

FRANCHISE DISCLOSURE DOCUMENT



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www.AmadaSeniorCare.com

As a franchisee you will operate a business under the Amada Senior Care name and system for the provision of non-medical homemaker and homecare services for the elderly and others needing assistance in daily living, as well as placement services for seniors, administration and coordination of care under long-term insurance claims and, subject to certain qualifications, skilled nursing and staffing services.

The total investment necessary to begin operation of an Amada Senior Care franchise is \$115,150 to \$270,200 or, if you are a licensed nurse and you choose to offer to clients skilled care services, \$134,450 to \$305,100. This includes \$55,000 that must be paid to the franchisor or affiliate. If you sign a Development Agreement, then, in addition to the total investment necessary to begin the operation of your first Amada Senior Care franchise, you must pay a development fee at the time you sign the Development Agreement equal to \$27,500 multiplied by the number of additional Amada Senior Care businesses to be developed. A minimum number of 2 Amada Senior Care businesses must be opened under the Development Agreement. The total investment necessary to begin operation of two Amada Senior Care businesses under the Development Agreement is \$230,300 to \$540,400 or, if you are a licensed nurse and you choose to offer to clients skilled care services, \$268,900 to \$610,200. This includes \$110,000 that must be paid to the franchisor or its affiliate.

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

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

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

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

Issuance Date: April 20, 2023.

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 H and J.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor’s direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit F includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Amada Senior Care 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 an Amada Senior Care franchisee?	Item 20 or Exhibit H and Exhibit J 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 K.

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 and development agreement require you to resolve disputes with the franchisor by arbitration only in California. Out-of-state arbitration may force you to accept a less favorable settlement for disputes. It may also cost more to arbitrate or litigate with the franchisor in California than in your own state.
2. **Sales Performance Required.** You must maintain minimum sales performance levels. Your inability to maintain these levels may result in loss of any territorial rights you are granted, termination of your franchise, and loss of your investment.
3. **Spousal Liability.** Your spouse may be required to sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.
4. **Mandatory Minimum Payments.** You must make minimum royalty or advertising fund payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.
5. **Financial Condition.** The Franchisor's financial condition as reflected in its financial statements (see Item 21) calls into question the Franchisor's financial ability to provide services and support to you.

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

ADDENDUM TO AMADA SENIOR CARE
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF MICHIGAN

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

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

- (a) A prohibition on your right to join an association of franchisees.
- (b) A requirement that you assent to a release, assignment, novation, waiver, or estoppel which deprives you of rights and protections provided in this act. This shall not preclude you, after entering into a Franchise Agreement, from settling any and all claims.
- (c) A provision that permits us to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include your failure 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 us to refuse to renew your franchise without fairly compensating you by repurchase or other means for the fair market value at the time of expiration of your inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to us and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applied only if: (i) the term of the franchise is less than 5 years and (ii) you are 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 you do not receive at least 6 months' advance notice of our intent not to renew the franchise.
- (e) A provision that permits us 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 you from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits us to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent us 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 our then current reasonable qualifications or standards.
 - (ii) The fact that the proposed transferee is a competitor of us or our subfranchisor.

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

(iv) Your or proposed transferee's failure to pay any sums owing to us or to cure any default in the Franchise Agreement existing at the time of the proposed transfer.

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

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

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

Any questions regarding this Notice shall be directed to the Department of Attorney General, Consumer Protection Division, P.O. Box 30213, Lansing, Michigan 48909 and (517) 335-7567.

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

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EXHIBITS

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ITEM 1
THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language in this disclosure document, “we,” “us” and “our” refers to Amada Franchise, Inc., the franchisor. “You” means the person or entity that buys the franchise. If the franchisee is a corporation, partnership, or other entity, “you” also may mean its owners.

The Franchisor, its Affiliates, Parents and Predecessors

We are a Delaware corporation that was formed on January 27, 2012. Our principal place of business is 901 Calle Amanecer, Suite 350, San Clemente, CA 92673. We do business under the name “Amada Senior Care” in addition to our corporate name. We have offered franchises in this line of business since March 2012. We do not own or operate businesses of the type being offered. However, our subsidiary Amada OC, Inc. currently operates one Amada Senior Care business in Laguna Woods, CA. We do not engage in any other business activities and have not offered franchises in any other line of business.

Our agents for service of process are listed in **Exhibit K**. We do not have a parent or predecessor company. We have 4 affiliates that are required to be disclosed in this Item.

Our affiliate LTC Now, LLC (“**LTC Now**”) has a principal business address at 411 East Bonneville Ave., Suite 400, Las Vegas, NV 89101. LTC Now is the owner of proprietary software, LTC Now, which some of our franchisees may use in connection with their Amada Senior Care Business. LTC Now has never conducted a business of the type that you will operate and has never offered franchises in any line of business.

