reasonably willing and able to perform
k. "Transfer" by YOU - defined	Section 2.20; 13.2	includes transfer of contract or assets and change in ownership
l. OUR approval of transfer by YOU	Section 13.4	prior written approval but not unreasonably withheld
m. Conditions for OUR approval of transfer	Section 13.4	payment of fees, new franchise agreement, training

n. OUR right of first refusal to acquire YOUR business	Section 13.6	WE can match any offer
o. OUR option to purchase YOUR business	Section 14.5	WE can purchase YOUR business for the initial cost of the real property and the book value of the personal property upon an Event of Default
p. YOUR death or disability	Section 13.3	transfer must generally be approved within 6 months. Please refer to the state cover page, if any, accompanying this Franchise Disclosure Document for any special provisions applicable to YOUR state
q. Non-competition covenants during the term of the franchise	Section 12.1	no involvement in competing business
r. Non-competition covenants after the franchise is terminated or expires	Section 12.1	no involvement in competing business for three years. Please refer to the state cover page, if any, accompanying this Franchise Disclosure Document for any special provisions applicable to YOUR state.
s. Modification of the agreement	Section 18.14	only in writing
t. Integration/merger clause	Section 18.14	Only the terms of the franchise agreement are binding. Any representations or promises outside of the disclosure document and franchise agreement may not be enforceable. Notwithstanding the foregoing, no provision in any franchise agreement is intended to disclaim the express representations made in this Franchise Disclosure Document.
u. Dispute resolution by arbitration or mediation	Section 16	all disputes must be arbitrated in Utah

v. Choice of forum	Section 18.2	litigation generally must be in Utah. Please refer to the state cover page, if any, accompanying this Franchise Disclosure Document for any special provisions applicable to YOUR state (subject to applicable state law).
w. Choice of law	Section 18.1	Utah law applies (subject to applicable state law).

Note: Please refer to the Specific State Disclosures attached to this Franchise Disclosure Document for important information concerning YOUR rights under certain laws of various states, including YOUR rights in connection with choice of law, choice of forum, termination and renewal.

ITEM 18. PUBLIC FIGURES

WE do not use any public figure to promote OUR franchises.

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 Homes, if there is a reasonable basis for the information, and if the information is included in the Franchise 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 Home you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

WE do not make any representations about YOUR future financial performance or the past financial performance of company-owned or franchised Homes. 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 Home, however, WE may provide YOU with the actual records of that Home. If YOU receive any other financial performance information or projections of YOUR future income, YOU should report it to US by contacting Twayne Walker, c/o Bee Hive Homes, Inc., at 3973 North Eagle Road, Boise, Idaho 83713-0727 or 208-939-6781; the Federal Trade Commission; and the appropriate state regulatory agencies.

ITEM 20. OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
Systemwide Home Summary
For Years Ended December 31, 2023/2022/2021

Home Type	Year	Homes at the start of the year	Homes at the end of the year	Net Change
Franchised	2021	192	198	6
“	2022	198	201	3
“	2023	201	199	< 2 >
Company Owned	2021	0	0	0
“	2022	0	0	0
“	2023	0	0	0
Total Homes	2021	192	198	6
“	2022	198	201	3
“	2023	201	199	< 2 >

Table No. 2
Transfers of Homes from Franchisees to New Owners (other than the Franchisor)
For Years Ended December 31, 2023/2022/2021

State	Year	Number of Transfers
MS	2022	7
MT	2022	3
UT	2021	4
“	2022	3
“	2023	2
WI	2023	1
Totals	2021	4

“	2022	13
“	2023	3

Table No. 3
Status of Franchised Homes
For Years Ended December 31, 2023/2022/2021

State	Year	Homes at start of year	Homes Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Homes at End of Year
AZ	2021	12	1	0	0	0	0	13
	2022	13	0	0	0	0	0	13
	2023	13	0	2	0	0	0	11
CO	2021	5	0	0	0	0	0	5
	2022	5	0	0	0	0	0	5
	2023	5	0	0	0	0	0	5
FL	2021	4	0	0	0	0	0	4
	2022	4	0	0	0	0	0	4
	2023	4	0	0	0	0	0	4
GA	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	1	0	0	0	0	2
ID	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
IN	2021	4	0	0	0	0	0	4
	2022	4	1	0	0	0	1	4
	2023	4	0	0	0	0	0	4

KY	2021	6	0	0	0	0	0	6
	2022	6	0	0	0	0	0	6
	2023	6	0	0	0	0	0	6
LA	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
MI	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
MN	2021	6	0	0	0	0	0	6
	2022	6	1	0	0	0	0	7
	2023	7	1	0	0	0	0	8
MS	2021	9	1	0	0	0	0	10
	2022	10	1	0	0	0	0	11
	2023	11	0	0	0	0	0	11
MT	2021	32	1	0	0	0	0	33
	2022	33	2	0	0	0	0	35
	2023	35	0	0	0	0	0	35
NV	2021	6	0	0	0	0	0	6
	2022	6	0	0	0	0	0	6
	2023	6	0	1	0	0	0	5
NM	2021	34	1	0	0	0	0	35
	2022	35	0	0	0	0	1	34
	2023	34	0	0	0	0	0	34
OH	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1

OK	2021	1	1	0	0	0	0	2
	2022	2	1	0	0	0	0	3
	2023	3	0	0	0	0	0	3
TN	2021	1	0	0	0	0	0	1
	2022	1	1	0	0	0	0	2
	2023	2	0	0	0	0	0	2
TX	2021	18	1	0	0	0	0	19
	2022	19	2	0	0	0	0	21
	2023	21	1	2	0	0	0	20
UT	2021	45	0	0	0	0	1	44
	2022	44	0	0	0	0	4	40
	2023	40	0	0	0	0	0	40
WI	2021	4	1	0	0	0	0	5
	2022	5	0	0	0	0	0	5
	2023	5	0	0	0	0	0	5
Total	2021	192	7	0	0	0	1	198
	2022	198	9	0	0	0	6	201
	2023	201	3	5	0	0	0	199

Table No. 4
Status of Company-Owned Homes
For Years Ended December 31, 2023/2022/2021

The Company has not maintained any Company-owned Homes during the reporting period.

Table No. 5
Projected Openings as of December 31, 2023

State	Franchise Agreement signed but Home not opened	Projected new franchised Homes in the next fiscal year	Projected new Company owned Homes in the next fiscal year
GA	2	1	0
KY	1	1	0
MO	1	0	0
MS	2	1	0
NJ	1	0	0
OH	2	1	0
OK	1	1	0
TX	3	1	0
Total	13	6	0

Current and Former Franchisees

The name, address and telephone number of each franchisee under a Franchise Agreement with US or OUR affiliates is attached as Exhibit B-1.

The name, address and telephone number of every franchisee who had a Home terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the most recently completed fiscal year or who has not communicated with US or OUR affiliates within 10 weeks of the issuance date of this Franchise Disclosure Document is attached as Exhibit B-2.

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

Confidentiality Provisions

In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with the Bee Hive Homes franchise. 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.

ITEM 21. FINANCIAL STATEMENTS

Attached to this Franchise Disclosure Document as Exhibit C are the Bee Hive Homes, Inc. audited financial statements for the years ended December 31, 2023, 2022 and 2021.

ITEM 22. CONTRACTS

The following franchise contracts and agreements are proposed for use in connection with this franchise and are attached to and made a part of this Franchise Disclosure Document:

Exhibit D - Bee Hive Homes Franchise Agreement

Exhibit E - Guaranty and Assumption of Obligations Under Franchise Agreement

Exhibit F - Assignment to Entity

The name, principal business address and telephone number of each franchise seller offering the franchise are:

Ashlee Stone, 3973 North Eagle Road, Boise, ID 83713; Tele: 208-939-6781.

Gerald Hamilton, 3973 North Eagle Road, Boise, ID 83713; Tele: 208-939-6781.

Ty Harding, 3973 North Eagle Road, Boise, ID 83713; Tele: 208-939-6781.

Mark Hegele, 3973 North Eagle Road, Boise, ID 83713; Tele: 208-939-6781.

Jay Manning, 3973 North Eagle Road, Boise, ID 83713; Tele: 208-939-6781.

Chad Szymanski, 3973 North Eagle Road, Boise, ID 83713; Tele: 208-939-6781.

ITEM 23. RECEIPTS

See the Receipts as the last pages of this Franchise Disclosure Document.

**BEE HIVE HOMES, INC.
FRANCHISE DISCLOSURE DOCUMENT**

**EXHIBIT A
STATE FRANCHISE ADMINISTRATORS
AND AGENTS FOR SERVICE OF PROCESS**

State	State Franchise Administrator	Agent for Service of Process
California	California Department of Business Oversight 1515 K Street, Suite 200 Sacramento, California 95814-4052 916-445-7205	Commissioner California Department of Business Oversight 1515 K Street, Suite 200 Sacramento, California 95814-4052 916-445-7205
Hawaii	Commissioner of Securities Dept. of Commerce & Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 808-586-2722	Commissioner of Securities Dept. Of Commerce & Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 808-586-2722
Illinois	Franchise Bureau Office of the Attorney General 500 South Second Street Springfield, Illinois 62706 217-782-4465	Illinois Attorney General 500 South Second Street Springfield, Illinois 62706 217-782-4465
Indiana	Securities Division Secretary of State 302 West Washington, Room E-111 Indianapolis, Indiana 46204 317-232-6681	Indiana Secretary of State Securities Division 302 West Washington, Room E-111 Indianapolis, Indiana 46204 317-232-6681

Maryland	Securities Division Office of the Attorney General 200 St. Paul Place Baltimore, Maryland 21202-2020 410-576-6360	Maryland Securities Commissioner Securities Division 200 Saint Paul Place Baltimore, Maryland 21202-2020 410-576-6360
Michigan	Department of Attorney General Consumer Protection Franchise Section 525 West Ottawa Street G. Mennen Williams Building, 1 st Floor Lansing, Michigan 48913 517-373-7117	Department of Commerce Corporation and Securities Bureau Consumer Protection Franchise Section G. Mennen Williams Building, 1 st Floor 525 West Ottawa Street Lansing, Michigan 48913 517-373-7117
Minnesota	Minnesota Department of Commerce 85 7 th Place East, Suite 280 St. Paul, Minnesota 55101 651-539-1600	Minnesota Department of Commerce 85 7 th Place East, Suite 280 St. Paul, Minnesota 55101 651-539-1600
New York	Investor Protection Bureau Office of the Attorney General 28 Liberty Street, 21st Floor New York, New York 10005- 1495 212-416-8222	Secretary of State State of New York 41 State Street, 2 nd Floor Albany, New York 12231 1-800-566-7636
North Dakota	Securities Department State Capital 5 th Floor 600 East Boulevard Avenue Bismarck, North Dakota 58505- 0510 701-328-4712	Securities Commissioner 600 East Boulevard Avenue State Capital 5 th Floor, Bismarck, North Dakota 58505- 0510 701-328-4712
Rhode Island	Securities Division Department of Business Regulation John O. Pastore Complex 1511 Pontiac Avenue, Bldg 69-1 Cranston, Rhode Island 02920 401-462-9500	Director of Department of Business Regulation Securities Division John O. Pastore Complex 1511 Pontiac Avenue, Bldg 69-1 Cranston, Rhode Island 02920 401-462-9500

South Dakota	Division of Securities Department of Labor and Regulation 124 South Euclid, Suite 104 Pierre, South Dakota 57501 605-773-4823	Department of Labor and Regulation Division of Insurance Securities Regulation 124 South Euclid, Suite 104 Pierre, South Dakota 57501 605-773-3563
Virginia	Division of Securities and Retail Franchising State Corporation Commission 1300 East Main Street Richmond, Virginia 23219 804-371-9051	Clerk, State Corporation Commission 1300 East Main Street Richmond, Virginia 23219 804-371-9733
Washington	Department of Financial Institutions Securities Division PO Box 41200 Olympia, Washington 98504-1200 360-902-8760	Director of Dept. of Financial Institutions Securities Division, 3 rd Floor 150 Israel Road SW Tumwater, Washington 98501 360-902-8760
Wisconsin	Division of Securities Department of Financial Institutions 201 W. Washington Ave., Suite 300 PO Box 1768 Madison, Wisconsin 53703 608-267-9140	Commissioner of Securities 345 W. Washington Ave., 4 th Floor Madison, Wisconsin 53703 608-267-9140

If a state is not listed, we are not required to appoint an agent for service of process in that state in order to comply with the requirements of franchise laws. There may be states in addition to those listed above in which we have appointed an agent for service of process. There may also be additional agents appointed in some of the states listed.

BEE HIVE HOMES, INC.
FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT B-1

LISTING OF ALL CURRENT FRANCHISES AS OF DECEMBER 31, 2023

	<u>Franchisee</u>	<u>Address</u>	<u>Telephone</u>
1.	Eric & Brenna Hamblin	324 East 1 st Street, Eager, Arizona 85925	928-333-0151
2.	Charles Socci/David Chatterton	4423 East Guadalupe Road, Gilbert, Arizona 85234	801-368-9837
3.	Troy Thomas	17202 North 69 th Avenue, Glendale, Arizona 85308	602-717-1864
4.	Mark Falagrady / Mike Miller	6180 Mamie Kai Drive, Marana, Arizona 85743	480-938-2000
5.	Dan Steurer / Chad Szymanski	1107 Grandview Street, Page, Arizona 86040	435-632-5908
6.	Dan Steurer / Chad Szymanski	95 Elk Road, PO Box 7067, Page, Arizona 86040	435-632-5908
7.	Mark Falagrady / Mike Miller	4110 East Anderson Road, Sierra Vista, Arizona 85650	480-938-2000
8.	Mark Duncan	33 North Porter Road, Snowflake, Arizona 85937	505-330-0054
9.	Eric & Brenna Hamblin	3150 West Main Street, Thatcher, Arizona 85552	928-245-4594
10.	Connie Morris	1839 W. 25 th , Yuma #1, Arizona 85364	330-705-0149
11.	Connie Morris	1843 W. 25 th , Yuma #2, Arizona 85364	330-705-0149
12.	Jan Gardner	694 Cottonwood Street, Cortez, Colorado 81321	970-560-2197
13.	Wendell & Deena Gates	2395 H Road #1, Grand Junction, Colorado 81505	970-549-6554
14.	Wendell & Deena Gates	2395 H Road #2, Grand Junction, Colorado 81505	970-549-6554
15.	Jay Manning	662 Park Avenue, Pagosa Springs, Colorado 81147	505-967-5854
16.	Charles Dawson	11765 Newlin Gulch Boulevard, Parker, Colorado 81138	505-307-5673
17.	Ben Schladenhauffen / Kevin Gallagher	4702 Gulf Breeze Parkway, Gulf Breeze, Florida 32563	850-803-8379
18.	Ben Schladenhauffen / Kevin Gallagher	4732 Gulf Breeze Parkway, Gulf Breeze, Florida 32563	850-803-8379
19.	Bob Montgomery	4621 Hilltop Lane, Lynn Haven, Florida 32405	601-754-5593
20.	Lance Newman / Coby Smith	4268 Ida Coon Circle, Niceville, Florida 32578	435-590-1226
21.	Nikul Parikh	1073 South Enota Dr., Gainesville, Georgia 30501	770-596-2934
22.	Shawn Dean	7819 Hickory Flat Highway, Woodstock, Georgia 30188	678-321-8200
23.	Joe White	652 S. Main Street, Star, Idaho 83669	435-830-3642
24.	Charlie & Lisa Baker	1040 Estate Drive, Georgetown, Indiana 47122	502-472-7948
25.	Shane & Stacey Lindauer	1720 North Chestnut Street, Huntingburg, Indiana	812-639-7546
26.	Sailu Damineni	830 Park East Boulevard, Lafayette, Indiana 47905	219-448-1409
27.	Charlie & Lisa Baker	1496 North Gardner Street, Scottsburg, Indiana 47170	502-472-7948
28.	Steve Bosco	103 Commerce Drive, Brandenburg, Kentucky 40108	502-345-1468
29.	Eric & Catherine Sherrard	12336 US Highway 42, Goshen, Kentucky 40026	502-855-1063
30.	John & Mary Nell Bouvier	1417 Brandenburg Road, Leitchfield, Kentucky 42754	270-485-1101
31.	Steve Bosco	8401 LaGrange Road, Louisville, Kentucky 40222	502-554-8487
32.	Steve Bosco	8800 Smyrna Parkway, Louisville, Kentucky 40228	502-345-1468
33.	Steve Bosco	8802 Smyrna Parkway, Louisville, Kentucky 40228	502-345-1468

34.	Davis Corbett	500 Copper Meadows Boulevard, Youngville, Louisiana 70592	318-201-6273
35.	Matt & Marie Kopmeyer	73 Bee Hive Drive, Oxford, Michigan 48371	248-783-6288
36.	Jon Kalkbrenner	4014 Trinity Road, Duluth, Minnesota 55811	218-343-3428
37.	Jon Kalkbrenner	4014 Trinity Road #2, Duluth, Minnesota 55811	218-343-3428
38.	Marilyn Van Patten	14282 Business Center Drive, Elk River, Minnesota 55330	763-241-0630
39.	Jin Fang	20100 Iberia Avenue, Lakeville, Minnesota 55044	612-656-9061
40.	Jin Fang	8305 210 th Street West #2, Lakeville, Minnesota 55044	612-656-9061
41.	Craig Hilbig/Ioana Childs	14901 Weaver Lake Road #1, Maple Grove, Minnesota 55311	208-559-7220
42.	Craig Hilbig/Ioana Childs	14901 Weaver Lake Road #2, Maple Grove, Minnesota 55311	208-559-7220
43.	Mark & Alyce Goldthorpe/Erin Heitzmann	1001 Caddy Avenue, Moorhead, Minnesota 56560	218-443-1148
44.	Lance Newman / Coby Smith	1031 West Congress St., Brookhaven, Mississippi 39601	601-754-5593
45.	Lance Newman / Coby Smith	704 Highway 16 East, Carthage, Mississippi 39051	601-479-1267
46.	Lance Newman / Coby Smith	410 Townsend Road, Forest, Mississippi 39074	601-479-1267
47.	Lance Newman / Coby Smith	541 A East Main Street, Louisville, Mississippi 39339	601-479-1267
48.	Lance Newman / Coby Smith	5750 Dale Drive, Marion, Mississippi 39342	601-479-1267
49.	John Mayfield	132 John R Junkin Dr, Natchez, Mississippi 39120	601-653-0055
50.	Lance Newman / Coby Smith	601 South Main Street, Newton, Mississippi 39345	601-479-1267
51.	Lance Newman / Coby Smith	601 South Main Street, Petal, Mississippi	601-479-1267
52.	Lance Newman / Coby Smith	708 Columbus Avenue, Philadelphia, Mississippi 39350	601-479-1267
53.	Lance Newman / Coby Smith	4000 Wildwood Drive, Picayune, Mississippi 39466	769-242-2344
54.	Melba Reid	2156 Old West Point Road, Starkville, Mississippi 39759	601-479-1267
55.	Aaron & Janelle Hildreth	1107 Happy Lane, Belgrade, Montana 59714	406-599-6014
56.	Aaron & Janelle Hildreth	2900 Elm Street, Butte, Montana 59701	406-599-0499
57.	Aaron & Janelle Hildreth	2920 Elm Street, Butte, Montana 59701	406-599-0499
58.	Aaron & Janelle Hildreth	2930 Elm Street, Butte, Montana 59701	406-599-0499
59.	Terran & Stephanie Lohman	1006 Division Street SE, Choteau, Montana 59422	406-590-7041
60.	Tanner Price	1660 13 th Street West #1, Columbia Falls, Montana 59912	406-261-2388
61.	Tanner Price	1660 13 th Street West #2, Columbia Falls, Montana 59912	406-261-2388
62.	Tanner Price	1660 13 th Street West #3, Columbia Falls, Montana 59912	406-261-2388
63.	Terran & Stephanie Lohman	205 North Wisconsin Street, Conrad, Montana 59425	406-590-7041
64.	Terran & Stephanie Lohman	318 E Main Street, Cut Bank, Montana 59427	406-590-7041
65.	Aaron & Janelle Hildreth	1000 State Highway 91 S, Dillon, Montana	406-683-6867
66.	Mike & Susan Kingsley	2300 15 th Avenue South, Great Falls, Montana 59405	406-799-4142
67.	Mike & Susan Kingsley	2320 15 th Avenue South, Great Falls, Montana 59405	406-799-4142
68.	Mike & Susan Kingsley	2400 15 th Avenue South, Great Falls, Montana 59405	406-799-4142
69.	Mike & Susan Kingsley	2420 15 th Avenue South, Great Falls, Montana 59405	406-799-4142
70.	Mike & Susan Kingsley	2816 15 th Avenue South, Great Falls, Montana 59405	406-799-4142

71.	Mike & Susan Kingsley	2824 15 th Avenue South, Great Falls, Montana 59405	406-799-4142
72.	Mike & Susan Kingsley	1404 25 th Street, Great Falls, Montana 59405	406-799-4142
73.	Cameron & Lisa Criddle	816 New York Avenue, Hamilton, Montana 59840	406-529-0974
74.	Cameron & Lisa Criddle	836 New York Avenue, Hamilton, Montana 59840	406-529-0974
75.	Cameron & Lisa Criddle	920 New York Avenue, Hamilton, Montana 59840	406-529-0974
76.	Jeff & Dori Humphrey	7 Bumblebee Court, Helena, Montana 59601	406-360-3856
77.	Jeff & Dori Humphrey	9 Bumblebee Court, Helena, Montana 59601	406-360-3856
78.	Jeff & Dori Humphrey	11 Bumblebee Court, Helena, Montana 59601	406-360-3856
79.	Jeff & Dori Humphrey	13 Bumblebee Court, Helena, Montana 59601	406-360-3856
80.	Jeff & Dori Humphrey	16 Bumblebee Court, Helena, Montana 59601	406-360-3856
81.	Jeff & Dori Humphrey	18 Bumblebee Court, Helena, Montana 59601	406-360-3856
82.	Jeff & Dori Humphrey	624 Ptarmigan Ln, Helena, Montana 59602	406-442-2045
83.	Barry Melchoir	242 Stillwater Road, Kalispell, Montana 59901	406-871-8667
84.	Barry Melchoir	242 Stillwater Road, Kalispell, Montana 59901	406-871-8667
85.	Ty & Marsha Harding	2406 River Road #1, Missoula, Montana 59804	406-370-1971
86.	Ty & Marsha Harding	2406 River Road #2, Missoula, Montana 59804	406-370-1971
87.	Ty & Marsha Harding	2406 River Road #3, Missoula, Montana 59804	406-370-1971
88.	Ty & Marsha Harding	2406 River Road #4, Missoula, Montana 59804	406-370-1971
89.	Ty & Marsha Harding	2406 River Road #5, Missoula, Montana 59804	406-370-1971
90.	Gerald Hamilton	1000 Greenway Road #1, Henderson, Nevada 89002	505-270-9989
91.	Gerald Hamilton	1000 Greenway Road #2, Henderson, Nevada 89002	505-270-9989
92.	Kristian Mariano	3841 E. Twain, Las Vegas, Nevada 89121	702-553-7243
93.	Gerald Hamilton	780 2 nd South #1, Mesquite, Nevada 89027	505-270-9989
94.	Gerald Hamilton	780 2 nd South #2, Mesquite, Nevada 89027	505-270-9989
95.	Jay Manning	1106 San Cristo Street, Alamogordo, New Mexico 88310	505-967-5854
96.	Jay & Kari Manning	6401 Corona Avenue A, NE, Albuquerque, New Mexico 87113	505-967-5854
97.	Jay & Kari Manning	6401 Corona Avenue B, NE, Albuquerque, New Mexico 87113	505-967-5854
98.	Jay & Kari Manning	6401 Corona Avenue C, NE, Albuquerque, New Mexico 87113	505-967-5854
99.	Jay Manning	6401 Corona Avenue D, NE, Albuquerque, New Mexico 87113	505-967-5854
100.	Jay & Kari Manning	E 6100 Wilshire Avenue, NE, Albuquerque, New Mexico 87113	505-967-5854
101.	Jay & Kari Manning	E 6100 Wilshire Avenue, NE, Albuquerque, New Mexico 87113	505-967-5854
102.	Jay & Kari Manning / Michael Manning / Nate Manning	13440 Wenonah Avenue, SE, Albuquerque, New Mexico 87123	505-967-5854
103.	Jay & Kari Manning	13450 Wenonah Avenue SE #2, Albuquerque, New Mexico 87123	505-967-5854
104.	Jay & Kari Manning	13450 Wenonah Avenue SE #3, Albuquerque, New Mexico 87123	505-967-5854
105.	Gerald Hamilton	6000 Whiteman Drive, Albuquerque, New Mexico 87120	505-270-9989
106.	Gerald Hamilton	6004 Whiteman Drive, Albuquerque, New Mexico 87120	505-270-9989
107.	Jay Manning / Michael Manning / Nate Manning	180 Sheriffs Posse Road, Bernalillo, New Mexico 87004	505-480-1445
108.	Jay Manning / Michael Manning / Nate Manning	200 Sheriffs Posse Road, Bernalillo, New Mexico 87004	505-480-1445
109.	Henry & Kathy Holmes	1935 Bosque Farms Blvd. #1, Bosque Farms, New Mexico 87068	505-553-5552
110.	Henry & Kathy Holmes	1935 Bosque Farms Blvd. #2, Bosque Farms, New Mexico 87068	505-553-5552
111.	Jay Manning	2305 North Norris Street, Clovis, New Mexico 87101-2922	575-769-8585
112.	Jay Manning	1721 S. Santa Monica, Deming, New Mexico 88030	575-545-1023
113.	Gerald Hamilton	102 Quail Trail #1, Edgewood, New Mexico 87015	505-270-9989
114.	Gerald Hamilton	102 Quail Trail #2, Edgewood, New Mexico 87015	505-270-9989
115.	Jay & Kari Manning	508 Airport Drive #1, Farmington, New Mexico 87401	505-967-5854
116.	Jay & Kari Manning	508 Airport Drive #2, Farmington, New Mexico 87401	505-967-5854
117.	Jay & Kari Manning	400 North Locke, Farmington, New Mexico 87401	505-967-5854

118.	Jay & Kari Manning	404 North Locke, Farmington, New Mexico 87401	505-967-5854
119.	Nate Manning	600 Gurley Avenue, Gallup, New Mexico 87301	505-480-1445
120.	Jay & Kari Manning	1928 College Lane, Hobbs, New Mexico 88242	505-967-5854
121.	Cameron Manning / Nathan Manning		
		1420 South Main, Portales, New Mexico 88130	575-480-1445
122.	Jay & Kari Manning	2709 Chessman Drive NE, Rio Rancho, New Mexico 87124	505-967-5854
123.	Jay & Kari Manning	204 Silent Spring Drive NE, Rio Rancho, New Mexico 87124	505-967-5854
124.	Jay Manning	6336 Enchanted Hills Drive, Rio Rancho, New Mexico 87144	505-967-5854
125.	Kurt & Jan Gass	2903 North Washington Avenue, Roswell, New Mexico 88201	575-420-0359
126.	Jay & Kari Manning	3838 Thomas Road, Santa Fe, New Mexico 87507	505-967-5854
127.	Gerald Hamilton	6230 Montano Road NW, Volcano Cliffs, New Mexico 87120	505-697-0545
128.	Nate Manning / Michael Manning / David & Roger Gart		
		110 Longview Drive, White Rock, New Mexico 87547	505-322-9916
129.	Sean Barry	1325 West Lytle Five Points Road, Springboro, Ohio 45066	614-266-7638
130.	Ryan Smolarz, Jason Harris, Tracy Byerly		
		3200 W Washington Street, S #1, Broken Arrow, Oklahoma 74012	918-505-9995
131.	Ryan Smolarz, Jason Harris, Tracy Byerly		
		3200 W Washington Street, S #2, Broken Arrow, Oklahoma 74012	918-505-9995
132.	Justin & Lisa Meacham	12570 S Vancouver Ave, Glenpool, Oklahoma 74033	
133.	Salamon Saeed	1368 Wolf River Boulevard, Collierville, Tennessee	901-610-3427
134.	Layne & Kelly Lohman	1301 West Beaver Creek Drive, Knoxville, Tennessee 37918	865-230-4026
135.	Matt Rasband	164 West 200 South #1, American Fork, Utah 84003	801-683-9550
136.	Matt Rasband	164 West 200 South #2, American Fork, Utah 84003	801-683-9550
137.	Jeff Merchant	411 West 1325 North, Cedar City, Utah 84720	801-821-3141
138.	Jeff Merchant	432 West 1325 North, Cedar City, Utah 84720	801-821-3141
139.	Sayer Leslie	711 Pioneer Road #1, Draper, Utah 84020	801-495-3100
140.	Sayer Leslie	711 Pioneer Road #2, Draper, Utah 84020	801-495-3100
141.	Clarke & Maren Hillbig	6352 West 13100 South, Herriman, Utah 84096	801-703-4779
142.	Joel & Shauna Horne	831 South 700 West, Hurricane, Utah 84737	435-619-0499
143.	Joel & Shauna Horne	853 South 700 West, Hurricane, Utah 84737	435-619-0499
144.	Dan Steurer / Chad Szymanski		
		1364 South Powell Drive, Kanab, Utah 84741	928-660-0681
145.	Noelle & Robert Dunkley	59 North King Street, Layton, Utah 84041	801-361-0126
146.	Jeff Merchant	322 North 2375 West, Lehi, Utah 84043	801-821-3141
147.	Kimberly Ibarra	3346 South 8000 West, Magna, Utah 84044	801-821-3141
148.	Troy Veach	2891 South 2000 East, Millcreek, Utah 84109	801-821-3141
149.	Chad & Misti Hall	1923 E. 2000 South, Naples, Utah 84078	435-828-7281
150.	Dennis McGraw	661 East 700 South, Payson, Utah 84651	801-360-4118
151.	Jason & Mandi Harward	126 East 1550 South, Perry, Utah 84302	801-821-3141
152.	Sam & Lindsay Eyre	3144 West Center Street, Provo, Utah 84601	801-369-0493
153.	Brian Blomquist	540 North 600 West, Richfield, Utah 84701	406-203-7731
154.	Brian Blomquist	535 North 600 West, Richfield, Utah 84701	406-203-7731
155.	Juan & Angelina Hernandez		
		12524 South Doreen Drive, Riverton, Utah 84065	385-494-3408
156.	Dennis McGraw	550 West Salem Canal Road, Salem, Utah 84653	801-360-4118
157.	Dennis McGraw	409 South 300 West, Santaquin, Utah 84653	801-360-4118
158.	Michelle Ketcher	3430 West 11400 South, South Jordan, Utah 84655	801-860-4943
159.	Dennis McGraw	858 East 100 South, Spanish Fork, Utah 84660	801-360-4118

160.	Dan Steurer / Chad Szymanski	1542 West 1170 North, St. George, Utah 84770	928-660-0681
161.	Dan Steurer / Chad Szymanski	1555 West 1170 North, St. George, Utah 84770	928-660-0681
162.	Joel & Shauna Horne	2041 South Mesa Palms, St. George, Utah 84770	435-619-0499
163.	Joel & Shauna Horne	2041 South Mesa Palms #B, St. George, Utah 84770	435-619-0499
164.	Joel & Shauna Horne	2397 S. River Road, St. George, Utah 84770	435-619-0499
165.	Greg & Aimee Poe	1407 South 2000 West, Syracuse, Utah 84075	801-589-3895
166.	Brandy Stevenson / Brijette Moon / Deborah Michaelson	464 North Main Street, Tooele, Utah 84074	801-663-2980
167.	Chad & Misti Hall	540 South 2050 West, Vernal, Utah 84078	435-828-7281
168.	Chad & Misti Hall	940 North 2335 West, Vernal, Utah 84078	435-828-7281
169.	Joel & Shauna Horne	1078 North Coral Canyon Blvd., Washington, Utah 84780	801-635-4394
170.	Joel & Shauna Horne	1122 North Coral Canyon Blvd., Washington, Utah 84780	435-619-0499
171.	Jeff Merchant	8892 South 2700 West #1, West Jordan, Utah 84088	801-821-3141
172.	Jeff Merchant	8892 South 2700 West #2, West Jordan, Utah 84088	801-821-3141
173.	Jeff Merchant	8912 South 2700 West #1, West Jordan, Utah 84088	801-821-3141
174.	Jeff Merchant	8912 South 2700 West #2, West Jordan, Utah 84088	801-821-3141
175.	Dan Pekol	5075 Stonewood Drive, Eau Claire, Wisconsin 54703	715-834-0842
176.	Amanda Harrison	5075 Stonewood Drive #2, Eau Claire, Wisconsin 54703	715-834-0842
177.	Amber Gates	325 North 8 th Street, Mt. Horeb, Wisconsin 53572	608-437-4483
178.	Andy Dalsing	101 North Bergamot Boulevard, Oregon, Wisconsin 53575	608-630-6793
179.	Andy Dalsing	151 North Bergamot Boulevard, Oregon, Wisconsin 53575	608-630-6793

Subfranchisor: BHH Homes of Texas, LLC

180.	Jay Manning / Gary Plant	5301 Memorial Drive, Abilene, Texas 79606	505-480-1445
181.	Jay Manning / Gary Plant	5800 SW 54 th Street, Amarillo, Texas 79109	806-221-2625
182.	Jay Manning / Gary Plant	2512 NW Mustang Avenue, Andrews, Texas 79714	432-217-0123
183.	Jay Manning / Nate Manning	1230 South Ralls Highway, Floydada, Texas 79235	505-967-5854
184.	Pankaj Srivastava	2660 Timber Ridge Road #1, Frisco, Texas 75034	805-304-0144
185.	Pankaj Srivastava	2660 Timber Ridge Road #2, Frisco, Texas 75034	805-304-0144
186.	Pankaj Srivastava	2660 Timber Ridge Road #3, Frisco, Texas 75034	805-304-0144
187.	Jay Manning/Nate Manning	1900 Acton Highway, Granbury, Texas 76049	805-304-0144
188.	Randy Paramore	16220 West Road, Houston, Texas 77095	281-728-4108
189.	Randy Paramore	16220 West Road #2, Houston, Texas 77095	281-728-4108
190.	Jay Manning / Nate Manning	101 NE 27 th Street, Lamesa, Texas 79301-2707	505-967-5854
191.	Jay & Kari Manning	109 NE 27 th Street, Lamesa, Texas 79301-2707	505-967-5854
192.	Jay Manning / Nate Manning / Verda Manning	140 County Road, Levelland, Texas 79336	505-967-5854
193.	Jason & Amanda Potter	2105 West Loop 289, Lubbock, Texas 79407	806-786-9910
194.	Jason & Amanda Potter	2109 West Loop 289, Lubbock, Texas 79407	806-786-9910
195.	Jay Manning	1435 Lometa Drive, Plainview, Texas 11803	505-967-5854
196.	Sailaja Ganga	8315 Chiesa Road, Rowlett, Texas 75089	469-649-1177
197.	Thomas Wood	6403 Melissa Ann Street, San Antonio, Texas 78249	210-740-1060
198.	Leon & Jennifer Sikora	6919 Camp Bullis Road, San Antonio, Texas 78256	210-842-0396
199.	Victor Abolo/Jay Manning	3207 Cypresswood Drive, Spring, Texas 77388	346-372-5755

EXHIBIT B-2
LISTING OF ALL FRANCHISES CEASING OPERATIONS DURING THE FISCAL YEAR ENDED
DECEMBER 31, 2023

If you buy a Bee Hive Homes franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

- | | | | |
|----|---|---|---------------|
| 1. | Mark Falagradý / Mike & Becky Miller / John Green | 3161 South Prosperous Place #1, Green Valley, Arizona 85614 | 480- 938-2000 |
| 2. | Mark Falagradý / Mike Miller | 3161 South Prosperous Place #2, Green Valley, Arizona 85614 | 480-938-2000 |
| 3. | Kit & Beverly Hobson | 1250 Hanson Street, Winnemucca, Nevada 89445 | 775-560-5391 |
| 4. | Chip Tabor | 301 N Garden Ridge, Lewisville, Texas 75067 | 214-455-8834 |
| 5. | Chip Tabor | 477 West Main Street, Lewisville, Texas 75057 | 214-455-8834 |

Financial Statements

Bee Hive Homes, Inc.
Includes Additional Information
Years Ended December 31, 2023, 2022, and 2021

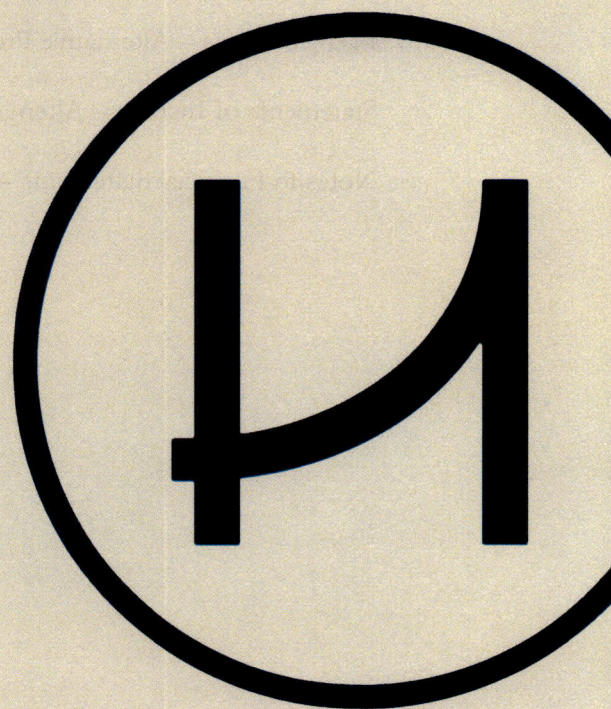


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INDEPENDENT AUDITORS' REPORT

To the Shareholder
Bee Hive Homes, Inc.
Boise, Idaho

Opinion

We have audited the financial statements of Bee Hive Homes, Inc. (an S corporation), which comprise the balance sheets as of December 31, 2023, 2022, and 2021, and the related statements of income, changes in shareholder's deficit, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Bee Hive Homes, Inc. as of December 31, 2023, 2022, and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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





Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

Havis CPA, P.C.

Meridian, Idaho
March 27, 2024

BEE HIVE HOMES, INC.
BALANCE SHEETS
December 31, 2023, 2022, and 2021

	<u>2023</u>	<u>2022</u>	<u>2021</u>
ASSETS			
Current Assets			
Cash	\$ 425,589	\$ 651,097	\$ 306,473
Accounts receivable, net	506,663	556,139	371,109
Prepaid expenses	<u>0</u>	<u>25,222</u>	<u>0</u>
Total Current Assets	932,252	1,232,458	677,582
Property and Equipment			
Furniture and fixtures	15,831	21,221	21,221
Vehicle	346,218	417,340	486,725
Leasehold improvements	81,784	49,545	38,555
Equipment	<u>51,107</u>	<u>57,762</u>	<u>49,826</u>
	494,940	545,868	596,327
Less accumulated depreciation	<u>(254,951)</u>	<u>(278,291)</u>	<u>(244,629)</u>
Total Property and Equipment	239,989	267,577	351,698
Other Assets			
Shareholder receivable	<u>130,072</u>	<u>27,474</u>	<u>40,299</u>
Total Assets	<u>\$ 1,302,313</u>	<u>\$ 1,527,509</u>	<u>\$ 1,069,579</u>

See notes to financial statements.

BEE HIVE HOMES, INC.
BALANCE SHEETS (Continued)
December 31, 2023, 2022, and 2021

	<u>2023</u>	<u>2022</u>	<u>2021</u>
LIABILITIES AND SHAREHOLDER'S DEFICIT			
Current Liabilities			
Accounts payable	\$ 41,295	\$ 32,553	\$ 55,402
Payroll and accrued liabilities	0	0	19,377
Due to related parties	12,609	12,609	1,459
Current portion of deferred revenue initial franchise fees	302,679	311,677	304,576
Current portion of long-term debt	225,443	48,015	78,019
Other payables	<u>16,200</u>	<u>24,430</u>	<u>10,878</u>
Total Current Liabilities	598,226	429,284	469,711
Other Liabilities			
Deferred revenues – initial franchise fees	988,694	1,133,872	1,235,149
Long-term debt, net of current portion and unamortized discount	<u>1,362,494</u>	<u>200,535</u>	<u>411,975</u>
Total Other Liabilities	<u>2,351,188</u>	<u>1,334,407</u>	<u>1,647,124</u>
Total Liabilities	2,949,414	1,763,691	2,116,835
Shareholder's Deficit			
Common stock	587	587	587
Treasury stock	(1,406,076)	0	0
Additional paid-in capital	19,713	19,713	19,713
Retained deficit	<u>(261,325)</u>	<u>(256,482)</u>	<u>(1,067,556)</u>
Total Shareholder's Deficit	<u>(1,647,101)</u>	<u>(236,182)</u>	<u>(1,047,256)</u>
Total Liabilities and Shareholder's Deficit	<u>\$ 1,302,313</u>	<u>\$ 1,527,509</u>	<u>\$ 1,069,579</u>

See notes to financial statements.

BEE HIVE HOMES, INC.
STATEMENTS OF INCOME
For the Years Ended December 31, 2023, 2022 and 2021

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Revenue			
Monthly fees	\$ 3,723,957	\$ 3,468,874	\$ 2,794,419
Franchise fees	329,176	327,175	358,249
Contract transfer fees	20,000	140,000	35,020
Vendor fees	<u>34,024</u>	<u>35,842</u>	<u>33,432</u>
Total Revenue	4,107,157	3,971,891	3,221,120
Expenses			
Salaries	1,135,561	1,189,372	998,026
Professional fees	547,167	523,884	510,687
Franchise fee expense	373,685	366,162	198,953
Conference fees	167,490	107,230	93,576
Dues and subscriptions	123,745	115,116	107,153
Advertising and marketing	109,018	105,869	74,153
Automobile expense	90,550	84,174	73,453
Travel and entertainment	85,585	75,971	50,685
Payroll taxes	84,679	88,618	74,566
Rent	69,000	69,000	53,500
Depreciation and amortization	68,327	72,979	60,843
Training	66,860	51,535	46,270
Bad debt	0	36,487	87,500
Other	<u>81,069</u>	<u>66,254</u>	<u>63,657</u>
Total Operating Expenses	<u>3,002,736</u>	<u>2,952,651</u>	<u>2,493,022</u>
Income From Operations	1,104,421	1,019,240	728,098
Other Income (Expense)			
Other income	94,987	305,930	171,704
Gain on disposal of property and equipment	0	24,443	4,329
Interest expense	<u>(21,548)</u>	<u>(11,932)</u>	<u>(13,564)</u>
Total Other Income (Expense)	<u>73,439</u>	<u>318,441</u>	<u>162,469</u>
Net Income	<u>\$ 1,177,860</u>	<u>\$ 1,337,681</u>	<u>\$ 890,567</u>

See notes to financial statements.