Our affiliate My Senior Care Finder, LLC (“**MSCF**”) has a principal business address at 4730 S. Fort Apache Road, Suite 300, Las Vegas, NV 89147. MSCF is the owner of proprietary software, My Senior Care Finder, which some of our franchisees may use in connection with their Amada Senior Care Business. MSCF has never conducted a business of the type that you will operate and has never offered franchises in any line of business.

Our affiliate Senior Care Ventures, LP (“**Senior Care Ventures**”), has a principal business address at 411 East Bonneville Ave., Suite 400, Las Vegas, NV 89101. Senior Care Ventures is the parent company of MSCF and LTC Now. Senior Care Ventures has never conducted a business of the type that you will operate and has never offered franchises in any line of business.

Our affiliate, SCV GP, Inc. (“**SCV**”), has a principal business address at 411 East Bonneville Ave., Suite 400, Las Vegas, NV 89101. SCV is the general partner of Senior Care Ventures. SCV has never conducted a business of the type that you will operate and has never offered franchises in any line of business.

Description of the Franchise

It is not necessary that you have experience in the health care industry prior to purchasing an Amada Senior Care franchise. If you are approved to purchase a franchise we will grant you the right to operate one Amada Senior Care business (the “**Amada Senior Care Business**”) according to formats, systems, standards and procedures we develop for use in connection with the Marks (the “**System**”). At a minimum, Amada Senior Care Businesses currently offer non-medical homemaker, companionship, personal care services, personal technology services, and equipment to the elderly and others who need assistance in daily living (“**Senior Care**”), placement services for seniors (“**Senior Placement Services**”),

and services administering and/or coordinating care for long-term insurance claims (“**Administration Services**”).

Senior Care typically is provided to clients within their home and includes companionship, meal preparation, light housekeeping, grocery and clothing shopping, grooming and dressing guidance, and assistance with recreational activities. You will design a customized Senior Care plan for each of your clients, whose care needs may range from periodic care to 24-hour/7 days a week live-in care. Senior Placement Services include placing clients into assisted living facilities and communities, residential care homes, adult family homes and memory care facilities. Administration Services include reviewing long term care insurance policies for individuals, administering and/or coordinating care for long-term insurance claims and acting as a liaison between individuals and their insurers.

We may also approve of you offering additional services as part of the Amada Senior Care Business, depending upon your qualifications, skills and performance. These additional services currently include Skilled Care and Staffing Services.

Skilled Care. Skilled Care is a comprehensive clinical-based model of care for clients, specifically in the form of home and community-based services, ordered by a physician and provided by licensed professional care staff. Skilled Care includes medication setups, vital signs monitoring, wound care, rehabilitation, assistance with administering medications, ambulation and exercise based on an established care plan, reporting of conditions and changes to supervising registered nurse and/or doctor, taking and recording vital signs as instructed, in-home injections and infusions with doctor’s order (provided you and/or your employees are licensed under applicable law to do so), bath visits, physical and occupational therapy, transportation to and from doctor’s appointments, and travel companionship services as permitted under applicable federal, state, and local laws and regulations.

To be eligible to be authorized to offer and provide Skilled Care as part of the Amada Senior Care Business you must meet certain conditions, which currently include that you: (a) be open and operating for a minimum of 2 years (but if you are a licensed nurse in good standing under applicable laws we will waive this requirement); (b) have \$1,000,000 in annual Gross Billings or an average of \$83,000 of Gross Billings for the most recent 6-month period (but if you are a licensed nurse in good standing under applicable laws we will waive this requirement); (c) be in compliance with the Franchise Agreement; (d) contract with an approved third-party consulting firm to obtain comprehensive training and support related to Skilled Care; (e) obtain applicable insurance policies; (f) obtain all applicable licenses and permits and be in full compliance with all federal, state and local laws and regulations; (g) sign the Skilled Care Services Addendum, attached to the Franchise Agreement at **Attachment J**; and (h) sign the Business Associate Agreement, attached to the Franchise Agreement at **Attachment K**. Some state laws may require you to offer Skilled Care through an entity other than the entity you establish to operate the Amada Senior Care Business. If you establish a separate entity for this purpose, the entity must have the same ownership as the entity that operates the Amada Senior Care Business and it must sign a joinder to the Franchise Agreement, agreeing to be bound by its terms and conditions. We do not currently provide operational or marketing support for Skilled Care services. You must get our written approval for the use of any third party operational or marketing support services.