BEE HIVE HOMES, INC.
STATEMENTS OF CHANGES IN SHAREHOLDER'S DEFICIT
For the Years Ended December 31, 2023, 2022 and 2021

	<u>Common Stock</u>	<u>Treasury Stock</u>	<u>Additional Paid- In Capital</u>	<u>Retained Deficit</u>	<u>Total</u>
Balance at 12/31/20	\$ 587	\$	\$ 19,713	\$ (1,175,948)	\$ (1,155,648)
Distributions				(782,175)	(782,175)
Net Income	<u> </u>	<u> </u>	<u> </u>	<u>890,567</u>	<u>890,567</u>
Balance at 12/31/21	587		19,713	(1,067,556)	(1,047,256)
Distributions				(526,607)	(526,607)
Net Income	<u> </u>	<u> </u>	<u> </u>	<u>1,337,681</u>	<u>1,337,681</u>
Balance at 12/31/22	587		19,713	(256,482)	(236,182)
Distributions				(1,182,703)	(1,182,703)
Repurchase of stock		(1,406,076)			(1,406,076)
Net Income	<u> </u>	<u> </u>	<u> </u>	<u>1,177,860</u>	<u>1,177,860</u>
Balance at 12/31/23	<u>\$ 587</u>	<u>\$(1,406,076)</u>	<u>\$ 19,713</u>	<u>\$ (261,325)</u>	<u>\$ (1,647,101)</u>

See notes to financial statements.

BEE HIVE HOMES, INC.
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2023, 2022 and 2021

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Cash Flows From Operating Activities			
Net income	\$ 1,177,860	\$ 1,337,681	\$ 890,567
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	68,327	72,979	60,843
Discount amortization included in interest expense	9,819	0	0
Debt forgiveness – Paycheck Protection Program loan	0	(153,647)	(171,300)
Gain on disposal of property and equipment	0	(24,443)	(4,329)
Changes in operating assets and liabilities:			
Accounts receivable	64,866	(172,205)	109,539
Prepaid expenses	25,222	(25,222)	0
Accounts payable	8,742	(22,849)	44,661
Accrued expenses	(8,230)	(5,825)	(27,798)
Accrued loss	0	0	(45,000)
Deferred revenues – initial franchise fees	(154,176)	(94,176)	(181,748)
Net Cash Provided by Operating Activities	1,192,430	912,293	675,435
Cash Flows From Investing Activities			
Proceeds from sale of equipment	0	55,000	0
Purchase of equipment	(40,739)	(19,415)	(16,359)
Net Cash Provided (Used) by Investing Activities	(40,739)	35,585	(16,359)
Cash Flows From Financing Activities			
Principle payments on long-term debt	(76,508)	(87,797)	(26,271)
Advances to related parties	(117,988)	11,150	(1,289)
New long term borrowings	0	0	153,647
Shareholder distributions	(1,182,703)	(526,607)	(782,175)
Net Cash Provided (Used) by Financing Activities	(1,377,199)	(603,254)	(656,088)
Net Change in Cash	(225,508)	344,624	2,988
Cash, Beginning of Year	<u>651,097</u>	<u>306,473</u>	<u>303,485</u>
Cash, End of Year	<u>\$ 425,589</u>	<u>\$ 651,097</u>	<u>\$ 306,473</u>

See notes to financial statements.

BEE HIVE HOMES, INC.
STATEMENTS OF CASH FLOWS (Continued)
For the Years Ended December 31, 2023, 2022 and 2021

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Supplemental Disclosure of Cash Flow Information:			
Cash paid for interest	\$ 21,548	\$ 11,932	\$ 13,564
Supplemental Disclosure of Non-Cash Investing and Financing Activities:			
Acquisition of equipment with debt	\$ 0	\$ 0	\$ 226,130
Vehicle loan payoff – trade in	0	0	44,063
Purchase of treasury stock with debt	1,750,000	0	0
Discount on note payable	343,924	0	0

See notes to financial statements.

BEE HIVE HOMES, INC.

NOTES TO FINANCIAL STATEMENTS

Note A – Significant Accounting Policies

Business Activities

Bee Hive Homes, Inc., (the Company) is a closely held Utah corporation. The company was formerly known as Bee Hive Homes Intermountain, Inc., and changed the name of the corporation to Bee Hive Homes, Inc., effective January 22, 2020. The Company offers one type of Franchise: A Bee Hive Home franchise. The franchise offered is for the establishment and operation of a business offering residential care for the elderly. The Company is located in Idaho but is authorized to sell franchises in multiple states. The Company anticipates selling its franchises in every state in the United States.

Basis of Accounting

The Company uses the accrual method of accounting for financial statement purposes.

Concentration of Credit Risk

The Company maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. Accounts at financial institutions are insured by the Federal Deposit Insurance Corporation for up to \$250,000. The uninsured balance totaled \$70,461, \$375,534, and \$87,339 at December 31, 2023, 2022, and 2021, respectively.

The Company has extended credit to sub-franchisors. Two customers accounted for 38%, 28% and 31% of trade receivables at December 31, 2023, 2022, and 2021, respectively. For the years ended December 31, 2023, 2022, and 2021, two customers accounted for 30%, 32% and 29% of total revenues, respectively.

Cash and Cash Equivalents

The Company considers its short-term, highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

Advertising

Advertising costs are expensed as they are incurred. Total advertising expense for the years ended December 31, 2023, 2022 and 2021 was \$109,018, \$105,869 and \$74,153, respectively.

BEE HIVE HOMES, INC.
NOTES TO FINANCIAL STATEMENTS

Note A – Significant Accounting Policies (Continued)

Fair Value

The Company uses fair value for reporting financial assets and liabilities. A hierarchy for reporting the reliability of input measurements is used to assess fair value for all assets and liabilities. Fair value is defined as the selling price that would be received for an asset, or paid to transfer a liability, in the principal or most advantageous market on the measurement date. The hierarchy established prioritizes fair value measurements based on the types of inputs used in the valuation technique. Certain financial instruments are carried at cost on the balance sheet, which approximates fair value due to their short-term highly liquid nature.

Accounts Receivable

The Company has receivables for royalties and initial franchise set-up fees. Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to receivables. The balance of the allowance for doubtful accounts was \$0, \$90,000, and \$87,500 at December 31, 2023, 2022, and 2021, respectively.

Property and Equipment

Property and equipment is stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, which range from three to fifteen years.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Deferred Revenue

The Company receives initial franchise fees from franchisees, generally upon the opening of a franchised location. These initial franchise fees are earned ratably over the life of the franchise agreement, and the unearned portion of the initial franchise fees is recorded in deferred revenue on the Company's balance sheet.

BEE HIVE HOMES, INC.
NOTES TO FINANCIAL STATEMENTS

Note A – Significant Accounting Policies (Continued)

Income Taxes

The Company elected, with the consent of its shareholder, to be taxed under the provisions of Subchapter S of the Internal Revenue Code. In lieu of corporation income taxes, taxable income and credits are allocated to the shareholder of the Company for inclusion in their personal income tax returns. Accordingly, no provision or liability for federal income tax is included in the accompanying financial statements.

The Company has elected to pay an elective tax in the amount of 6.5% to the state of Idaho. The Company has determined that such payments meet the criteria of a shareholder distribution under ASC 740. Accordingly, no provision or liability for state income tax is included in these financial statements.

Uncertain Tax Positions

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the Company may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement.

There were no unrecognized tax benefits identified or recorded as liabilities for fiscal years 2023, 2022 or 2021.

The Company files income and franchise taxes in the U.S. federal jurisdiction and in all states in which it operates. The Company is generally no longer subject to examination by the Internal Revenue Service for years before 2020.

Subsequent Events

The Company has evaluated subsequent events through March 27, 2024 which is the date the financial statements were available to be issued.

BEE HIVE HOMES, INC.
NOTES TO FINANCIAL STATEMENTS

Note B – Revenue Recognition

The Company enters into franchise agreements with franchisees. The Company provides the nonexclusive right and sub-license to use the names, marks, trade secrets, and copyright material under these agreements. The Company provides guidance on selecting a potential architect that could be used in the franchisee’s area. In addition, the Company provides pre-opening training and reasonable opening supervision and operations assistance. The franchise agreements require the franchisee to pay an initial, non-refundable fee of \$75,000 for the first franchise, \$50,000 for each subsequent franchise and a continuing fee based upon a percentage of sales. Direct costs of sales and servicing of franchise agreements are charged to general and administrative expenses as incurred. Accounting Standards Codification Topic 606 under U.S. GAAP (ASC 606) provides that revenues are to be recognized when control of promised goods or services is transferred to a customer in an amount that reflects the consideration expected to be received for those goods or services. The standard does not change the recognition of royalties from homes operated by franchisees, which are recognized at the time the underlying sales occur. The standard does change the timing in which the Company recognizes initial fees.

The Company’s primary revenue streams are from initial franchise fees and monthly royalty fees charged to franchise owners. Royalty fees are based on a percentage of gross receipts collected by the franchisees and will fluctuate directly with the level of sales generated by franchisees. Franchise fees are one-time payments at the initiation of a franchise agreement and can vary greatly from year-to-year depending on the number of franchised locations that are opened.

The Company derives revenue from nonrefundable transfer fees, which are charged to existing franchisees when they want to transfer their franchise license to another franchisee. The nonrefundable transfer fee is reimbursement to the Company for legal, accounting, credit, and investigation expenses incurred in support of facilitating the transfer. These fees are earned and recognized at the time of the transfer.

Franchise revenues consist of the following:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Initial franchise fees	\$ 329,176	\$ 327,175	\$ 358,249
Contract transfer fees	20,000	140,000	35,020
Royalties	<u>3,723,957</u>	<u>3,468,874</u>	<u>2,794,419</u>
Total franchise fee revenue	<u>\$ 4,073,133</u>	<u>\$ 3,936,049</u>	<u>\$ 3,187,688</u>

BEE HIVE HOMES, INC.
NOTES TO FINANCIAL STATEMENTS

Note C – Long-Term Debt

Long-term debt consisted of the following at December 31:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
PPP loan note payable to CapEd. Payable in monthly installments of \$3,602, including interest of 1%, beginning June 2022. See Note E.	\$ 0	\$ 0	\$ 153,647
Note payable to Ally Financial, secured by a vehicle. Payable in monthly installments of \$1,400, including interest at an annual rate of 6.99%. The note matures in February 2027.	47,658	60,630	72,729
Note payable to GM Financial, secured by a vehicle. Payable in monthly installments of \$1,201, including interest at an annual rate of 5.79%. The note was paid in full in 2022.	0	0	42,460
Note payable to Idaho Central Credit Union, secured by a vehicle. Payable in monthly installments of \$921, including interest at an annual rate of 3.79%. The note matures in July 2028.	45,638	54,767	63,556
Note payable to Westmark Credit Union, secured by a vehicle. Payable in monthly installments of \$588, including interest at an annual rate of 4.99%. The note matures in November 2027.	24,528	30,182	35,610
Note payable to Alpine Credit Union, secured by a vehicle. Payable in monthly installments of \$625, including interest at an annual rate of 4.39%. The note matures in January 2027.	20,852	26,591	33,466
Note payable to GM Financial, secured by a vehicle. Payable in monthly installments of \$1,387, including interest at an annual rate of 3.99%. The note matures in February 2028.	62,533	76,380	88,526

BEE HIVE HOMES, INC.
NOTES TO FINANCIAL STATEMENTS

Note C – Long-Term Debt (Continued)

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Note payable to former shareholder and payable in yearly installments of \$175,000. The note is non-interest bearing (imputed interest of 4.19%), secured by common stock, less unamortized discount of \$334,105 at December 31, 2023. At December 31, 2023, the Company amortized \$9,819 of the discount utilizing the interest rate method. The note matures in November 2033. See Note D for additional details.	1,720,833	0	0
	1,922,042	248,550	489,994
Less current portion	(225,443)	(48,015)	(78,019)
Less unamortized discount	<u>(334,105)</u>	<u>0</u>	<u>0</u>
	<u>\$1,362,494</u>	<u>\$ 200,535</u>	<u>\$ 411,975</u>

A summary of the estimated maturity of the long-term debt at December 31 is as follows:

2024	\$ 225,443
2025	227,999
2026	229,913
2027	211,091
2028	181,763
Thereafter	<u>845,833</u>
Total	<u>\$1,922,042</u>

BEE HIVE HOMES, INC.
NOTES TO FINANCIAL STATEMENTS

Note D – Shareholders’ Equity Transactions

On October 31, 2023, the Company’s two founding shareholders entered into an agreement for the Company to repurchase the common stock of one of the shareholder’s which was equal to 50% of the total outstanding stock of the corporation. At December 31, 2023 of the 850 shares of common stock issued and outstanding, the Company repurchased 425 shares for a total of \$1,406,076 by issuing a note payable. The note payable has a face value of \$1,750,000. At December 31, 2023, the present value of the future cash flow for the note payable is \$1,406,076, with an amortized discount of \$343,9245. As part of the agreement, the Company also agreed to pay the premiums of a life insurance policy owned by the former shareholder for a period of ten years. The former shareholder is the beneficiary of the policy and the amount will be treated as compensation to them over the period of the policy. Additional information on the note payable can be found within Note C to these financial statements.

The Company has 1,000 shares of common stock authorized and 850 shares issued. Share balances at December 31, 2023, 2022 and 2021 are as follows:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Common Stock, \$0.69 par value, shares outstanding	425	850	850
Treasury stock, at cost	<u>425</u>	<u>0</u>	<u>0</u>
Total shares issued	<u><u>850</u></u>	<u><u>850</u></u>	<u><u>850</u></u>

Note E – Paycheck Protection Program Loan Payable

On April 24, 2020, the Company received loan proceeds in the amount of approximately \$171,300 under the Paycheck Protection Program (“PPP”). The PPP was established under the Coronavirus Aid, Relief and Economic Security Act, as amended (“CARES Act”) and is administered by the U.S. Small Business Administration (“SBA”). Under the terms of the CARES Act, PPP loan recipients can apply for loan forgiveness. The potential loan forgiveness for all or a portion of PPP loans is determined, subject to limitations, based on the use of loan proceeds over the 24-weeks after the loan proceeds are disbursed for payment of payroll costs and any payments of mortgage interest, rent, and utilities. The amount of loan forgiveness will be reduced if PPP loan recipients terminate employees or reduce salaries during the covered period. The unforgiven portion of the PPP Loan, if any, is payable over two years at an interest rate of 1%, with a deferral of payments for the first ten months. On July 19, 2021 the Company was notified by their bank that the SBA had granted forgiveness on the PPP loan based on their application effective September 16, 2021. The Company recognized the forgiveness as revenue within 2021.

BEE HIVE HOMES, INC.
NOTES TO FINANCIAL STATEMENTS

Note E – Paycheck Protection Program Loan Payable (continued)

On February 17, 2021 the Company received a second Paycheck Protection Program loan in the amount of \$153,647, subject to the same terms of forgiveness as the loan mentioned above. The unforgiven portion of the loan, if any, is payable over five years at an interest rate of 1%, with a deferral of payments for the first sixteen months. On January 5, 2022 the Company was notified by their bank that the SBA had granted forgiveness on the PPP loan based on their application. The Company recognized the forgiveness as revenue within 2022.

Note F – Related Party Transactions

At December 31, 2023, 2022 and 2021, the Company has amounts due to a shareholder of \$12,609, \$12,609 and \$1,459, respectively, for distributions declared. Amounts due to shareholders are due on demand and non-interest bearing.

The Company has shareholder receivables totaling \$130,072, \$27,474, and \$40,299 for the years ended December 31, 2023, 2022, and 2021, respectively. The unpaid balance of the receivable bears interest at a rate of 4.19% and is payable annually. The receivables are due on demand.

During the years ended December 31, 2023, 2022 and 2021, the Company rented office space from a shareholder on a month-to-month basis. Rent expense totaled \$69,000, \$69,000, and \$53,500 for each of the years ended December 31, 2023, 2022 and 2021, respectively. The Company also leases a vehicle from a shareholder periodically on a month-to-month basis. Rent expense, included in automobile expense, totaled \$40,500, \$36,000 and \$36,000 the years ended December 31, 2023, 2022 and 2021.

The Company pays a franchise royalty to Bee Hive America, a related party through common ownership, based on a percentage of monthly royalty and franchisee fee collections. Total franchise fee expense paid to Bee Hive America for the years ended December 31, 2023, 2022 and 2021 was \$373,000, \$365,000, and \$190,000 respectively.

BEE HIVE HOMES, INC.
NOTES TO FINANCIAL STATEMENTS

Note G – Income Tax

The Company has elected to be taxed as an S Corporation. Income for 2023, 2022, and 2021 will be taxed to the shareholder as an individual and not to the Corporation. The Company uses accelerated depreciation for income tax reporting. There are additional timing differences due to various tax positions taken by the Company. These differences in accounting treatments between the financial statements and the Company's tax return result in a deferred tax liability for the shareholder as an individual and is not recognized by the Company.

At December 31, 2023, the significant timing differences that create deferred tax (assets) liabilities for the shareholder includes the following:

Excess of tax return over financial statement depreciation	\$ 185,535
Timing differences between financial statement and tax return	<u>552,135</u>
	<u>\$ 737,670</u>

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ADDITIONAL INFORMATION

**INDEPENDENT AUDITORS' REPORT
ON ADDITIONAL INFORMATION**

To the Shareholder
Bee Hive Homes, Inc.
Boise, Idaho

We have audited the financial statements of Bee Hive Homes, Inc. as of and for the years ended December 31, 2023, 2022, and 2021, and have issued our report thereon dated March 27, 2024, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole.

The following schedules are presented for the purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The following additional information is prepared on the basis of accounting as described in Note A to the additional information, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Harris CPAs P.C.

Meridian, Idaho
March 27, 2024



BEE HIVE HOMES, INC.
BALANCE SHEETS – ALTERNATIVE PRESENTATION
December 31, 2023, 2022, and 2021

	<u>2023</u>	<u>2022</u>	<u>2021</u>
ASSETS			
Current Assets			
Cash	\$ 425,589	\$ 651,097	\$ 306,473
Accounts receivable, net	394,163	441,139	246,109
Prepaid expenses	<u>0</u>	<u>25,222</u>	<u>0</u>
Total Current Assets	819,752	1,117,458	552,582
Property and Equipment			
Furniture and fixtures	15,831	21,221	21,221
Vehicle	346,218	417,340	486,725
Leasehold improvements	81,784	49,545	38,555
Equipment	<u>51,107</u>	<u>57,762</u>	<u>49,826</u>
	494,940	545,868	596,327
Less accumulated depreciation	<u>(254,951)</u>	<u>(278,291)</u>	<u>(244,629)</u>
Total Property and Equipment	239,989	267,577	351,698
Other Assets			
Shareholder receivable	<u>130,072</u>	<u>27,474</u>	<u>40,299</u>
Total Assets	<u>\$ 1,189,813</u>	<u>\$ 1,412,509</u>	<u>\$ 944,579</u>

See notes to financial statements – alternative presentation.

BEE HIVE HOMES, INC.
BALANCE SHEETS - ALTERNATIVE PRESENTATION (Continued)
December 31, 2023, 2022, and 2021

	<u>2023</u>	<u>2022</u>	<u>2021</u>
LIABILITIES AND SHAREHOLDER'S EARNINGS			
Current Liabilities			
Accounts payable	\$ 41,295	\$ 32,553	\$ 55,402
Payroll and accrued liabilities	0	0	19,377
Due to related parties	12,609	12,609	1,459
Current portion of long-term debt	225,443	48,015	78,019
Other payables	<u>16,200</u>	<u>24,430</u>	<u>10,878</u>
Total Current Liabilities	295,547	117,607	165,135
Other Liabilities			
Long-term debt, net of current portion	<u>1,362,494</u>	<u>200,535</u>	<u>411,975</u>
Total Liabilities	1,658,041	318,142	577,110
Shareholder's Earnings			
Common stock	587	587	587
Treasury stock	(1,406,076)	0	0
Additional paid-in capital	19,713	19,713	19,713
Retained earnings	<u>917,548</u>	<u>1,074,067</u>	<u>347,169</u>
Total Shareholder's Earnings (deficit)	<u>(468,228)</u>	<u>1,094,367</u>	<u>367,469</u>
Total Liabilities and Shareholder's Earnings	<u>\$ 1,189,813</u>	<u>\$ 1,412,509</u>	<u>\$ 944,579</u>

See notes to financial statements – alternative presentation.

BEE HIVE HOMES, INC.
STATEMENTS OF INCOME - ALTERNATIVE PRESENTATION
December 31, 2023, 2022, and 2021

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Revenue			
Monthly fees	\$ 3,723,957	\$ 3,468,874	\$ 2,794,419
Franchise fees	100,000	111,000	105,000
Contract transfer fees	20,000	140,000	35,020
Vendor fees	<u>34,024</u>	<u>35,842</u>	<u>33,432</u>
Total Revenue	3,877,981	3,755,716	2,967,871
Expenses			
Salaries	1,135,561	1,189,372	998,026
Professional fees	547,167	523,884	510,687
Franchise fee expense	373,685	366,162	198,953
Dues and subscriptions	123,745	115,116	107,153
Conference fees	167,490	107,230	93,576
Advertising and marketing	109,018	105,869	74,153
Payroll taxes	84,679	88,618	74,566
Automobile expense	90,550	84,174	73,453
Travel and entertainment	85,585	75,971	50,685
Depreciation and amortization	68,327	72,979	60,843
Rent	69,000	69,000	53,500
Training	66,860	51,535	46,270
Bad debt	0	36,487	87,500
Other	<u>81,069</u>	<u>66,254</u>	<u>63,657</u>
Total Operating Expenses	<u>3,002,736</u>	<u>2,952,651</u>	<u>2,493,022</u>
Income From Operations	875,244	803,065	474,849
Other Income (Expense)			
Other income	94,987	305,930	171,704
Gain on disposal of property and equipment	0	24,443	4,329
Interest expense	<u>(21,548)</u>	<u>(11,932)</u>	<u>(13,564)</u>
Total Other Income (Expense)	<u>73,439</u>	<u>318,441</u>	<u>162,469</u>
Net Income	<u>\$ 948,683</u>	<u>\$ 1,121,506</u>	<u>\$ 637,318</u>

See notes to financial statements – alternative presentation.

BEE HIVE HOMES, INC.

NOTES TO FINANCIAL STATEMENTS – ALTERNATIVE PRESENTATION

Note A – Alternative Presentation Summary

The Company enters into franchise agreements with franchisees. The franchise agreements require the franchisee to pay an initial, non-refundable fee of \$75,000 for the first franchise, \$50,000 for each subsequent franchise and a continuing fee based upon a percentage of sales. Accounting Standards Codification Topic 606 under U.S. GAAP (ASC 606) provides that revenues are to be recognized when control of promised goods or services is transferred to a customer in an amount that reflects the consideration expected to be received for those goods or services. The standard changes the timing in which the Company recognizes initial fees, which are recognized over the life of the contract. The alternative presentation omits the impact the implementation of ASC 606 has on franchise fees by eliminating deferred revenue and adjusting franchise fee related receivable and revenue to be recognized at the time of collection. Information included in the alternative presentation is not presented in accordance with U.S. Generally Accepted Accounting Principles (U.S. GAAP) and should only be used in conjunction with the audited financial statement from which it is derived.

BEE HIVE HOMES®
FRANCHISE AGREEMENT

between

BEE HIVE HOMES, INC.

and

"Franchisee"
(Operator and Property Owner)

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BEE HIVE HOMES®
FRANCHISE AGREEMENT

between

BEE HIVE HOMES, INC.

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FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (the "Agreement") is made and entered into as of _____, 2024 (the "Effective Date"), by and between BEE HIVE HOMES, INC. (the "Franchisor"), a Utah corporation with an address at 3973 North Eagle Road, Boise, Utah 83713; and _____, an individual with an address at _____; and _____, an individual with an address at _____; (being individually and collectively referred to herein as the "Franchisee").

RECITALS

A. Bee Hive Homes, Inc. (the "Franchisor"), a Utah corporation, is engaged in the business of developing, operating and franchising in various states a unique kind of Home (as defined below) for residential care, assisted living, rehabilitation and/or memory care for individuals. Standards of interior and exterior design, furnishings and equipment for the Homes have been established by the Franchisor which are original and unique.

B. Franchisor has developed and holds rights to a unique System (as defined below) for the operation of the Homes. The Franchisor has from time to time revised and updated the System and may continue to revise and update the System.

C. Franchisor has developed and holds rights to the Names and Marks (as defined below) used for the Homes and licenses the use of said Names and Marks in connection with the franchising of the Homes and the System.

D. Franchisor has established a high reputation with the public as to the quality of services and high standards in connection with the operation of Homes using the System under the Names and Marks, whether at Homes owned by Franchisor and its affiliates or franchised by it to franchisees. This high reputation and goodwill have been and continue to be a unique benefit to Franchisor and its franchisees and this has created and is creating a demand for services provided at the Homes using the System under the Names and Marks.

E. Franchisee is desirous of acquiring the right, franchise and sub-license to construct or acquire a Home conforming to the Standards (as defined below) and to operate the Home using the System under the Names and Marks at the Location (as defined in Section 3.1). Franchisor is ready and willing to grant such a right, franchise and sub-license to Franchisee upon the terms and subject to the conditions hereinafter set forth.

AGREEMENT

NOW, THEREFORE, in consideration of the terms, conditions and covenants contained herein, and for other valuable consideration, the receipt and sufficiency of which are hereby mutually acknowledged, it is understood and agreed by and among the parties hereto as follows:

I. ACKNOWLEDGMENTS. Franchisee acknowledges to have carefully read this Agreement and the Bee Hive Homes Franchise Disclosure Document and understands and accepts the terms, conditions and covenants contained in this Agreement as being reasonably necessary to maintain Franchisor's high standards of quality and service and the uniformity of those Standards at each Home using the System under the Names and Marks. Franchisee has conducted an independent investigation of the business venture contemplated by this Agreement and recognizes that, like any other business, the nature of the business conducted at a Home using the System may change over time, that an investment in a Home involves business risks and that Franchisee's business abilities and efforts are vital to the success of the venture. Any information Franchisee may acquire from franchisees of other Homes relating to their sales, profits or cash flows does not constitute information obtained from Franchisor, nor does Franchisor make any representation as to the accuracy of any such information. Franchisee acknowledges that, in all of Franchisor's past, present and future dealings with Franchisee, Franchisor's respective officers, directors, employees and agents act only in a representative, and not in an individual, capacity. All business dealings between Franchisee and such persons in connection with this Agreement are solely between Franchisee and Franchisor. Franchisee further acknowledges that Franchisor has advised Franchisee to have this Agreement reviewed and explained to Franchisee by an attorney prior to signing. Franchisee represents and warrants to Franchisor, as an inducement to Franchisor's entry into this Agreement, that all statements Franchisee has made and all materials Franchisee has submitted to Franchisor in connection with Franchisee's application for and purchase of the franchise contemplated herein are accurate and complete and that Franchisee has made no misrepresentations or material omissions in entering into this Agreement. Franchisor's approval of Franchisee's application for a franchise for a Home is made in reliance upon all of Franchisee's representations and warranties to Franchisor.

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 Franchisee.

II. DEFINITIONS

As used in this Agreement, the following words and phrases shall have the meanings indicated:

2.1. "Affiliate" means any natural person or entity which, directly or indirectly, controls, is controlled by, or is under common Control with, the subject Person.

2.2. "Agreement" means this Franchise Agreement, including all exhibits, attachments and addenda and all amendments and modifications thereto made in writing and approved by the parties hereto, and all renewals thereof made in accordance herewith.

2.3. "Control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of an entity, or of the power to veto major policy decisions of an entity, whether through the ownership of voting securities, by contract, or otherwise.

2.4. "Copyrighted Materials" means all brochures, advertisements, sales literature, publications, the Manual (as defined below) and all other printed or copyrightable materials prepared by or for Franchisor and made generally available to franchisees.

2.5. "Equity Interest" means any direct or indirect legal or beneficial interest in the Franchise, the Home or this Agreement.

2.6. "Equity Owner" means the direct or indirect owner of any Equity Interest.

2.7. "Events of Default" has the meaning set forth in Section 14.1 herein.

2.8. "Home" means a single facility providing residential care, assisted living, rehabilitation and/or memory care for individuals at the Location that Franchisee will operate pursuant to this Agreement and includes all land, structures, facilities, hereditaments, appurtenances, furniture, fixtures, equipment, and entry, exit, parking and other areas at the Location.

2.9. "Immediate Family Member" means a spouse, parent or child.

2.10. "Location" means the real property on which the Home is located or to be located, as approved by Franchisor, and as more specifically identified in Section 3.1 herein.

2.11. "Manual" means all written compilations of the Standards, and may consist of one or more of the following; Policies and Procedures, Owner/Operator Training, Emergency Procedures, Inservice Training and/or Employee Procedures. The Manual may take the form of one or more of the following: one or more looseleaf or bound volumes; bulletins; notices; videos; CD-ROMS and/or other electronic media; websites; online postings; e-mail and/or electronic communications; facsimiles; or any other medium capable of conveying the Manual's contents.

2.12. "Monthly Revenues Report" has the meaning set forth in Section 4.4 herein.

2.13. "Names and Marks" means the trade name, trademark or service mark "BEE HIVE HOMES®", the Trade Name and such other or similar names, service marks, trademarks, trade names and copyrights, together with all ancillary signs, symbols, slogans, phrases, emblems, designs and other indicia as are indicated by Franchisor and used in connection with the Home and the System.

2.14. "Person" means a natural person or legal entity.

2.15. "Standards" means all standards, specifications, requirements, criteria, and policies that have been and may be in the future developed and compiled by Franchisor for use by Franchisee in connection with the design, construction, renovation, refurbishment, appearance, equipping, furnishing, supplying, opening, operating, maintaining, marketing, services, service levels, quality, and quality assurance of Homes, including the Home, and for advertising and accounting, whether contained in the Manual or set out in this Agreement or other written communication.

2.16. “System” means the elements, including know-how, that Franchisor designates to distinguish operating under the Names and Marks that provide to the public a similar, distinctive, high-quality service. The System currently includes: the Names and Marks, the Trade Name, and the Standards; advertising, publicity and other marketing programs and materials; training programs and materials; and programs for Franchisor’s inspection of the Home and consultation with the Franchisee.

2.17. “Term” has the meaning set forth in Sections 5.1 and 5.2 herein.

2.18. “Trade Name” has the meaning set forth in Section 3.4 herein.

2.19. “Trade Secrets” means all know-how, processes, techniques, and information relating to the provision of services in connection with the Home and the System.

2.20. “Transfer” means in all its forms, any sale, lease, assignment, spin-off, transfer, or other conveyance of any direct or indirect legal or beneficial interest in this Agreement, the franchise business or the Home.

2.21. “Transferee” means the recipient resulting from a Transfer.

III. ESTABLISHMENT OF FRANCHISE

3.1. Grant of Franchise. Subject to the terms and conditions contained in this Agreement, Franchisor hereby grants to Franchisee, and Franchisee hereby accepts, the exclusive right to construct or acquire a Home conforming to the Franchisor’s Standards and to operate the Home using the System during the Term at the following designated address (the “Location”):

[insert address of Home]

3.2. Grant of Licenses. Subject to the terms and conditions contained in this Agreement, Franchisor hereby grants to Franchisee, and Franchisee hereby accepts, the nonexclusive right and sub-license to use (but only in connection with the Home and the System) the Names and Marks, Trade Secrets and Copyrighted Materials (as such may presently exist or hereafter be modified or acquired by Franchisor and be licensed for use to the Franchisee) but only to the extent Franchisor has rights or may acquire rights to the same. Franchisor agrees to impart and disclose to Franchisee the Trade Secrets prior to opening of the Home for business.

3.3. Reserved Rights. Notwithstanding the foregoing Sections 3.1 and 3.2:

(a) This Agreement does not limit the Franchisor’s right, or the right of any of its Affiliates, to own, license or operate any other business whatsoever, whether or not under the Names and Marks;

(b) Franchisor may add, alter, delete or otherwise modify elements of the System; use or license to others all or part of the System; and use any portion of the System and Names and Marks in other businesses; and

(c) Franchisee acknowledges and agrees that he has no rights to, and will not make any claims or demands for, damages or other relief arising from or related to any of the foregoing activities, and that such activities will not give rise to any liability on Franchisor's part, including liability for claims for unfair competition, breach of contract, breach of any applicable implied covenant of good faith and fair dealing, or divided loyalty.

3.4. Franchisee Name. Franchisee shall operate the Home under the trade name "BEE HIVE HOMES of _____" (the "Trade Name") and shall use no other name in connection with any operations conducted by Franchisee without the prior written approval of Franchisor. Franchisor may change the Trade Name or the way in which it is depicted, at its sole option. Franchisee shall use the Trade Name and such other of the Names and Marks as Franchisee may be authorized to use exclusively for the purpose of operating the Home pursuant to the franchise granted by this Agreement.

Franchisee shall display the Franchisee's Trade Name for all purposes, and on all signs, stationary, business cards, advertising materials and other media, in strict compliance with the requirements set forth in the Manual.

Franchisee shall file and keep current, in the county and/or state in which Franchisee's Home is located and at such other places as may be required by law, a "fictitious name certificate" or comparable instrument, for the Trade Name. Franchisee shall not, without Franchisor's prior written approval, use any of the Names and Marks, or the name "BEE HIVE HOMES®," or any form thereof in connection with (i) any corporate, partnership or other entity name or in any corporate or other entity filing with any political subdivision; (ii) any internet-related name (including a domain name); or (iii) any other business. Franchisee hereby agrees that if this Agreement is terminated for any reason, Franchisee shall immediately discontinue use of the Trade Name, as well as the Names and Marks.

IV. INITIAL FRANCHISE FEE AND FRANCHISE ROYALTY

4.1. Initial Franchise Fee. Franchisee hereby promises and agrees to pay to Franchisor an initial franchise fee (the "Initial Franchise Fee") of Seventy-Five Thousand Dollars (\$75,000.00), payable one-third upon signing of this Agreement and the balance in full upon the earlier to occur of the following: (i) the funding of any construction loan for the Home; or (ii) the issuance of a building permit for the Home. The Initial Franchise Fee is fully earned and nonrefundable as and when paid as consideration for the expenses incurred by Franchisor in furnishing assistance and service to Franchisee and for Franchisor's lost or deferred opportunity to franchise to others. If the Franchise Fee is not paid in full on or before the date which is one year after the Effective Date of this Agreement, Franchisor may, in its sole discretion, terminate this Agreement, and no fees will be refunded to Franchisee.

4.2. Initial Franchise Fee for Additional Franchises. Franchisees in good standing and all of whose franchised Homes are open and operating may acquire additional franchises by paying the then current franchise fee for each additional franchise offered by Franchisor, subject to approval by the Franchisor. The current franchise fee for each additional franchise is Fifty Thousand Dollars (\$50,000.00), payable in full upon the execution of a franchise agreement for the additional franchise and is fully earned and nonrefundable upon payment. This current franchise fee is subject

to change and this Section 4.2 does not give the Franchisee any right to acquire any additional franchise or to acquire any additional franchise at this fee.

4.3. Franchise Royalty. In addition to the Initial Franchise Fee, Franchisee promises and agrees to pay to Franchisor a franchise royalty (the "Franchise Royalty") in the amount of five percent (5%) of the Gross Revenues. The Franchise Royalty shall be paid monthly on or before the 10th day of each calendar month based upon the Gross Revenues of the preceding calendar month. The Franchise Royalty will commence on the earlier of (i) the first day of the first full calendar month following the date on which the Home reaches a 50% occupancy; or (ii) the first day of the sixth full calendar month following the date of opening of the Home. For purposes of determining the Franchise Royalty, "Gross Revenues" is defined to be the gross receipts of every kind and nature whatsoever received by Franchisee directly or indirectly in connection with the operation of the franchised business, the Home and/or providing of services, excepting only the amount of sales or use taxes levied upon the sale of goods or services by a governmental taxing authority and actually paid to said taxing authority.

4.4. Determination and Method of Payment of Franchise Royalty. The calculation and payment of the Franchise Royalty specified in Section 4.3 above shall be made as follows:

(a) On or before the 10th day of each calendar month Franchisee shall provide to Franchisor a report the financial activity of the Home for the immediately preceding calendar month to Franchisor. The report shall show Gross Revenues, all monies received or accrued, all sales or other services performed, and such other information concerning the financial affairs of Franchisee as Franchisor may reasonably require. For purposes of this Agreement, such information shall be referred to as the "Monthly Revenues Report."

(b) The Franchise Royalty shall be due and payable on the same date that the corresponding Monthly Revenues Report is due, and shall be paid concurrently with the submission of the corresponding Monthly Revenues Report.

(c) If the Franchisee fails to deliver the required Monthly Revenues Reports to Franchisor on or before the 10th day of each month, a late charge of \$100.00 shall be assessed for each Monthly Revenues Report which is not timely filed.

(d) If the Franchisee fails to pay any Franchise Royalty when due, Franchisee shall be assessed a one-time late charge equal to the lesser of ten percent (10%) of the Franchise Royalty due or, if less, the maximum late charge assessable under the laws of the state in which the Home is located.

(e) In addition to the one-time late charge referred to in subsection (d) above, all Franchise Royalties and late charges not paid when due shall bear interest from such due date of payment, both before and after judgment at the rate equal to the lesser of eighteen percent (18%) per annum or the maximum rate allowed under the laws of the state in which the Home is located.

V. TERM AND RENEWAL

5.1. Initial Term. This Agreement shall have an initial Term commencing on the Effective Date hereof and ending on the last day of the calendar month which is ten (10) years after the calendar month in which Franchise Royalties are first due under this Agreement, unless terminated at an earlier date as provided herein.

5.2. Renewal Terms. Subject to the terms and conditions set forth in Section 5.3 below, Franchisee may renew its franchise upon the expiration of the initial or any renewal Term for additional consecutive ten (10) year Terms by giving Franchisor written notice of intent to renew at least six (6) months but not more than nine (9) months prior to the expiration date of the then current Term. Failure of the Franchisee to give such notice shall constitute an Election Not to Renew, unless the law of the state in which the Home is located provides otherwise. The Franchisee shall not be required to pay any renewal fee or additional franchise fee in connection with any renewal hereunder.

5.3. Conditions to Renewal. Franchisee's renewal under Section 5.2 is subject to Franchisee's compliance with the following on the date of the notice of intent to renew and on the first day of the renewal Term: (i) Franchisee is not in default of any provision of this Agreement or any other Franchise Agreement or any other agreement with Franchisor or its Affiliates to which the Franchisee is a party; (ii) Franchisee is directly or indirectly the owner of the Home and will be for the renewal Term; (iii) Franchisee executes at least three (3) months prior to the first day of the renewal Term the then current form of Franchise Agreement being used by Franchisor, which Franchise Agreement may contain materially different terms from those contained in this Agreement; and (iv) Franchisee, its Home, equipment and procedures meet the current Standards applicable to new franchisees.

5.4. Non-Renewal. If Franchisee makes an Election Not to Renew as provided in 5.2 above, this Agreement shall not expire but shall continue in full force and effect on a month-to-month basis until terminated by Franchisor by delivery to Franchisee of a written notice of termination at least thirty (30) days prior to the date of such termination.

VI. PROPRIETARY PROPERTY AND CONFIDENTIALITY

6.1. Ownership and Use of Modifications and Alterations to Home and System. Franchisee acknowledges and agrees that as among Franchisor and its Affiliates, and Franchisee and its Affiliates, all modifications and alterations to the design of the Home or to the System, whether or not incorporated into the Home or the System and whether made by Franchisor, its Affiliates or Franchisee and its Affiliates, are validly and exclusively owned by Franchisor, and Franchisee has only the nonexclusive right to use such modifications and alterations during the Term of this Agreement. This Section confers no ownership rights in the real property comprising the Home upon Franchisor.

6.2. Ownership and Use of Names and Marks, Trade Secrets and Copyrighted Materials. Franchisee acknowledges and agrees that the Names and Marks, Trade Secrets and Copyrighted Materials are validly owned by Franchisor and that Franchisee has only the nonexclusive right to use such Names and Marks, Trade Secrets, and Copyrighted Materials as provided in this Agreement. Franchisee further acknowledges and agrees that Franchisor's rights to the Names and

Marks, Trade Secrets and Copyrighted Materials are acquired by license from its Affiliate. Franchisee further acknowledges and agrees that all trademarks, service marks, trade names, including the Trade Name, and copyrights, together with all ancillary signs, symbols, slogans, phrases, emblems, designs and other indicia developed by or for Franchisee for use in connection with the Home and the System are the sole and exclusive property of Franchisor and may be used by Franchisee only during the Term of this Agreement and only as provided in this Agreement. Immediately upon termination or expiration of this Agreement, the Franchisee shall cease and desist from using said Names and Marks, Trade Secrets and Copyrighted Materials and shall return to Franchisor or destroy, at the Franchisor's election, all documents, instructions, displays, and advertising items and the like relating to the Names and Marks, Trade Secrets and Copyrighted Materials.

(a) Noninterference. The Franchisee expressly covenants and agrees that both during the Term of this Agreement and after the termination or expiration hereof Franchisee shall not: (a) directly or indirectly contest or aid in contesting the validity of Franchisor's and its Affiliates' ownership of the Names and Marks, Trade Secrets or Copyrighted Materials; nor (b) in any manner interfere with or attempt to prohibit the use of the Names and Marks, Trade Secrets or Copyrighted Materials by any other existing or future franchisee or other licensee or sub-licensee of the Franchisor in any area or location.

(b) Additional Assurances. The Franchisee covenants and agrees that both during the Term of this Agreement and after the termination or expiration hereof Franchisee shall execute any and all additional papers, documents, and assurances in connection with the establishment or maintenance of Franchisor's ownership of the Names and Marks, Trade Secrets and Copyrighted Materials and agrees to fully cooperate with the Franchisor, its designees or any other franchisee or licensee of the Franchisor in securing all necessary and required consents of any state agency or legal authority to use the Names and Marks.

(c) Infringement Disputes.