Staffing Services. Staffing Services involves contracting caregivers, registered nurses, licensed practical nurses, nurse practitioners, home health aides, medical assistants, medical secretary/receptionists, occupational health nurses, phlebotomists, physician assistants, certified nurse assistants, physical therapists, occupational therapists, speech therapists, case managers and other approved healthcare practitioners to hospitals, skilled nursing facilities, doctor’s offices, assisted living communities, home health and hospice agencies, and other approved healthcare related entities.

To be eligible to be authorized to offer Staffing Services as part of the Amada Senior Care Business you must meet certain conditions, which currently include that you: (a) have earned \$83,000 in monthly Gross Billings for at least 1 month in the most recent 6 month period; (b) be in compliance with the Franchise Agreement; (c) obtain required insurance policies; (d) obtain all applicable licenses and permits and be in full compliance with all federal, state and local laws and regulations; (d) sign the Staffing Services Addendum, attached to the Franchise Agreement at **Attachment L**; and (h) sign the Business Associate Agreement, attached to the Franchise Agreement at **Attachment K**. If you establish a separate entity to offer Staffing Services, it must have the same ownership as the entity that operates the Amada Senior Care Business and it must sign a joinder to the Franchise Agreement, agreeing to be bound by its terms and conditions.

We identify the System by means of certain trade names, service marks, trademarks, logos, emblems, and indicia of origin, including, but not limited to, the mark “Amada”, distinctive trade dress, and such other trade names, trademarks, and service marks as we now designate or may in the future designate in writing for use in connection with the System (“**Marks**”). We and our affiliates continue to develop, use, and control the use of the Marks in order to identify for the public the source of services and products marketed under the System, and to represent the System’s high standards of quality, appearance and service.

You must operate your business in accordance with the System including our methods, standards, protocols and specifications which we prescribe in our confidential operating manual and various other confidential manuals and materials prepared for use by franchisees (collectively, “**Operations Manual**”). The Operations Manual covers aspects of Amada Senior Care Business operations including client service standards, conditions of participation, licensure requirements, and staffing and scheduling standards. We reserve the right to modify the Operations Manual from time to time.

Clients of Amada Senior Care Businesses may be private pay or, if you approve, pay you through long-term care insurance or workers’ compensation. You will perform background checks and hire and fire employees in your discretion to provide care services to your clients in accordance with our requirements and all applicable laws. Institutional clients to whom your services may be marketed include healthcare facilities like hospitals, nursing facilities, assisted living communities and clinics. You are solely responsible for screening and paying your staff so that you may provide clients with low maintenance and reliable solutions for their needs. You may offer to clients the services of home health aides, personal care attendants and access to licensed clinical social workers who may provide case management consultation. If you are also authorized to provide Skilled Care, you may also offer the services of registered nurses, licensed vocational/practical nurses, nurse practitioners, occupational health nurses, phlebotomists, certified nurse assistants, physician assistants, medical assistants, therapists and other positions in any home or healthcare institutional setting.

Additional Amada Senior Care Businesses

If you are an existing franchisee and you are in compliance with the Franchise Agreement, you may apply for the right to establish and operate additional Amada Senior Care Businesses. Your application must include documentation we request, which may include proof of adequate capitalization and a summary of your organizational structure. We may grant you an additional franchise if we determine that you meet all of our then-current conditions for new franchisees, there is an available opportunity for an Amada Senior Care Business in an area outside of your Designated Territory, and such area is within our strategic growth plan. There is no guarantee that your application will be granted, even if all then-current conditions have been met. We have sold additional franchises to many franchisees; however, we evaluate each request on an individual basis. Each additional Amada Senior Care Business will be operated under a separate

Franchise Agreement on our then-current form, which may contain materially different terms from the Franchise Agreement included with this disclosure document.

Development Rights

Before signing or at the same time as signing a Franchise Agreement, we and you may sign a “**Development Agreement**” (Exhibit B) under which you and/or any company of which you own 80% of the ownership interests (a “**Controlled Affiliate**”) will sign franchise agreements for you and develop a specified number of Amada Senior Care Businesses to be located within a specifically described geographic area (the “**Territory**”). Before you sign the Development Agreement, we and you will agree to the Territory, the number of Amada Senior Care Businesses you must open in the Territory, and the timeframe within which you must sign franchise agreements for and open each Amada Senior Care Business (the “**Development Schedule**”). A minimum number of 2 Amada Senior Care businesses must be opened under the Development Agreement. We will grant Amada Senior Care Business franchises under the Development Agreement only to you or your Controlled Affiliates, and franchises that we grant to your Controlled Affiliates will count toward your Development Schedule. You (or your Controlled Affiliates) will sign our then current form of franchise agreement, which may differ from the Franchise Agreement included in this disclosure document, for each Amada Senior Care Business developed under the Development Agreement.