(i) Franchisee will immediately notify Franchisor of any infringement or dilution of or challenge to its use of any of the Names and Marks and will not, absent a court order or Franchisor's prior written consent, communicate with any other person regarding any such infringement, dilution, challenge or claim. Franchisor will take the action it deems appropriate with respect to such challenges and claims and has the sole right to handle disputes concerning use of all or any part of the Names and Marks or the System. Franchisee will fully cooperate with Franchisor and its Affiliates in these matters. Franchisor will reimburse Franchisee for expenses incurred by it as the direct result of activities undertaken by it at Franchisor's prior written request and specifically relating to the dispute at issue. Franchisor will not reimburse Franchisee for any other expenses incurred by it for cooperating with Franchisor or its Affiliates.

(ii) Franchisee hereby appoints Franchisor as Franchisee's exclusive attorney-in-fact, to prosecute, defend and/or settle all disputes of this type at Franchisor's sole option. Franchisee will sign any documents Franchisor or its Affiliates believe are necessary to prosecute, defend or settle any dispute or obtain protection for the Names and Marks and the System and will assign to Franchisor

any claims Franchisee may have related to these matters. Franchisor's decisions as to the prosecution, defense or settlement of the dispute will be final. All recoveries made as a result of disputes regarding use of all or part of the System or the Names and Marks will be for Franchisor's account.

(d) Proprietary Notices. Franchisee shall use the Names and Marks only with the symbols "TM," "SM," or "R", as appropriate, whenever and wherever such Names and Marks are used. In addition, the Franchisee shall not use its own name or any other name in connection with any of the Names and Marks without the prior written consent of Franchisor or Franchisor.

(e) Nonexclusive. Franchisee understands and agrees that its license to use the Names and Marks, Trade Secrets and Copyrighted Materials is nonexclusive and that Franchisor, in its sole discretion, has the right, itself to operate Homes and provide services under said Names and Marks and to grant other licenses to use the Names and Marks on any terms and conditions the Franchisor deem appropriate.

(f) Confidential Treatment. Franchisee acknowledges that the Trade Secrets are proprietary and confidential and agrees that it shall protect, preserve and not disclose the Trade Secrets to any other person, including employees, agents, successors or assigns, except as may be specifically allowed under this Agreement.

(g) Modification of Names and Marks. Franchisee acknowledges and agrees that if at any time it becomes advisable in the sole discretion of the Franchisor to modify or discontinue any use of the Names and Marks and/or use one or more additions to or substitutes for the Names and Marks, the Franchisee shall do so and the Franchisor's sole obligation in such event will be that Franchisor reimburse the Franchisee for actual costs in changing signs and replacing printed matter to comply with any change.

6.3. Ownership and Use of Goodwill.

(a) Ownership of Goodwill. Franchisee acknowledges and agrees that any and all goodwill associated with the Home, the System, the Names and Marks, Trade Secrets and Copyrighted Materials, including any goodwill that might be deemed to have arisen through Franchisee's activities, shall inure directly and exclusively to the benefit of, and be owned solely by, Franchisor, except as otherwise provided herein or by applicable law.

(b) Preservation of Goodwill. Franchisee acknowledges and agrees that valuable goodwill is attached to the Home, the System, the Names and Marks, Trade Secrets and Copyrighted Materials and that it will use the same solely in the manner prescribed by Franchisor, and will operate the Home and provide the services under the Names and Marks, Trade Secrets and Copyrighted Materials in strict accordance with the System, terms and conditions of this Agreement, the Manual and other operational Standards established by Franchisor from time to time. Franchisee covenants to protect and preserve the goodwill of the Names and Marks.

6.4. Web Sites. For purposes of this Section, “Site(s)” means domain names, the World Wide Web, the Internet, computer network/distribution systems, or any other electronic communications sites or means.

(a) Franchisee may not register, own, or maintain any Sites that relate to the Home or that include any of the Names and Marks. The only domain names, Sites, or Site contractors that Franchisee may use relating to the Home or this Agreement are those Franchisor assigns or otherwise approves in writing. Franchisee acknowledges that it may not, without a legal license or other legal right, post on its Sites any material in which any third party has any direct or indirect ownership interest. Franchisee must incorporate on its Sites any information Franchisor requires in the manner Franchisor deems necessary to protect its Names and Marks.

(b) Any use of the Marks on any Site must conform to Franchisor’s requirements, including the identity and graphics Standards for all Homes. Given the changing nature of this technology, Franchisor reserves the right to withhold its approval, and to withdraw any prior approval, and to modify its requirements.

6.5. Covenants.

(a) Franchisee agrees, as a direct covenant with Franchisor and its Affiliates, that it will comply with all of the provisions of this Agreement related to the manner, terms and conditions of the use of the Names and Marks and the termination of any right on Franchisee’s part to use any of the Names and Marks. Any non-compliance by Franchisee with this covenant or the terms of this Agreement related to the Names and Marks, or any unauthorized or improper use of the System or the Names and Marks, will cause irreparable damage to Franchisor and/or its Affiliates and is a material breach of this Agreement.

(b) If Franchisee engages in such non-compliance or unauthorized and/or improper use of the System or the Names and Marks during or after the Term, Franchisor or any of its Affiliates, together with the successors and assigns of each, will be entitled to both temporary and permanent injunctive relief against Franchisee from any court of competent jurisdiction, in addition to all other remedies Franchisor or its Affiliates may have at law. Franchisee consents to the entry of such temporary and permanent injunctions. Franchisee must pay all costs and expenses, including reasonable attorneys’ fees, expert fees, costs and other expenses of litigation that Franchisor and/or its Affiliates may incur in connection with Franchisee’s non-compliance with this covenant.

VII. OBLIGATIONS OF FRANCHISOR

Franchisor has the following responsibilities to Franchisee under this Agreement. Franchisor reserves the right to fulfill some or all of these responsibilities through one or more of its Affiliates or through unrelated third parties, in its sole business judgment. Franchisor may require Franchisee to make payment for any resulting services or products directly to the provider.

7.1. Location. Franchisor shall provide assistance to Franchisee in the selection and evaluation of the Location. However, Franchisee is solely responsible for selecting and obtaining the Location for the Home and for construction of the Home at the Location. Franchisee is solely

responsible for the negotiation of all agreements and other contracts relating to the Location and all construction and improvement thereon. Franchisee shall consult with its own legal counsel and other advisors prior to entering into any agreement or contract respecting the Location and any construction or improvement at the Location. It is specifically understood and agreed by and between the parties to this Agreement that the grant of a franchise pursuant to this Agreement is only for the construction of one Home to be located at the Location set forth in Section 3.1 and that there can be no change in the address of the Home without the prior written agreement of the parties to this Agreement.

Franchisor covenants that no franchise for an additional Home, whether franchised or owned by Franchisor, will be sold within an area determined by Franchisor which contains the Location and a population of at least 30,000 persons, without the prior written consent of Franchisee. Franchisee acknowledges and agrees that each territory in which there is a Home may be different from each other territory in terms of size, population, and other factors, it being further agreed that the determination of the size, population, and other factors regarding the territory shall be established by Franchisor. Franchisee hereby waives any and all claims against Franchisor and all other current and future franchisees regarding the size, population, or other factors differentiating the area encompassing Franchisee's Location from that of other franchisees.

7.2. Home Design and Specifications. Franchisor will provide general architectural and design drawings, which may include elevations, floor plans and number of beds, as guidelines for the required "trade dress" of the Home. Any variation, alteration or modification of these guidelines shall require the prior written approval of Franchisor. Franchisor will also provide an itemization of all furnishings, equipment and supplies to be used in the operation of the Home. Additional Homes or any increase in the number of beds may be constructed at the Location but only with Franchisor's prior written approval and provided that each additional Home or increase in the number of beds is subject to a separate Franchise Agreement and Franchise Fee.

Franchisee, at its sole expense, shall be responsible to engage its own architect, attorneys, contractors, general and subs, and other advisors to prepare final plans, construct the improvements and obtain all required permits and licensing. Final plans must be approved in writing by the Franchisor for compliance with "trade dress" guidelines prior to submission for building permits. Franchisor shall not be obligated to become a party to, and will have no liability whatsoever in connection with, any agreements pertaining to the construction, furnishing, equipping and supplying of the Home.

7.3. Signs. Franchisor will provide to Franchisee one standard exterior sign which bears the name "BEE HIVE HOMES®" and which conforms with local requirements as to size and style. Additional signs may be purchased by Franchisee at its sole expense in accordance with specifications furnished by Franchisor.

7.4. Training. Franchisor will provide training, prior to opening of the Home for business, in the various practices, policies and procedures for operation of the Home. Franchisee, and if there is more than one Franchisee at least one of the Franchisees, and the resident manager are required to complete a training program of up to three (3) days duration at a location(s) designated by Franchisor, which may include the corporate office and/or an operating Franchise. The Franchisee shall be responsible for travel, lodging and meals for itself and its resident manager, if applicable. In addition to the foregoing, additional representatives of the Franchisee may attend the training

program at the sole expense of the Franchisee and with the prior consent of Franchisor. If Franchisee or its resident manager does not complete the required training program to the satisfaction of Franchisor, then Franchisor may terminate this Agreement in accordance with the provisions hereof, or in lieu thereof, Franchisor may elect to provide such additional personnel as Franchisor in its sole discretion deems necessary, to train Franchisee's staff at the site of the Home and enable Franchisee to open the Home. Franchisee will pay all costs of such additional personnel, including, without limitation, salaries, lodging, meals and round trip transportation. Such additional personnel will remain at the Home at Franchisee's expense until Franchisor determines that Franchisee and its staff are capable of operating the Home.

7.5. Opening Supervision. Franchisor will provide reasonable opening supervision to assist Franchisee in the preparation and opening of the Home. Such supervision shall include assistance in engaging staff, training personnel in food preparation, marketing, inventory control and promotional programs in connection with the opening of the Home. Franchisee shall notify Franchisor in writing at least four (4) weeks prior to completion of construction of the Home so that Franchisor may schedule representatives for commencement of opening procedures. The opening date shall be set by agreement of Franchisor and Franchisee.

7.6. Operational Assistance. Franchisor will provide reasonable assistance to Franchisee in operational, facilities and marketing issues encountered by Franchisee in connection with the implementation of the Home operation and Franchisor shall make its representatives available to consult with Franchisee during the continuing operations of Franchisee's Home on such terms and for such additional compensation as may be mutually agreed to by the parties.

7.7. Manual. Franchisor will provide for use by the Franchisee access to the Franchisor's Manual, which may be hard copy or electronic format, and any revisions and updates which Franchisor and its Affiliates may make to the Manual during the Term. Franchisor and its Affiliates retain the right to modify the Manual in any manner they deem appropriate, in their sole discretion, provided no such modification shall alter Franchisee's rights under this Agreement and if there is a conflict between the Manual and this Agreement the terms and conditions of this Agreement shall prevail. The Manual is the exclusive property of the Franchisor and is provided for use by the Franchisee on a confidential basis and only during the Term.

7.8. Equipment and Supplies. Franchisor will make available to Franchisee for use in the Home various purchase, lease, or other arrangements for signage, operating equipment, operating supplies, and furnishings, which Franchisor makes available to other Homes.

VIII. OBLIGATIONS OF FRANCHISEE

8.1. Home. Franchisee covenants to construct, equip, staff and own one Home, at its own expense, at the Location; to open and commence operation of such Home no later than the date which is three (3) years after the Effective Date of this Agreement and to continuously operate such Home using the System under the Names and Marks, in compliance with this Agreement and the Standards, and in such a manner as to provide courteous, uniform, high quality service to the public, during the Term of this Agreement. Franchisee acknowledges that, although Franchisor provides the Standards, Franchisee has exclusive day-to-day control of the business and operation of the Home and Franchisor does not in any way possess or exercise such control.

8.2. Compliance With Standards. Franchisee will comply with the Standards, including Franchisor's specifications for all supplies, products and services. Franchisor may require Franchisee to purchase particular supplies, products or services meeting certain standards to maintain the common identity and uniqueness of the design, furnishings and appurtenances of the Homes, and Franchisee will comply with such requirements. Unless Franchisor specifies otherwise, Franchisee may purchase supplies, products and services from any source of distribution which meets the specifications and Standards.

8.3. Compliance With Manual. Franchisee covenants to adhere to the Standards contained in the Manual. Portions of the Manual may be state specific, and it is the Franchisee's obligation to identify those portions and to keep them current and up to date. The Franchisee will not disclose the contents of the Manual to any unauthorized person and upon termination of this Agreement will return all Forms of Manual to Franchisor.

8.4. Compliance with Laws. Franchisee covenants to comply with all applicable statutes, ordinances, rules and regulations of federal, state and local governments and agencies thereof which in any way regulate or affect the operation of its franchise business and agrees not to engage in any activity or practice which results in violation of any such statutes, ordinances, rules and regulations or which results in or may reasonably be anticipated to result in any public criticism of the Franchisor's System or any part thereof. Franchisee shall not discriminate on the basis of race, color, religion (creed), gender, gender expression, age, national origin (ancestry), disability, marital status, sexual orientation, or military status, in any of its activities or operations, specifically, but not by way of limitation, employment relations with staff and providing housing to residents. Notwithstanding the foregoing, Franchisor shall provide reasonable assistance to Franchisee in the initial licensing of the Home with state and local governmental authorities for operation as a Home and thereafter Franchisee shall be solely responsible for maintaining such licensing.

8.5. Confidentiality. Franchisee will treat as confidential the Standards, the Manual and all other Proprietary Information. Proprietary Information means all information or materials concerning development, operation, marketing and licensing of the System, including the Standards and the Manual, whether developed by Franchisor, Franchisee or another Person. Franchisee acknowledges and agrees that it does not acquire any right or interest in the Proprietary Information other than the right to utilize the same in the development and operation of the Home under the terms of this Agreement. Franchisee agrees that it will not use the Proprietary Information in any business or for any purpose other than in the development and operation of the Home under the System and will maintain the absolute confidentiality of the Proprietary Information during and after the Term. Franchisee will not make unauthorized copies of any portion of the Proprietary Information; and will adopt and implement all procedures Franchisor may periodically establish in its business judgment to prevent unauthorized use or disclosure of the Proprietary Information, including restrictions on disclosure to employees and the use of non-disclosure and non-competition clauses in agreements with employees, agents and independent contractors who have access to the Proprietary Information.

8.6. Ownership of Home and Location. Franchisee will own, directly or indirectly, fee simple title to the real property and improvements (the "Real Property") that comprise the Home and the Location, together with all personal property ("Personal Property") used in connection with the operation of the Franchise, at all times during the Term of this Agreement, subject to such liens and encumbrances as the Franchisor has agreed to in writing. Franchisee shall not transfer any interest

in such Real Property or Personal Property except in compliance with this Agreement. The Franchisee shall maintain legal possession and Control of the Home and the Location at all times during the Term of this Agreement and shall promptly deliver to Franchisor a copy of any notice of default received from any mortgagee or other lien holder.

8.7. Conflict of Interest. Franchisee covenants that for the duration of this Agreement: (a) neither it nor any Equity Owner shall be employed by or have any direct or indirect financial or ownership interest in any other business providing services of the type described in this Agreement or in the Manual unless such other business is operated pursuant to a franchise granted by Franchisor or its Affiliates; and (b) it will require its resident manager and all employees to execute Franchisor's standard Non-Competition and Non-Disclosure Agreement, signed copies of which will be forwarded by Franchisee to Franchisor within one (1) week after execution or upon the date of employment, whichever is sooner.

8.8. Inspections. Franchisee hereby consents to reasonable inspections during normal business hours of Franchisee's Home and business premises at reasonable intervals by Franchisor and/or its Affiliates and their agents.

8.9. Advertising Conditions. Franchisee covenants to advertise and promote the Home and related services using the Standards for all Homes, at its cost and expense. Franchisee will not use any advertising or promotional materials (including any materials in digital, electronic or computerized form or in any form of media that exists now or is developed in the future) which have not been previously submitted to and approved in writing by Franchisor. Franchisee will immediately discontinue its use of any advertising or promotional material which is disapproved by Franchisor, even if previously approved. Further, Franchisee covenants that it will use only the website provided by Franchisor and that it will not maintain any other website or link to any other website relating to activities conducted in connection with this Agreement, without the express written approval of Franchisor.

8.10. Subsequent Training. Franchisee will comply with Standards for the training of persons involved in the operation of the Home, including completion by the resident manager of the required training. If the Franchisee elects to have Franchisor provide such training for successor resident managers, Franchisor shall provide such training at Franchisee's Home at a cost of not less than \$300.00 per day, plus meals, lodging and round trip air transportation for Franchisor's training personnel.

IX. REPORTS AND RECORDS

9.1. Reporting. Franchisee shall adopt and use such accounting and record keeping procedures as may be required by Franchisor for the reasonable conduct of its business. In addition, Franchisee agrees to deliver to Franchisor monthly profit and loss statements and such other information as may be requested from time to time by Franchisor, within ten (10) days after the end of each calendar month. In addition, Franchisee agrees to deliver to Franchisor copies of all of Franchisee's tax returns within ten (10) days after filing such returns with federal or state taxing authorities.

9.2. Data Management Software. Franchisee covenants to fully implement and use any third party data management software (the "Software") specified by Franchisor. Currently, the Blue

Step Software is the specified Software. Franchisee will not be required to pay any up-front cost for the Software, but will be required to pay all costs of use of the Software, including licensing, training and utilization of employees, and shall maintain suitable internet access and provide Franchisor with continuous online access to the Franchisee's Software database. In addition, Franchisee shall use exclusively any call system specified by Franchisor.

9.3. Inspections and Audits. The accounts, books, records and tax returns of the Franchisee shall be open for inspection, examination and audit by Franchisor and its authorized representatives at all times. Any such inspection, examination or audit shall be at the requesting party's cost and expense unless (i) the same is necessitated by Franchisee's failure to prepare and deliver its data, reports and statements required hereunder, (ii) the same is necessitated by Franchisee's failure to keep and preserve records as hereinabove provided, or (iii) such inspection discloses that any such data, report or statement made and delivered by Franchisee is in error to an extent of two (2%) percent or more, in any of which events, such cost and expense shall be borne and paid directly by Franchisee, or be reimbursed to Franchisor, as the case may be, immediately upon demand.

X. INSURANCE AND INDEMNIFICATION

10.1. Insurance. Franchisee shall acquire and maintain, at his own expense at all times during the entire Term of this Agreement, (a) Worker's Compensation insurance prescribed by law in the state in which the Home is located and Employer's Liability Insurance with \$100,000/\$500,000/\$100,000 minimum limits; (b) Commercial General Liability/Professional Liability insurance in a form approved by Franchisor with a limit of \$1,000,000 per occurrence/\$2,000,000 aggregate, including a Sexual Abuse & Molestation rider with a limit of at least \$1,000,000; and (c) property damage insurance covering the Home and its contents for replacement value. All insurance policies required hereunder shall name Franchisor, its Affiliates and its designees as additional insureds, as their interests may appear in this Agreement, will provide that the policies cannot be canceled without thirty (30) days prior written notice to Franchisor, and will be issued by companies approved by Franchisor. Franchisee will furnish Franchisor with current copies of such policies or certificates of such insurance, together with evidence that all premiums currently due and payable therefor have been paid prior to opening of the Home and as thereafter reasonably requested by Franchisor.

10.2. Notice of Claims. In the event any claim, demand, action or proceeding is brought against Franchisee or their property, or if Franchisee is notified of any violation of an applicable rule or statute, Franchisee will immediately notify Franchisor thereof, giving full particulars, and at its sole expense will diligently and expeditiously defend, compromise, cure or satisfy such claim, action, demand, proceeding or violation in Franchisee's sole discretion. Franchisee shall, in all respects, strive to uphold the Standards and goodwill created by the System and associated with the Names and Marks, Trade Secrets and Copyrighted Materials.

10.3. Indemnification. If Franchisor, its Affiliates or their respective shareholders, directors, officers, employees, agents, successors, and assignees (the "Indemnified Parties") shall be subject to any claim, demand, or penalty or become a party to any suit or other judicial or administrative proceeding by reason of any claimed act or omission by Franchisee or Franchisee's owners, employees or agents, or by reason of any act occurring on the Home premises, or by reason of an omission with respect to the business or operation of the Home, Franchisee shall indemnify

and hold the Indemnified Parties harmless against all judgments, settlements, penalties, and expenses, including attorneys' fees, court costs, and other expenses of litigation or administrative proceeding, incurred by or imposed on the Indemnified Parties in connection with the investigation or defense relating to such claim, litigation, or administrative proceeding and, at the election of the Indemnified Parties, Franchisee shall also defend the Indemnified Parties.

XI. UNIFORM MAINTENANCE OF STANDARDS

Franchisee understands and acknowledges the essential nature of and that benefits inuring to the parties to this Agreement shall be derived from the uniformity of service, appearance and quality among all Homes. In order to maintain a uniform standard of operation and quality for all Homes and to further protect the goodwill of the same, all of which Franchisee acknowledges to be of benefit to Franchisee, the Franchisee agrees as follows:

11.1. Management and Supervision. Franchisee, at its own expense, shall provide sufficient and proper management, supervisory and other personnel for the operation of the Home, in accordance with the Manual, Franchisor's Standards and requirements and applicable federal, state and local laws and regulations and industry standards.

11.2. Quality Control. Franchisor or its authorized representatives may enter upon the premises of the Home to determine that Franchisor's Standards are being maintained and without being guilty of any manner of trespass, fault or negligence. Without prejudice to any of the other remedies available to Franchisor, Franchisor may remove from the Home any products, not belonging to a resident, which in its reasonable determination do not meet its required uniform Standards.

11.3. Services. Franchisee covenants to provide at the Home those services as may be established in Franchisor's Standards from time to time and shall not provide at the Home any services that do not conform to the Standards, specifications, quality or characteristics as from time to time may be prescribed by Franchisor, without the prior written approval of Franchisor. Franchisee shall not permit the use of the whole or any part of the premises of the Home for purposes or functions reasonably objected to by Franchisor.

11.4. Furnishings, Equipment and Supplies. Franchisee covenants that there shall be used in providing services at the Home only such furnishings, equipment and supplies as shall comply with the specifications and Standards prescribed by Franchisor from time to time.

11.5. Maintenance. The Franchisee shall at all times maintain the interior and exterior of the Home and the surrounding premises used in connection with said business in the highest degree of cleanliness, orderliness, sanitation and repair, in accordance with Franchisor's Standards. At the expiration of seventy-two (72) hours notice by Franchisor to the Franchisee setting forth the failure of the Franchisee to abide by the terms of this Section, if the Franchisee has not cured said default, Franchisor, without being guilty of any manner of trespass, negligence or fault, and without prejudice to any of the remedies available to Franchisor, may enter the Home and, at a cost to be paid by the Franchisee, shall, in the reasonable determination of Franchisor, correct whatever situation is necessary so that the Home and the surrounding premises are operated in the highest degree of cleanliness, orderliness, sanitation and repair required by the Standards of Franchisor.

11.6. Repairs. The Franchisee shall repair, alter and paint the exterior and interior of the Home at its own expense at reasonable times or as reasonably directed by Franchisor, and in accordance with Franchisor's Standards. At the expiration of thirty (30) days notice by Franchisor to the Franchisee, setting forth that certain repairs, alteration and/or painting is required under the terms of this Section, if the Franchisee has not completed said repairs, alterations and/or painting, Franchisor, without being guilty of any manner of trespass, fault or negligence, and without prejudice to any of the other remedies available to Franchisor may enter the Home and, at a cost to be paid by the Franchisee forthwith upon demand, shall have said repairs, alterations and/or painting completed in order that the Home is maintained in accordance with the required Standards of Franchisor.

11.7. Employee Uniforms. All employees of the Franchisee while working in the Home shall, in accordance with Franchisor's Standards, at all times present a clean and neat appearance.

11.8. Printed Materials. The Franchisee shall use only such printed materials, including letterheads, checks, invoices, menus, signs and other promotional material, as comply with the Franchisor Standards, from time to time.

11.9. Regulations. The Franchisee obligates itself to strictly conform to and obey all regulations which are or shall hereafter be enacted by Franchisor for all of its Franchisees.

11.10. Sign Restrictions. The Franchisee shall prominently display at its own expense in and upon the Home advertising signs of such nature and form as Franchisor shall specify in writing. The Franchisee shall not display in or upon said premises any sign or advertising material of any kind which has not been previously approved in writing by Franchisor.

XII. RESTRICTIVE COVENANTS

12.1. Noncompetition. During the Term of this Agreement and for a period of three (3) years after Transfer, termination or expiration of this Agreement, the Franchisee shall not, and if Franchisee is a corporation or other legal entity, its officers, directors, shareholders, partners, managers, members and Equity Owner(s) shall not, in any capacity, directly or indirectly, except with the written consent of Franchisor, engage in any business which is the same or substantially similar to the type of business covered by this Agreement in any location for which any of the Names and Marks is registered. The Franchisee will not employ or seek to employ any person who is at the same time employed by any business operated by Franchisor or any of its Affiliates, franchisees or other licensees and will not, directly or indirectly, induce any such person to leave his or her employment unless the Franchisee has obtained the prior written approval of Franchisor.

12.2. Nondisclosure. During the Term of this Agreement or thereafter, the Franchisee shall not, and if Franchisee is a corporation or other legal entity, its officers, directors, shareholders, partners, managers, members and Equity Owner(s) shall not, communicate or divulge to or use for the benefit of any person, corporation or other legal entity, any Trade Secrets or other information or knowledge concerning the methods of operation and promotion of the Franchisor's System, or used for or employed by Franchisor in and about its business and which may be communicated to such person, or which such person may be apprised of by virtue of its operation under the terms of this Agreement, nor will such person do any acts prejudicial or injurious to the goodwill of Franchisor.

12.3. Other Employment. During the Term of this Agreement and for a period of three (3) years after Transfer, termination or expiration of this Agreement for any cause, the Franchisee shall not, and if Franchisee is a corporation or other legal entity, its officers, directors, shareholders, partners, managers, members and Equity Owner(s) shall not, in any capacity, directly or indirectly, except with the written consent of Franchisor, enter the employment of, or render services to, any other Person engaged in any business which is the same or substantially similar to the type of business covered by this Agreement in any location for which any of the Names and Marks is registered, nor engage in such business on their own account, or become interested therein, directly or indirectly, as an individual, partner, member, officer, director, shareholder or in any other relation or capacity whatsoever.

XIII. TRANSFER

13.1. Transfer by Franchisor. This Agreement and any rights, duties or assets of Franchisor hereunder may be assigned or transferred by operation of law or otherwise by Franchisor hereunder, and if so assigned or transferred, shall be binding upon and inure to the benefit of Franchisor's successors and assigns. However, no assignment or transfer shall be made by Franchisor except to an assignee or transferee who in the good faith judgment of Franchisor is willing and able to assume Franchisor's duties under this Agreement.

13.2. Transfer by Franchisee. This Agreement and all rights and duties contained herein are personal as to Franchisee, being entered into in reliance upon and in consideration of the qualifications and representations of Franchisee and, if Franchisee is a corporation or other legal entity, the qualifications and representations of its Equity Owner(s). Therefore, Franchisee will not Transfer in any manner, any Equity Interest during the Term of this Agreement and for a period of three (3) years after the termination or expiration of this Agreement, except as expressly permitted in Section 13.3 or 13.4 below. Any Transfer in violation of this Section shall be an Unauthorized Transfer.

13.3. Permitted Transfers. Franchisee, and if Franchisee is a corporation or other legal entity, its Equity Owner(s) (or any transferee Equity Owner approved by Franchisor), may engage in Permitted Transfers, as defined in this Section 13.3, only if: (i) all such Permitted Transfers do not in the aggregate result in a change of Control of the Franchisee, an Equity Interest or the Home; (ii) Franchisee or its Equity Owner(s) delivers to Franchisor, at least thirty (30) days prior to the proposed Permitted Transfer, a written notice (the "Permitted Transfer Request") which includes the identity and contact information for all proposed transferees and any other information Franchisor may require in order to review the proposed Permitted Transfer; (iii) Franchisee or its Equity Owner(s) pays to Franchisor a nonrefundable processing fee of Two Thousand Five Hundred Dollars (\$2,500.00) with the Permitted Transfer Request; and (iv) Franchisee or its Equity Owner(s) complies with Franchisor's then current procedure for processing Permitted Transfers, including the execution of all documents required by Franchisor, including the then current form of Franchise Agreement in use by the Franchisor, for the assumption by proposed transferees of all duties and obligations of the transferor relating to this Agreement, the Home and any other agreements between Franchisor and transferor. Permitted Transfer shall mean:

(a) Affiliate Transfer. Franchisee, or if Franchisee is a corporation or other legal entity its Equity Owner(s), may Transfer an Equity Interest to an Immediate Family Member

of Franchisee, or to another Equity Owner or to an Immediate Family Member of another Equity Owner, provided that such transfer does not relieve the transferring Equity Owner of any obligations under this Agreement or Equity Owner's Guarantee and Assumption of Obligations of this Agreement.

(b) Trust Transfer. Franchisee, or if Franchisee is a corporation or other legal entity its Equity Owner(s), may Transfer an Equity Interest to a grantor trust (a defined in the Internal Revenue Code of 1986, as amended) provided the transferor or the transferor and the transferor's spouse are the sole trustees of the grantor trust and the transferor and transferor's Immediate Family Members are the sole beneficiaries of the grantor trust.

(c) Transfer On Death. Upon the death of Franchisee, or if Franchisee is a corporation or other legal entity an Equity Owner, the Equity Interest of the deceased Franchisee or Equity Owner may be Transferred in accordance with such person's will or, if such person dies intestate, in accordance with laws of intestacy governing the distribution of such person's estate, provided that: (i) the transfer on death is to an Immediate Family Member(s) or to a legal entity formed and owned by such Immediate Family Member(s); (ii) within six (6) months after the date of death, such Immediate Family Member(s), or a legal entity formed and owned by such Immediate Family Member(s), meets all of Franchisor's then current requirements for new franchisees and approval by Franchisor, which approval may not be unreasonably withheld; and (iii) such Immediate Family Member(s) or a legal entity formed and owned by such Immediate Family Member(s) signs the Franchisor's then current form of Franchise Agreement, and if the legal entity formed and owned by the Immediate Family Member(s) signs the Franchise Agreement, the Immediate Family Member(s) shall sign the Franchisor's Guarantee and Assumption Agreement.

13.4. Authorized Transfers. An Authorized Transfer means any Transfer of an Equity Interest in compliance with this Section 13.4 and with the advance written consent of Franchisor. Franchisor's consent shall be subject to, but not by way of limitation, the following conditions, all of which must be satisfied at or before the date of closing of the Authorized Transfer. Franchisee or its Equity Owner(s) proposing the Transfer shall deliver to Franchisor a written notice (the "Authorized Transfer Request") which identifies, among other things the identity of the proposed transferee and the terms and conditions of the proposed transfer and shall provide all other information reasonably requested by the Franchisor. The Franchisor shall give its written consent or notification of withholding its consent to Franchisee and its Equity Owner(s) within thirty (30) days after compliance or other assurance satisfactory to Franchisor of compliance with the following conditions:

(a) Franchisee or its Equity Owner(s) proposing the Transfer shall pay to Franchisor, with the Authorized Transfer Request, a nonrefundable transfer fee in the amount of Fifteen Thousand Dollars (\$15,000.00), to reimburse Franchisor for its reasonable legal, accounting, credit, and investigation expenses incurred in connection with the proposed transfer;

(b) Franchisee or its Equity Owner(s) proposing the Transfer shall pay to Franchisor at the date of closing of the Transfer a commission equal to six percent (6%) of the gross transfer price if Franchisor or its Affiliate finds or introduces the proposed transferee to Franchisee or its Equity Owner(s);

(c) Franchisee or its Equity Owner(s) proposing the Transfer shall remedy all defaults under this Agreement and all other agreements they may have with Franchisor or its Affiliates; shall pay all amounts due to Franchisor and its Affiliates through the date of closing of the Transfer; shall conclude to Franchisor's satisfaction, or provide adequate security for, any suit, action, or proceeding pending or threatened against Franchisor or its Affiliates, which may result in any liability on the part of Franchisor or its Affiliates; and shall execute Franchisor's then current form of voluntary termination agreement, which may include a general release, covering termination of this Agreement; and

(d) Transferee or its Equity Owner(s) shall meet all of Franchisor's then current requirements for new franchisees; shall submit to Franchisor all information reasonably requested by Franchisor to determine qualification as transferees; and shall execute Franchisor's then current form of new franchise agreement and all ancillary forms, including the Franchisor's Guarantee and Assumption Agreement by the transferee's Equity Owner(s), if any.

13.5. Unauthorized Transfer. If Franchisee engages in an Unauthorized Transfer as provided in Section 13.2 or Section 13.6, Franchisee hereby covenants and promises to pay to Franchisor, in addition to all other costs and expenses provided for in this Agreement, an additional transfer fee in an amount equal to ten (10) times [5% times [12 times [the greater of (i) the average published monthly rate per resident of the Home during the 12 months preceding the Unauthorized Transfer or (ii) the average published monthly rate per resident of the home which has been in operation for the preceding 18 month and is in nearest geographic proximity to the Home , times the number of beds in the Home]]]. The parties hereto agree that this additional transfer fee is not a penalty, but the parties' best estimate of the anticipated damage to Franchisor resulting from the Unauthorized Transfer.

In addition to the foregoing, Franchisee or its Equity Owner(s) proposing the Unauthorized Transfer shall pay to Franchisor at the date of closing of the Transfer a commission equal to six percent (6%) of the gross transfer price if Franchisor or its Affiliate finds or introduces the proposed transferee to Franchisee or its Equity Owner(s)

13.6. Right of First Refusal. Franchisee hereby gives and grants to Franchisor and its designees an unrestricted right of first refusal with respect to any proposed Transfer, excluding Permitted Transfers, by Franchisee and/or its Equity Owner(s) (the "Transferor") of any Equity Interest. Transferor shall deliver written notice of the proposed Transfer to Franchisor, together with an executed copy of the valid, enforceable purchase agreement for the Transfer. Franchisor shall have until the sixtieth (60th) day after receipt of the written notice of the proposed Transfer and the purchase agreement from the Transferor in which to elect to exercise this right of first refusal by delivery of a written notice of election to Transferor. If Franchisor elects to exercise its right of first refusal it shall do so in accordance with the terms and conditions of the purchase agreement; provided, however, that Franchisor shall have a minimum of thirty (30) days after the delivery of the notice of election in which to make any payments which might sooner be required under the purchase agreement. If Franchisor does not elect to exercise its right of first refusal, the Transferor may proceed with the proposed Transfer to the proposed transferee named in and in accordance with the terms and conditions of the purchase agreement and subject to Section 13.2 of this Agreement. However, if the proposed Transfer is not completed in accordance with the terms and conditions of

the purchase agreement, the requirements of this Section shall again apply to the proposed Transfer and must again be complied with. The parties hereto acknowledge and agree that any exercise of this right of first refusal shall be subordinate to and subject to any lien of the Small Business Administration. Any Transfer by Franchisee and/or its Equity Owner(s) which does not comply with the terms and conditions of this Section 13.6 will be deemed an Unauthorized Transfer.

13.7. Mortgages and Pledges to Lending Institutions.

(a) Franchisee may mortgage or pledge the Home or an Equity Interest therein to a lender to finance the acquisition or construction of the Home, without notifying Franchisor or obtaining its consent, provided that: (i) Franchisee or the applicable Equity Owner is the sole borrower; (ii) the loan is not secured by any other Home or other collateral; and (iii) the loan does not provide more than 6 months of operating capital.

(b) Franchisee and/or its Equity Owner(s) must notify Franchisor, in writing, before creating any additional lien or encumbrance, beyond that permitted under Section 13.7(a), on the Home or an Equity Interest therein, or making a collateral assignment of this Agreement and shall not create such lien or encumbrance without the prior written approval of Franchisor. Such approval may be based upon, among other factors, Franchisor's evaluation of the structure of the financing to determine which, if any, special agreements and/or assurances for the lender, the Franchisee and/or its Equity Owner(s) will be required of Franchisor, including a "lender comfort letter" or a loan related guaranty, in a form satisfactory to Franchisor. Franchisor may charge a fee for its review of a proposed mortgage or pledge and for the processing of a lender comfort letter.

XIV. DEFAULT AND REMEDIES

14.1. Events of Default. The following, subject to the notice requirements of Section 14.2 below, shall constitute "Events of Default":

(a) Any monies payable by Franchisee to Franchisor shall not be paid as and when due and payable;

(b) There shall be any failure or omission in the full and faithful performance and observance of any of the terms, conditions and limitations of this Agreement on Franchisee's part to be performed or observed (other than the payment of monies);

(c) The occupancy of Franchisee's Home shall be less than 50% for thirty (30) or more consecutive days after once having attained an occupancy of greater than 50%;

(d) There shall be filed by or against Franchisee, in any court pursuant to any statute, either of the United States or any state, a petition for any relief under the Federal Bankruptcy Act or for reorganization or for the appointment of a receiver or trustee for the property of Franchisee, which is not vacated within a period of twenty (20) days, or Franchisee shall be adjudicated bankrupt or insolvent within the meaning of insolvency in either Bankruptcy Act proceedings or equity proceedings, or shall make a general assignment for the benefit of creditors, or, admit in writing its inability to pay its debts as

they mature, or, as debtor, take the benefit of the provisions of any debtor relief act, whether now or hereafter enacted;

(e) Franchisee by its action or inaction, effects an incident which may reasonably be expected to materially impair the goodwill associated with the Names and Marks; or

(f) Franchisee commits any act which constitutes good cause for termination as determined under the law of the state in which the Home is located.

(g) Franchisee shall engage in any Unauthorized Transfer as provided in Section 13.2 of this Agreement;

(h) The occurrence of an Event of Default under any other Franchise Agreement or other agreement between the Franchisee or any Affiliate of the Franchisee, on the one hand, and Franchisor or any of its Affiliates, on the other hand.

14.2. Notice of Default. Upon the occurrence of an Event of Default as defined in Section 14.1 above, Franchisor shall give Franchisee written Notice of Default which must be cured by Franchisee as of the date of the Notice if the Event of Default is one which is incapable of cure by Franchisee or within thirty (30) days after the date of the Notice, unless a longer period is required under the laws of the state in which the Home is located. In addition, for an Event of Default under Section 14.1(a), Franchisor may also give written notice to any lender of Franchisee.

14.3. Termination. Upon the occurrence of any Event of Default and compliance with the notice requirements of Section 14.2 and upon Franchisee's failure to timely cure, Franchisor may terminate this Agreement by delivering to Franchisee a written Notice of Termination. This Agreement shall not be terminated until the delivery of the Notice of Termination to Franchisee.

14.4. Obligations of Franchisee Upon the Occurrence of an Event of Default, Termination or Expiration. Upon occurrence of an Event of Default, termination or expiration of this Agreement for any reason, the Franchisee shall cease to be a licensed franchisee of Franchisor and Franchisee hereby covenants:

(a) To pay to Franchisor all fees and other charges owed or accrued to Franchisor on or before the first day of the month following the date of termination or expiration;

(b) To pay to Franchisor a cancellation fee in the amount of Ten Thousand Dollars (\$10,000.00);

(c) Not to hold itself out as a franchisee of Franchisor and to cease all use of the Names and Marks, Trade Secrets and Copyrighted Materials;

(d) To deliver and surrender up to Franchisor each and all of the Names and Marks, and any physical objects bearing or containing any of the Names and Marks, or, at Franchisor's election, to obliterate or destroy any Names and Marks in Franchisee's possession;

(e) To take all necessary steps to disassociate itself from Franchisor, including, but not limited to, the removal of signs, destruction of letterhead, disconnecting of all telephone numbers listed under any of the Names or Marks or under any confusingly similar name and, upon Franchisor's request, transferring all such numbers and listings to Franchisor or its designee;

(f) To take such action as shall be necessary to amend or cancel any assumed name, business name or equivalent registration which contains any Names or Marks;

(g) To furnish evidence satisfactory to Franchisor of compliance with this Section within the thirty (30) calendar days after the termination or expiration under this Agreement; and

(h) If Franchisee fails to promptly complete any of the foregoing steps, Franchisee hereby irrevocably appoints Franchisor as its attorney-in-fact to complete the foregoing steps for and on the behalf of the Franchisee.

14.5. Franchisor's Right to Purchase. As additional consideration for this Agreement, Franchisee hereby gives and grants to Franchisor and its designees, the unrestricted right and option, exercisable upon the occurrence of an Event of Default described in Section 14.1 above, and subject to the notice requirements of Section 14.2 above, or upon the occurrence of an Election Not to Renew as defined in Section 5.2 of this Agreement, to purchase (i) all or any portion of the Personal Property (consisting of all furniture, equipment, supplies, other chattels, intangibles and other property) in use at the Home, and/or (ii) all right, title and interest of Franchisee or its Equity Owner(s) in and to the Real Property (Home). Franchisor or its designee may exercise this right and option by delivering to Franchisee a written Notice of Exercise on or before the date which is ninety (90) days after the later of (x) the occurrence of an Event of Default; or (y) the expiration of this Agreement after Franchisee's Election Not to Renew. This right and option is in addition to any other remedies available to Franchisor at law or pursuant to this Agreement.

The exercise price for the Personal Property shall be the tax basis of such property then shown on Franchisee's books and records for federal income tax purposes. Franchisee covenants and agrees that it will not, without the prior written consent of Franchisor, remove any of the Personal Property from the Home prior to the expiration of this right and option.

The exercise price for the Real Property comprising the Home shall be the Franchisee's and/or its Equity Owner's initial cost of the Real Property, including approved debt financing.

The exercise price for this right and option shall be paid within ninety (90) days after delivery of the Notice of Exercise to the Franchisee and shall be applied (i) first, to the satisfaction of any lien of the Small Business Administration; (ii) second, to the satisfaction of all unpaid obligations of Franchisee to Franchisor, including costs, expenses and reasonable attorneys' fees incurred in the exercise of this right; (iii) third, to the satisfaction of all mortgages, security interests, liens or encumbrances of any kind, plus accrued interest, penalties and other charges; and (iv) fourth, the balance, if any, shall be paid to Franchisee.

If the exercise price for the subject property is not sufficient to give Franchisor clear title to such property, then Franchisee hereby expressly authorizes Franchisor, or its designated agent, to

negotiate with claim holders for the transfer of clear title to such property to Franchisor upon such terms and conditions as are acceptable to Franchisor. Franchisee expressly authorizes a continuation of the time for payment of the exercise price to the date which is thirty (30) days after the termination or completion of negotiations between Franchisor and the aforementioned claim holders. Franchisor shall have no obligation to pay the exercise price if Franchisor is unable to obtain title satisfactory to Franchisor. Exercise of this right by Franchisor shall confer no rights upon Franchisee and Franchisor's failure to timely pay the exercise price shall result in termination of the right with no further obligation or duty to Franchisor.

The parties hereto acknowledge and agree that any exercise of Franchisor's rights provided for herein shall be subordinate to and subject to any lien of the Small Business Administration.

14.6. Franchisor's Alternative Right Upon Event of Default or Expiration. As additional consideration for this Agreement, Franchisee hereby covenants and agrees to pay to Franchisor and its designees, exercisable upon the occurrence of an Event of Default described in Section 14.1 above, and subject to the notice requirements of Section 14.2 above, or upon the occurrence of an Election Not to Renew as defined in Section 5.2 of this Agreement, in addition to all other costs and expenses provided for in this Agreement and in lieu of Section 14.5 above, an additional transfer fee in an amount equal to ten (10) times [5% times [12 times [the greater of (i) the average published monthly rate per resident of the Home during the 12 months preceding the Unauthorized Transfer or (ii) the average published monthly rate per resident of the home which has been in operation for the preceding 18 months and is in nearest geographic proximity to the Home , times the number of beds in the Home]]]. The parties hereto agree that this additional transfer fee is not a penalty, but the parties' best estimate of the anticipated damage to Franchisor resulting from the Event of Default or Election Not to Renew.

14.7. Franchisee's Obligation to Sell. Notwithstanding any other provision of this Agreement, upon the occurrence of an Event of Default described in Section 14.1 above, and subject to the notice requirements of Section 14.2 above, or upon the occurrence of an Election Not to Renew as defined in Section 5.2 of this Agreement, Franchisee will sell, subject to the terms of this Agreement, the Home and its contents within four months after the date of Franchisor's written notice to sell.

XV. ENFORCEMENT OF RIGHTS

15.1. Specific Performance. Franchisor shall have the right to specifically enforce all of the terms and conditions of this Agreement and the Franchisee shall indemnify and save and hold harmless Franchisor from all costs, attorney's fees and disbursements incurred in such enforcement proceedings. Franchisee acknowledges that if Franchisee breaches this Agreement and/or continues to utilize the Names and Marks at such times when Franchisee is not legally entitled to use them, Franchisor shall have no adequate remedy at law. Therefore, Franchisee expressly consents and agrees that Franchisor may, in addition to any other available remedies, seek an injunction and/or temporary restraining order to terminate or prevent the continuation of any existing default or violation, and to prevent the occurrence of any threatened default or violation, by Franchisee of this Agreement.

15.2. Franchisor's Security Interest. Franchisee hereby acknowledges and agrees, and hereby grants consent to the Franchisor, that in addition to all other rights and remedies granted

to the Franchisor pursuant to this Agreement, the Franchisor may file security agreements with respect to the Personal Property with the Secretary of State (or similar public official) for the state in which the Personal Property is located and the Franchisor may record a notice of interest, mortgage, deed of trust or similar security instrument with respect to the Real Property (the Home) with the County Recorder (or similar public official) for the county in which the Real Property is located. Such security instruments may be filed and/or recorded at such times and in such places as Franchisor may determine to be appropriate to protect Franchisor's rights under this Agreement. Franchisee hereby irrevocably appoints Franchisor as its attorney-in-fact to complete the foregoing steps for and on the behalf of the Franchisee.

XVI. ARBITRATION

Any dispute, controversy or claim arising out of or in relation to this Agreement, or any modification thereof, or the breach thereof (including, but not limited to contract, tort and statutory claims) shall be settled by arbitration under the auspices of the American Arbitration Association, pursuant to its Commercial Arbitration Rules and judgment rendered on the arbitration award may be entered in any court having jurisdiction thereof. The costs of the arbitration will be borne equally by the parties. The Franchisor and Franchisee agree that Salt Lake City, Utah shall be the site for all hearings held under this Article, and that no party shall pursue class claims and/or consolidate the arbitration with any other proceedings to which the Franchisor or Franchisor is a party.

Any disputes concerning the enforceability or scope of this Article shall be resolved pursuant to the Federal Arbitration Act, 9 U.S.C. §1 *et seq.* (the "FAA"), and the Franchisee acknowledges that, notwithstanding any contrary language in this Agreement or in the Franchise Disclosure Document, the FAA preempts any state law restrictions on the enforcement of this Article in this Agreement according to its terms, including any restrictions on the site of the arbitration.

If any provision of this Article is unenforceable, that provision is severable from the remainder of this Article, and the balance of this Article shall remain in full force and effect. In addition, any ruling invalidating any other portion of this Agreement shall not affect the validity of this Article.

Notwithstanding any other provision of this Article, Franchisor may bring an action for injunctive relief in any court having jurisdiction to enforce the Franchisor's trademark or proprietary rights, in order to avoid irreparable harm to the Franchisor, its affiliates, or the franchise System as a whole.

The sole entity against which the Franchisee may seek damages or any remedy under law or equity for any arbitrable claim is Franchisor or its successors or assigns. The Franchisee agrees that the shareholders, directors, officers, employees, agents and representatives of the Franchisor and of its affiliates, shall not be liable on or named as a party in any litigation or other proceedings commenced by the Franchisee where the claim arises out of or relates to this Agreement. The Franchisee further agrees that each of the foregoing parties are intended beneficiaries of this Article, and that all claims against them that arise out of or relate to this Agreement must be resolved through arbitration with Franchisor.

If, before an Arbitrator's final decision, either Franchisor or Franchisee commences an action in any court of a claim that arises out of or relates to this Agreement (except for the purpose of

enforcing this Article or as otherwise permitted by this Agreement), that party will be responsible for the other party's expenses of enforcing this Article, including court costs, arbitration filing fees and attorneys' fees.

XVII. RELATIONSHIP OF THE PARTIES

17.1. Independent Contractors. Franchisor and Franchisee have the relationship of owner and independent contractor and are not and shall not be considered as joint venturers, partners, employees, servants or agents of each other, and neither shall have the power to bind or obligate the other except as set forth in this Agreement. Franchisee shall conspicuously identify itself in all dealings with customers, suppliers, public officials, employees and others as the owner of the Home under a franchise granted by Franchisor and shall place such notices of independent ownership on such forms, business cards, stationery and advertising and other materials as Franchisor may require from time to time. Franchisee agrees to include in all agreements and contracts a statement that each "franchise is independently owned and operated."

17.2. No Liability for Acts of Other Party. Franchisee agrees not to employ any of the Names and Marks in signing any contract or applying for any license or permit, or in a manner that may result in Franchisor's liability for any of Franchisee's indebtedness or obligations, and that Franchisee will not use the Names and Marks in any way that has not been expressly authorized. Neither Franchisor nor Franchisee will make any express or implied agreements, warranties, guarantees or representations or incur any debt in the name or on behalf of the other, represent that their respective relationship is other than franchisor and franchisee or be obligated by or have any liability under any agreements or representations made by the other that are not expressly authorized in writing. Franchisor will be obligated for any damages to any person or property directly or indirectly arising out of the operation of the Home or the business Franchisee conducts pursuant to this Agreement.

17.3. Taxes. Neither Franchisor nor its Affiliates will have any liability for any sales, use, service, occupation, excise, gross receipts, income, property or other taxes, whether levied upon Franchisee or the Home, in connection with the business Franchisee conducts. Payment of all such taxes are Franchisee's sole responsibility.

XVIII. GENERAL PROVISIONS

18.1. Governing Law. This Agreement will be governed by and construed in accordance with the substantive laws of the State of Utah without regard to laws of conflict or choice of laws of the State of Utah or of any other jurisdiction that would result in the application of any laws other than those of the State of Utah.

18.2. Jurisdiction. The parties hereby irrevocably accept in respect of their persons and their property, generally and unconditionally, the jurisdiction of the courts of the State of Utah, in the County of Salt Lake, or the United States District Court for the District of Utah, consent to venue in Salt Lake County, Utah, and further consent that any process or notice of motion or other application to any court or a judge thereof, may be served outside the State of Utah by certified mail or by personal service, provided a reasonable time for appearance is allowed.

18.3. Payments and Notices. All payments, notices or other communications shall be deemed to have been duly given if sent by certified or registered mail, return receipt requested, to the respective addresses set forth in the preamble to this Agreement. A party hereto may, upon giving written notice to the other parties hereto, as aforesaid, change the address to which notices shall be sent to it.

18.4. Cost of Enforcement. Should either party incur attorneys' fees in order to enforce the terms and conditions of this Agreement, including post-Term covenants, whether or not a legal action is instituted, the party not in default shall be entitled to reimbursement of such attorneys' fees and costs, in addition to any other remedies either party may have at law or in equity. Should any legal action be instituted, the prevailing party shall be entitled to recover all litigation costs, including attorneys' fees.

18.5. Remedies Cumulative. Except as otherwise provided herein, the remedies provided herein shall be cumulative and shall not preclude the assertion by any party hereto of any other rights or the seeking of any other remedies against any other party hereto.

18.6. Headings. The section and other headings contained in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

18.7. Timeliness. The parties agree that time is of the essence for the performance of each and every covenant and the satisfaction of each and every condition contained in this Agreement.

18.8. Severability. If any provisions or any part of any provision herein shall be held to be invalid, illegal, or unenforceable, such invalidity, illegality, and/or unenforceability shall not affect any other provision or any part of the same provision which can be given effect without the invalid provision or part thereof. The adjudicating authority may reform the invalid, illegal or unenforceable provision or part thereof to the extent that it is no longer invalid, illegal or unenforceable.

18.9. Force Majeure. There shall be no liability on any party on account of any loss, damage, or delay occasioned or caused by strikes, riots, fires, insurrection, or the elements, embargoes, failure of carriers, acts of God or of the public enemy, compliance with any law, regulation, or other governmental order, or any other causes beyond the control of either party, whether or not similar to the foregoing.

18.10. Waiver. Failure of any of the parties hereto to enforce any of the provisions of this Agreement or any rights with respect hereto or failure to exercise any election provided for herein, shall in no way be considered a waiver of such provisions, rights, or elections or in any way to affect the validity of this Agreement. No term or provision hereof shall be deemed waived and no breach excused, unless such waiver or consent shall be in writing and signed by the party claimed to have waived or consented. The failure by any of the parties hereto to enforce any of said provisions, rights, or elections shall not preclude or prejudice such party from later enforcing or exercising the same or any other provisions, rights, or elections which it may have under this Agreement. Any consent by any party to, or waiver of, a breach by the other, whether expressed or implied, shall not constitute a consent to, waiver of, or excuse for any other different or substitute breach.

18.11. Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties hereto, their heirs, successors, legal representatives and assigns, except as otherwise specifically provided in this Agreement.

18.12. Joint and Several Liability. If either party consists of more than one person or entity, or a combination thereof, the obligations and liabilities of each such person or entity to the other party hereunder are joint and several.

18.13. Construction. Words of any gender used in this Agreement shall be held to include any other gender, and words in the singular number shall be held to include the plural, when the sense requires.

18.14. Entire Agreement. This Agreement contains the entire agreement between the parties hereto with respect to the transactions contemplated by this Agreement and supersedes all prior negotiations, letters, contracts, and understandings relating to the subject matter hereof. This Agreement may not be changed orally, but only by an instrument in writing and signed by the party against whom enforcement of any waiver, change, modification or discharge is sought. Nothing in this or any related agreement is intended to disclaim the representations we made in the latest franchise disclosure document furnished to you.

18.15. Survival. Unless otherwise specifically provided herein, the rights and obligations of the parties to this Agreement shall survive any termination or expiration of this Agreement.

XIX. ACKNOWLEDGMENT

Franchisee, including its Equity Owner(s), if applicable, jointly and severally hereby represent that they have received this Bee Hive Homes Franchise Agreement at least seven (7) calendar days before the date on which this Franchise Agreement is executed; acknowledge that at the time it was received it was complete in all material respects; acknowledge that they have read and understand all obligations being undertaken and have had an opportunity to consult with their attorney with respect thereto.

IN WITNESS WHEREOF, the parties hereto, being duly authorized, have executed this Agreement as of the Effective Date.

FRANCHISEE:

FRANCHISOR:

BEE HIVE HOMES, INC.

By _____
Its _____

STATE OF _____)
) ss.
COUNTY OF _____)

On _____, 2024, personally appeared before me _____ (Franchisee), personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

NOTARY PUBLIC

STATE OF _____)
) ss.
COUNTY OF _____)

On _____, 2024, personally appeared before me _____ (Franchisee), personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

NOTARY PUBLIC

**BEE HIVE HOMES, INC.
FRANCHISE DISCLOSURE DOCUMENT**

**EXHIBIT E
GUARANTY AND ASSUMPTION OF OBLIGATIONS
UNDER FRANCHISE AGREEMENT**

THIS GUARANTY AND ASSUMPTION OF OBLIGATIONS UNDER FRANCHISE AGREEMENT (the "Guaranty") is given this ___ day of _____, 2024, by the undersigned:

1. In consideration of, and as an inducement to, the execution of the franchise agreement dated _____, 2024 (referred to in this Guaranty, together with all applicable amendments, renewals, addenda, supplemental agreements and assignments, as the "Franchise Agreement") by and among BEE HIVE HOMES, INC. (the "Franchisor") and the parties identified therein as the Franchisee (the "Franchisee"), and for other good and valuable consideration, each of the undersigned, jointly and severally, for themselves, their heirs, legal representatives, successors and assigns (hereinafter referred to individually and collectively as "Guarantor" whether one or more) personally, unconditionally and irrevocably guarantees to Franchisor, and its successors and assigns, (a) the full and prompt payment of all sums owed by Franchisee to Franchisor and its Affiliates under the Franchise Agreement and otherwise relating to the Home, including, but not limited to, all fees and charges, interest, default interest, all other costs and fees and attorneys' fees incurred in connection with enforcement of the Franchise Agreement; and (b) the performance of all other obligations of Franchisee arising under the Franchise Agreement (collectively, the "Obligations"). This Guaranty is primary to Guarantor and Guarantor will immediately, upon request of Franchisor, make payment in full of all amounts due and owing to Franchisor and its Affiliates under the Franchise Agreement, and perform each and every Obligation to Franchisor and its Affiliates under the Franchise Agreement.

2. Waivers of Certain Rights and Defenses. Each Guarantor waives: (a) any right or claim that Guarantor may have to require that an action be brought against Franchisee or any other person as a condition of Guarantor's liability under this Guaranty; (b) all rights to payments and claims for reimbursement or subrogation which any of the undersigned may have against Franchisee arising as a result of Guarantor's execution of and performance under this Guaranty; (c) any law or statute which requires that Franchisor make demand on, assert claims against or collect from Franchisee or any others, foreclose any security interest, sell collateral, exhaust any remedies or take any other action against Franchisee or any others before making any demand on, collecting from or taking any action against Guarantor under or with respect to this Guaranty; (d) any right or claim Guarantor may have that a release or discharge of Franchisee under the Franchise Agreement is a release or discharge of Guarantors under the Franchise Agreement or this Guaranty; and (e) any and all other notices and legal or equitable defenses to which Guarantor may be entitled.

3. Each of the Guarantors covenants and agrees as follows:

a. Each Guarantor shall be bound by each and every condition and term contained in the Franchise Agreement, including, but not by way of limitation, all promises, covenants, representations and warranties of Franchisee, as though each Guarantor were a party to the Franchise Agreement, specifically, but not by way of limitation, the provisions of the Franchise Agreement relating to Confidential Information and Restrictive Covenants. This Guaranty shall continue in favor of Franchisor notwithstanding any extension, modification, alteration, renewal, termination or expiration of the Franchise Agreement, and notwithstanding any assignment of the Franchise Agreement, with or without the Franchisor's consent. No extension, modification, alteration, renewal, termination, expiration or assignment of the Franchise Agreement shall in any manner release or discharge the Guarantors, and each of the Guarantors consents to any such extension, modification, alteration, renewal, termination, expiration or assignment.

b. Each Guarantor will deliver to Franchisor: (a) such complete and current financial information about Guarantor as Franchisor may reasonably request; (b) copies of all deeds showing Guarantor as a direct or indirect owner of the Location and Home; and (c) all other information about Guarantor that Franchisor may reasonably request.

c. Each Guarantor with a direct or indirect ownership interest in the Location and Home hereby consents to the Franchisor or its designee recording with respect to the Location and Home a notice of its interest pursuant to the Franchise Agreement and this Guaranty in the office of the County Recorder in and for the County in which the Location and Home are sited.

d. Each Guarantor unconditionally agrees to pay all attorneys' fees and all costs and other expenses incurred in any collection or attempted collection of this Guaranty or in any negotiations relative to the obligations guaranteed or in enforcing this Guaranty against Franchisee or Guarantor.

e. Each Guarantor covenants and agrees that it will not convey or transfer, directly or indirectly, any right, title or interest in or to the Location or the Home during the term of this Guaranty, without the express written consent of the Franchisor or its designee.

f. Each Guarantor covenants and agrees that Articles XII, XIII and XIV of the Franchise Agreement shall apply to the Home and the Location as though the Guarantor were the Franchisee.

4. Each Guarantor represents and warrants that the ownership of the Franchisee and its Affiliates set forth in the Franchise Agreement is a true and accurate representation of such ownership of the Franchisee and that the Franchisee is the sole owner of the Location and the Home. Each Guarantor further covenants to notify Franchisor of any changes in such ownership.

5. Each Guarantor holds harmless, and agrees to defend, protect, and indemnify Franchisor and its Affiliates from any actions, causes of action, liabilities, damages, losses, and fees (including attorneys' fees) and all other claims of every nature which may arise as a result of any dispute between or among any of the Guarantors and any other persons or entities relating to the Franchise Agreement and this Guaranty.

6. Each Guarantor represents and warrants to Franchisor that Guarantor has the requisite power to execute, deliver and perform the terms and provisions of this Guaranty, and that this Guaranty is a valid, binding and legally enforceable obligation of each Guarantor in accordance with its terms.

7. General Provisions.

a. **Governing Law.** Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act; 15 U.S.C. ¶ 1050 et seq.), as amended, this Guaranty and any and all disputes relating to this Guaranty will be governed by and construed in accordance with the substantive laws of the State of Utah without regard to laws of conflict or choice of laws of the State of Utah or of any other jurisdiction that would result in the application of any laws other than those of the State of Utah.

b. **Jurisdiction.** The parties hereby irrevocably accept in respect of their persons and their property, generally and unconditionally, the jurisdiction of the courts of the State of Utah, in the County of Salt Lake, or the United States District Court for the District of Utah, consent to venue in Salt Lake County, Utah, and further consent that any process or notice of motion or other application to any court or a judge thereof, may be served outside the State of Utah by certified mail or by personal service, provided a reasonable time for appearance is allowed.

c. Franchisor may assign this Guaranty and such assignment shall not in any way affect Guarantor's liability or obligation hereunder. This Guaranty will inure to the benefit of Franchisor and its successors and assigns and will bind Guarantor and Guarantor's heirs, executors, administrators, successors, and assigns.

d. Notices must be in writing and must be delivered in person, by prepaid overnight commercial delivery service, or by prepaid United States Mail, Priority or Express, to the following addresses:

If to Franchisor: To the address set forth in the Franchise Agreement.
Attn: Twayne Walker

If to Guarantor: To the address of Franchisee set forth in the Franchise Agreement.

If Guarantor wants to change the notice address set forth above, Guarantor shall notify Franchisor in writing in accordance with the delivery procedure set forth in this Subsection 7(d). A Notice will be deemed effective on the earlier of: (i) receipt or first refusal of delivery; (ii) one (1) day after posting if sent by overnight commercial delivery service or overnight United States Mail; or (iii) three (3) days after placement in the United States Mail if overnight delivery is not available to the Notice address.

e. If there is more than one Guarantor named in this Guaranty, any reference to Guarantor will mean any one or all Guarantors. Each Guarantor agrees that all obligations of each Guarantor are joint and several.

f. Each Guarantor expressly agrees that the validity of this Guaranty and its obligations shall in no way be terminated, affected or impaired by reason of any waiver by Franchisor, or its successors or assigns, or the failure of Franchisor to enforce any of the terms, covenants or conditions of the Franchise Agreement or this Guaranty, or the granting of any indulgence or extension of time to Franchisee, all of which may be given or done without notice to the Guarantors.

g. If any provision of this Guaranty is determined by a court of competent jurisdiction to be unenforceable, all of the other provisions will remain effective.

h. This Guaranty embodies the entire agreement between Franchisor and Guarantor with respect to the matters set forth in this Guaranty and supersedes all prior agreements with respect to the matters set forth in this Guaranty.

i. This Guaranty may include multiple signature pages, all of which taken together shall constitute one and the same agreement.

IN WITNESS WHEREOF, each of the undersigned Guarantors has affixed his/her signature effective as of the date of execution of the Franchise Agreement.

GUARANTORS:

Address: _____
Telephone No.: _____
Email: _____

Address: _____
Telephone No.: _____
Email: _____

(NOTARY BLOCK FOR _____)

STATE OF _____)
: ss.
COUNTY OF _____)

On _____, 2024, personally appeared before me _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

NOTARY PUBLIC

(NOTARY BLOCK FOR _____)

STATE OF _____)

: ss.

COUNTY OF _____)

On _____, 2024, personally appeared before me _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

NOTARY PUBLIC

BEE HIVE HOMES, INC.
FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT F
ASSIGNMENT TO AN ENTITY

ASSIGNMENT AND CONSENT TO ASSIGNMENT OF FRANCHISE
TO A [CORPORATION/PARTNERSHIP/LIMITED LIABILITY COMPANY]

This Assignment and Consent to Assignment of Franchise to a [Corporation/Partnership/Limited Liability Company], dated _____, 2024 (“Assignment”), is by and among **BEE HIVE HOMES, INC.**, a Utah corporation (“Bee Hive Homes”); _____ and _____ (collectively, the “Assignor”); [**Corporation/Partnership/LLC Name**], a _____ [corporation/partnership/limited liability company] (“Assignee”); and those [shareholders/partners/members] of Assignee (individually [“Shareholder”/“Partner”/“Member”] and collectively [“Shareholders”/“Partners”/“Members”]) listed on Exhibit A attached hereto and incorporated herein by reference.

Recitals

A. Bee Hive Homes or its predecessor in interest issued to Assignor or its predecessor(s) in interest a Franchise Agreement dated _____ (the “Franchise Agreement”), for the Bee Hive Homes Franchise located at _____ (the “Franchise”).

B. Assignor requests Bee Hive Homes’ consent to transfer the rights in the Franchise to Assignee.

C. Assignor, Assignee, and [Shareholders/Partners/Members] acknowledge that Bee Hive Homes’ consent to this Assignment is required under the terms of the Franchise Agreement.

Agreement

The parties, intending to be legally bound and for good and valuable consideration, agree as follows:

1. The effective date of this Assignment is _____ (“Effective Date”).
2. Bee Hive Homes consents to this Assignment subject to the provisions of the Franchise Agreement and this Assignment.
3. On the Effective Date, Assignor assigns and transfers all the right, title, and interest of Assignor in the Franchise to Assignee, subject to the provisions of the Franchise Agreement.
4. Assignee must pay all fees and perform all obligations under the Franchise Agreement.

5. Assignor agrees to remain personally bound by, and personally liable for the breach of, each and every provision of the Franchise Agreement, both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities, and is not released from any obligations to Bee Hive Homes by this Assignment. After the date of this Assignment, all references to Franchisee in the Franchise Agreement shall refer to both Assignor and Assignee both jointly and severally.

[Alternate paragraph to be used for Assignment to Corporation.]

6. Without the prior written consent of Bee Hive Homes, Assignor, Assignee, and Shareholders may not, either voluntarily or by operation of law, make or permit:

- a) any further transfer or assignment of the Franchise or the Franchise Agreement;
- b) any pledge or encumbrance of the Franchise;
- c) any assignment, transfer, or pledge of any equity interest in Assignee including, but not limited to, transfers in any entity that is a Shareholder;
- d) the creation of new or additional equity interests in Assignee; or
- e) any amendment of the terms of any organizational documents relating to Assignee.

Equity interests, as used in this Assignment, include direct or indirect equity or beneficial interests in Assignee and the business risks associated with the Franchise including, but not limited to, interests stated as debt that include any type of risk-taking interest or any interest in the profits or appreciation of the Home.

[Alternate paragraph to be used for Assignment to Partnership.]

6. Without the prior written consent of Bee Hive Homes, Assignor, Assignee, and Partners may not, either voluntarily or by operation of law, make or permit:

- a) any further transfer or assignment of the Franchise or the Franchise Agreement;
- b) any pledge or encumbrance of the Franchise;
- c) any assignment, transfer, or pledge of any equity interest in Assignee including, but not limited to, transfers in any entity that is a Partner;
- d) the creation of new or additional equity interests in Assignee;
- e) the change of a limited partnership interest to a general partnership interest or of a general partnership interest to a limited partnership interest; or
- f) any amendment of the terms of any partnership agreement or other organizational documents relating to Assignee.

Equity interests, as used in this Assignment, include direct or indirect equity or beneficial interests in Assignee and the business risks associated with the Home including, but not limited to, interests stated as debt that include any type of risk-taking interest or any interest in the profits or appreciation of the Home.

[Alternate paragraph to be used for Assignment to Limited Liability Company.]

6. Without the prior written consent of Bee Hive Homes, Assignor, Assignee, and Members may not, either voluntarily or by operation of law, make or permit:

- a) any further transfer or assignment of the Franchise or the Franchise Agreement;
- b) any pledge or encumbrance of the Franchise;
- c) any assignment, transfer, or pledge of any equity interest in Assignee including, but not limited to, transfers in any entity that is a Member;
- d) the creation of new or additional equity interests in Assignee; or
- e) any amendment of the terms of any operating agreement or other organizational documents relating to Assignee.

Equity interests, as used in this Assignment, include direct or indirect equity or beneficial interests in Assignee and the business risks associated with the Home including, but not limited to, interests stated as debt that include any type of risk-taking interest or any interest in the profits or appreciation of the Home.

7. Assignor, Assignee, and [Shareholders/Partners/Members] represent and warrant that:

- a) they are the only persons or entities with equity interests in Assignee and their ownership interests are as shown on Exhibit A; and
- b) there is no obligation or intention to issue additional equity interests in Assignee.

8. If any [Shareholders/Partners/Members] are trustees or trusts:

- a) the beneficial interests in the trusts may not be assigned, transfers to successor trustees or special trustees may not be made even if the transfer is provided for in any trust agreement, and the trust agreement may not be amended without the prior written consent of Bee Hive Homes;
- b) Exhibit A lists all persons who are trustees of any nature or have beneficial interests in any [Shareholder's/Partner's/Member's] trust(s);
- c) this Assignment is not a consent to any future transfers of equity interest(s) of Assignee to any [Shareholder's/Partner's/Member's] trust beneficiaries based on any

condition including, but not limited to, attainment of a certain age or occurrence of any event. All future transfers or vesting of equity interest(s) of Assignee are subject to this Assignment; and

d) Bee Hive Homes has not reviewed any trust documents of any [Shareholder's/Partner's/Member's] trust; therefore, this Assignment does not constitute an approval by Bee Hive Homes of any documents relating to any [Shareholder's/Partner's/Member's] trust. If any of those documents conflict with or contradict the provisions of this Assignment or Bee Hive Homes ownership policies, Bee Hive Homes will not be bound by those documents and the provisions of this Assignment will control.

9. Bee Hive Homes has not reviewed any of Assignee's organizational documents; therefore, this Assignment does not constitute an approval by Bee Hive Homes of any documents relating to Assignee. If any of those documents conflict with or contradict the provisions of this Assignment or Bee Hive Homes ownership policies, Bee Hive Homes will not be bound by those documents and the provisions of this Assignment will control.

10. Assignor, Assignee, and [Shareholders/Partners/Members] acknowledge that: (i) Bee Hive Homes has not provided any tax or other advice in connection with this Assignment; (ii) Bee Hive Homes approval of this Assignment does not constitute tax advice; and (iii) Bee Hive Homes has not reviewed or evaluated the validity of Assignee or of any trusts or entities with an equity interest in Assignee.

[Additional paragraph to be used for Assignment to Corporation.]

11. a) Assignor or Assignee must include the following legend on all issued and outstanding shares of stock of Assignee: This stock may not be pledged, sold, assigned or otherwise transferred, in whole or in part, voluntarily or by operation of law, without the prior written consent of Bee Hive Homes, Inc. Any and all transfers are also subject to the terms of the Franchise, including the Franchise Agreement, or other applicable agreements, for each Bee Hive Homes Franchise operated by _____ [Corporation].

b) If Bee Hive Homes requests, Assignor or Assignee must send to Bee Hive Homes a copy of all outstanding certificates of stock of Assignee.

12. No [Shareholders/Partners/Members] are granted approved owner/operator status by this Assignment. However, Assignee and [Shareholders/Partners/Members] must abide by those provisions of the Franchise Agreement relating to the maintenance and protection of the Bee Hive Homes System (as defined in the Franchise Agreement) including, but not limited to, those provisions requiring confidentiality and regulating involvement in other or similar residential care or assisted living businesses. A breach of this covenant is a material breach of the Franchise Agreement and entitles Bee Hive Homes to enforce all remedies available including, but not limited to, the termination of the Franchise.

13. The parties' respective successors, assigns, heirs, and personal representatives are bound by this Assignment. All obligations, agreements, representations, and warranties made by more than one party will be joint and several even if it is not so stated in the relevant paragraph.

14. At anytime during normal business hours, Bee Hive Homes may examine and copy any of Assignor's, Assignee's, or any [Shareholder's/Partner's/Member's] records, books, financial records, tax returns, or other documents for the purpose of insuring compliance with the Franchise Agreement and this Assignment.

15. If Assignor, Assignee, or any [Shareholder/Partner/Member] breaches any of the conditions, representations, agreements, or warranties contained in this Assignment, Bee Hive Homes will be entitled to all relief and remedies available by law, and to all relief and remedies granted to Bee Hive Homes by the Franchise.

16. Assignor has notified all of Assignor's lien holders and lenders of this Assignment.

17. All terms and conditions of the Franchise Agreement remain in full force and effect except as modified by this Assignment including, but not limited to, the terms and conditions of Paragraph 13.3(c) of the Franchise Agreement in the event of the death of Assignor.

18. If Assignee's name or the name of any trust or entity with an equity interest in Assignee (collectively "Assignee's Name") contains any reference to "Bee Hive", "BeeHive", or any derivative thereof, or any other Bee Hive Homes trademark, then Assignor, Assignee, and [Shareholders/Partners/Members] covenant and agree (i) that they will cause Assignee's Name to be changed, within 30 days after the Effective Date, to delete any such reference without further consideration from Bee Hive Homes; (ii) that they will not challenge Bee Hive Homes use of any trade name, trademark, or internet domain name on the grounds that it: (a) is similar to Assignee's Name; (b) is likely to cause confusion; or (c) dilutes the value of the trade name; and (iii) that Assignee's Name shall not be used in connection with any trade or business conducted by Assignor, Assignee, or [Shareholders/Partners/Members] except the Bee Hive Homes Franchise business.

The parties have signed this Assignment evidencing that they have read, understand, and are bound by the terms of this Assignment.

Bee Hive Homes, Inc.

By: _____

Assignor: _____

Assignee: _____

By: _____

[Shareholder/Partner/Member]

[Shareholder/Partner/Member]

[Shareholder/Partner/Member]

[Shareholder/Partner/Member]

EXHIBIT A
Listing of Equity Interests of Assignee

Name

Percentage
Ownership

BEE HIVE HOMES, INC.
FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT G
Policies and Procedure Manual
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BEE HIVE HOMES, INC.
Owner/Operator Training Outline

Business Planning Guide

1. Business Location
2. Financing Process
3. Legal Structure
4. Licensing and Permits
5. Insurance
6. Business Name
7. Business Plan
8. Marketing
9. Accounting
10. Recording Expenditures
11. Computer or Hard Copy
12. Reports
13. Staffing

Training Visit One

Checklist for Home Development
Outline- Training Visit One
Text- Training Visit One

1. Outline Training Plan
2. Manuals
3. Mission Statement
4. Decorating / Furnishing/Household Inventory List
5. Staffing / Job Description Options
6. Marketing
7. Licensing / State Surveys
8. Home/Community Based Services or Medicaid Waiver Program
9. Important Forms
 - a. Image Consent/Instructions
 - b. Social Media
 - c. Transportation Guidelines/Waiver
 - d. HIPAA
 - e. Discrimination
 - f. Negotiated Risk
 - g. Arbitration
 - h. Respite / Day Care
 - i. Medication Liability Waiver
 - j. Physician Order / Life Sustaining
 - k. Wandering / Elopement
10. Agreements / Contracts
 - a. Confidentiality Agreement

- b. Contractor Service Agreement
 - c. Employee “At Will” Agreement
 - d. Illegal Acts Agreement
 - e. Employee / Employer Agreement
 - f. Hairdresser Service Agreement
 - g. Independent Nurse Contract
 - h. Non-Competition Agreement
 - i. Non-Competition / Non-Solicitation Agreement
 - j. Nurse Contract Service Agreement
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11. Training Evaluation

Training Visit Two
Outline- Training Visit Two

- 1. Office Set-up (1-3 are on-site)
- 2. Resident Admissions
- 3. Employee Training
- 4. Charting
- 5. Aging, Illness, and Behavior
 - Part 1- The Aging Process
 - Part 2- Recognizing Illness in the Elderly
 - Part 3- Managing Difficult Behavior
- 6. Providing Personal Care
- 7. Medications
- 8. Resident Nutrition (online)

**BEE HIVE HOMES, INC.
FRANCHISE DISCLOSURE DOCUMENT**

**EXHIBIT H
STATE SPECIFIC ADDENDA**

ILLINOIS ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

Illinois law governs the agreements between the parties to this franchise.

Payment of Initial Franchise Fees will be deferred until Franchisor has met its initial obligations to franchisee, and franchisee has commenced doing business. This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to Franchisor's financial status.

Under section 4 of the Illinois Franchise 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.

Franchisees rights upon termination and non-renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

Section 41 of the Illinois Franchise Disclosure Act provides that 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.

Franchisor:

BEE HIVE HOMES, INC.

By: _____

Its: _____

Dated: _____

Franchisee:

Dated: _____

Franchisee:

Dated: _____

ILLINOIS AMENDMENT TO FRANCHISE AGREEMENT

Notwithstanding anything contained in the foregoing Franchise Agreement and Franchise Disclosure Document to the contrary, the following provisions of the Illinois Franchise Disclosure Act ("Act") shall apply to any franchise located in the State of Illinois, which shall control to the extent of any inconsistency:

1. Payment of Initial Franchise Fees will be deferred until Franchisor has met its initial obligations to franchisee, and franchisee has commenced business operations. This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to Franchisor's financial status.

2. Sections 18.1 & 18.2 of the Franchise Agreement are modified as follows: Choice of Law and Choice of Forum shall be Illinois. Illinois law governs the Franchise Agreement.

3. In conformance with Section 4 of the Illinois Franchise 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.

4. Termination or Nonrenewal Franchise: A franchisee's rights upon termination and/or non-renewal of a Franchise Agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

5. Section 41 of the Illinois Franchise Disclosure Act provides that 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.

Franchisor:

BEE HIVE HOMES, INC.

By: _____

Its: _____

Dated: _____

Franchisee:

Dated: _____

Franchisee:

Dated: _____

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

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

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

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

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

- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years; and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.

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

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

- (g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to: (i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards. (ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor. (iii) The unwillingness of the proposed transferee to agree in writing

to comply with all lawful obligations. (iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

(h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchisee 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 franchisee 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 THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE ATTORNEY GENERAL.

Any questions regarding this Notice should be directed to:

State of Michigan
Department of Attorney General
Consumer Protection Division
Attn: Franchise Section
525 West Ottawa Street
G. Mennen Williams Building, 1st Floor
Lansing, Michigan 48913
Telephone Number: (517) 373-7117

STATE COVER PAGE FOR
THE STATE OF MINNESOTA

FRANCHISOR: BEE HIVE HOMES, INC. (a Utah corporation)
3973 North Eagle Road
Boise, Idaho 83713-0727
Telephone: 888-727-1900
Website: www.beehivehomes.com
Email: TWalker@beehivehomes.com

The Minnesota Commissioner of Commerce requires that certain disclosures contained in this Franchise Disclosure Document (“FDD”) and in the Franchise Agreement attached hereto be amended to be consistent with Minnesota Law. To the extent that the FDD contains disclosures that are inconsistent with the following, such disclosures are hereby amended. To the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended. These amendments apply to the offer and sale of franchises in the State of Minnesota.

1. Minnesota Statutes, Section 80C.21 and Minnesota Rules 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee’s rights as provided for in Minnesota Statutes, Chapter 80C or (2) franchisee’s rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

2. With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subd. 3-5, which require (except in certain specified cases) (1) that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the franchise agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld.

3. The franchisor will protect the franchisee’s rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name. Minnesota considers it unfair to not protect the franchisee’s right to use the trademarks. Refer to Minnesota Statutes, Section 80C.12, Subd. 1(g).

4. Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.

5. The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J. Also, a court will determine if a bond is required.

6. The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd.

I received a Franchise Disclosure Document dated May 2, 2024 that included this State Cover Page for the State of Minnesota.

PROSPECTIVE FRANCHISEE:

Dated: _____

Individually, AND as an officer, partner or member
of:

(name of entity, if applicable)

a _____
(name of state and type of entity)

MINNESOTA ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT

The Minnesota Department of Commerce requires the following:

- a. NSF checks and related interest and attorney's' fees are governed by Minnesota Statute §604.113, which puts a cap of \$30 on initial service charges and requires notice and opportunity to cure prior to assessing interest and attorneys' fees.

- b. Minnesota Rules 2860.4400(G) prohibits a franchisor from imposing on a franchisee by contract or rule, whether written or oral, any standard of conduct that is unreasonable.

- c. 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 this franchise.

The undersigned Franchisee acknowledges receipt of the foregoing.

Franchisee:

By: _____

Its: _____

Dated: _____

MINNESOTA AMENDMENT TO FRANCHISE AGREEMENT

Notwithstanding anything contained in the foregoing Franchise Agreement and Franchise Disclosure Document to the contrary, the following provisions of the Minnesota Department of Commerce shall apply to any franchise located in the State of Minnesota, which shall control to the extent of any inconsistency:

a. NSF checks and related interest and attorney's' fees are governed by Minnesota Statute §604.113, which puts a cap of \$30 on initial service charges and requires notice and opportunity to cure prior to assessing interest and attorneys' fees.

b. Minnesota Rules 2860.4400(G) prohibits a franchisor from imposing on a franchisee by contract or rule, whether written or oral, any standard of conduct that is unreasonable.

c. 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 this franchise.

d. Other Provisions Unaffected: All other terms and provisions contained in the Franchise Agreement shall remain in full force and effect, except to the extent specifically modified herein.

Franchisor:

BEE HIVE HOMES, INC.

By: _____
Its: _____
Dated: _____

Franchisee:

By: _____
Its: _____
Dated: _____

VIRGINIA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.

The undersigned Franchisee acknowledges receipt of the foregoing.

Franchisee:

By: _____

Its: _____

Dated: _____

VIRGINIA AMENDMENT TO FRANCHISE AGREEMENT

Notwithstanding anything contained in the foregoing Franchise Agreement and Franchise Disclosure Document to the contrary, the following provisions of the Virginia Retail Franchising Act ("Act") shall apply to any franchise located in the State of Virginia, which shall control to the extent of any inconsistency:

1. Franchise Fee. Payment of the initial Franchise Fee and other initial payments owed by franchisees to the franchisor shall be deferred until the franchisor has completed its pre-opening obligations under the Franchise Agreement.

2. Other Provisions Unaffected: All other terms and provisions contained in the Franchise Agreement shall remain in full force and effect, except to the extent specifically modified herein.

Franchisor:

BEE HIVE HOMES, INC.

By: _____

Its: _____

Dated: _____

Franchisee:

By: _____

Its: _____

Dated: _____

BEE HIVE HOMES, INC.
FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT I
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 Franchise Disclosure Document is filed, registered or exempt from registration as of the Effective Date Stated below.

State	Effective Date
Illinois	pending
Indiana	pending
Michigan	September 5, 2023
Minnesota	January 17, 2024
Wisconsin	May 23, 2023

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. In all other states, the effective date of this Franchise Disclosure Document is the Issue Date.

**BEE HIVE HOMES, INC.
FRANCHISE DISCLOSURE DOCUMENT**

**EXHIBIT J
RECEIPT**

This Franchise Disclosure Document summarizes certain provisions of the franchise agreement and other information in plain language. Read this Franchise Disclosure Document and all agreements carefully. If Bee Hive Homes, Inc. offers you a franchise, it must provide this Franchise Disclosure Document to you at least 14 calendar days before you sign a binding agreement with, or make a payment to, Bee Hive Homes, Inc. or its affiliate in connection with the proposed franchise sale, or sooner if required by applicable state law.

If Bee Hive Homes, Inc. does not deliver this Franchise Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and the state agency listed on Exhibit A.

The name, principal business address, and telephone number of each franchise seller offering the franchise is set forth in Item 22.

Issue Date: May 3, 2024.

I received a Franchise Disclosure Document dated as of the Issue Date stated above that included the following Exhibits:

- A State Franchise Administrators and Agents for Service of Process
- B-1 List of Franchised Homes at December 31, 2023
- B-2 List of Franchisees Ceasing Operations during 2023
- C Financial Statements
- D Franchise Agreement
- E Guaranty and Assumption of Obligations of Franchise Agreement
- F Assignment to Entity
- G Table of Contents to Policy and Procedures Manual
- H State Specific Addenda
- I Effective Dates
- J Receipts

Dated: _____, 2024

Signature - Prospective Franchisee

Printed Name

Sign and date this copy and retain for your files

BEE HIVE HOMES, INC.
FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT J
RECEIPT

This Franchise Disclosure Document summarizes certain provisions of the franchise agreement and other information in plain language. Read this Franchise Disclosure Document and all agreements carefully. If Bee Hive Homes, Inc. offers you a franchise, it must provide this Franchise Disclosure Document to you at least 14 calendar days before you sign a binding agreement with, or make a payment to, Bee Hive Homes, Inc. or its affiliate in connection with the proposed franchise sale, or sooner if required by applicable state law.

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- F Assignment to Entity
- G Table of Contents to Policy and Procedures Manual
- H State Specific Addenda
- I Effective Dates
- J Receipts

Dated: _____, 2024

Signature - Prospective Franchisee

Printed Name

Sign and date this copy and return it to us