The Market and Competition

Amada Senior Care Businesses compete with other national and local businesses and sole proprietors performing similar services. Disabled adults and seniors who are 65 years and older comprise the primary market for Amada Senior Care Businesses. A smaller portion of clients will be workers’ compensation recipients and others who need extra assistance in daily living. There has been a recent increase in the number of competitors in the home and community-based care industry, providing services similar to those that Amada Senior Care Businesses offer and competing directly for clients, ranging from individual caregivers to large national competitors, including other franchised systems. Additionally, you may compete in some states with home care registries that operate under an independent contractor model.

Regulations

You must comply with all federal, state, and local laws and regulations that apply to the operations of your Amada Senior Care Business, including those pertaining to the home and community based care industry, professional and facility licensing, workers’ compensation, corporate, tax, environmental, sanitation, insurance, no smoking, EEOC, OSHA, non-discrimination, employment and sexual harassment laws.

You are solely responsible for investigating, understanding and complying with the laws, regulations and requirements applicable to you and your Amada Senior Care Business. With our approval, you may obtain a Medicare and Medicaid provider number and provide non-medical Medicare and Medicaid services. Also, with our approval, you may obtain a state waiver and/or a home health care license. You may also furnish services to Department of Veterans Health Administration beneficiaries as described more fully in the Operations Manual.

a. Licensure; Record Keeping: Before you can begin operating your Amada Senior Care Business, you must obtain and maintain any home health care, personal attendant / care services or employment related permits, licenses, certifications or other indications of authority necessary for the operation of your Amada Senior Care Business, including but not limited to a home health care license, personal attendant / care services license, senior placement services license, nurse staffing and/or

employment agency license; you must also comply with the applicable screening requirements of home care workers. If you operate in multiple states, you must comply with the license requirements of each state. Some jurisdictions may also require that you obtain a Certificate of Need. Some states may require you to obtain a license to provide employment services. We may require you to obtain a particular permit, license or accreditation from entities such as The Joint Commission or the Community Health Accreditation Partner. Some states may require you to hire a nursing director and/or an administrator, in which case you will need to have a nursing director and/or administrator on your staff before opening your Amada Senior Care Business. Some states have imposed a moratorium on the issuance of home health care licenses, nurse staffing licenses, federal health care program certifications and other in-home healthcare licenses or permits. Licensure times may vary by state, and even by applicant, depending on the applicable state's backlog, time of year, and the reviewer. The COVID-19 pandemic has also slowed down licensure times in certain impacted states. You are responsible for investigating the availability and requirements for obtaining all necessary licenses in your state(s).

To provide Skilled Care, you must employ registered nurses, licensed practical nurses or licensed vocational nurses. The professional nursing staff that you will employ must be in good standing and licensed with the board of nursing in your state, along with verification of any exclusions to participate in a state or federal health care program, if applicable. Each nurse's license will be verified by you upon their hire and annually thereafter. Nursing staff will utilize their professional judgment and must follow the standards of nursing practice as mandated by the applicable state board of nursing rules. No individual or business may interfere with the professional judgment of licensed caregivers. Your scope of authority over licensed and unlicensed caregivers is that of an employer, following employment standards and requirements within your state. This includes the setting of working hours, rates of pay and other laws and regulations governing the employment relationship.

If required by state regulations, you will also hire a qualified registered nurse to oversee Skilled Care services. Some states require that this position be full-time, while others permit it to be part-time. In these states, the registered nurse must oversee services at the location where services are rendered in the capacity of Director of Nursing or Nursing Supervisor. The Director of Nursing or Nursing Supervisor is responsible for client assessments, nursing supervisory visits, clinical staff interviews and the oversight of skilled nursing cases. A back-up registered nurse may also be required to ensure full coverage when the Director of Nursing or Nursing Supervisor is not available.

You will be providing non-Medicare and non-Medicaid Skilled Care services to your clients and therefore will not be permitted to directly bill Medicare or Medicaid insurance for services.

You will be required to pay a fee to the state agency responsible for enforcing any of these requirements. State licensing, certification and registration statutes and regulations may require a minimum level of education or related work experience and/or the payment of a fee in order to obtain the license. You may also be required to employ a full-time registered nurse to comply with the regulations in your state governing nursing agencies and/or home health agencies. You may also be required to create a separate legal entity to provide Skilled Care. You should inquire about any applicable laws, regulations, your corresponding obligations and cost of compliance.

States have different licensing and compliance requirements, with some having no state specific requirements and others having numerous state specific requirements. As applicable, you can complete and submit your licensing requirements to your state's licensing departments with our guidance, or you can purchase the licensing assistance of a third-party consultant or home and community-based care licensing service. The cost of state licensing and compliance guidance ranges from \$1,400 to \$7,000, as disclosed below in Item 7. If you have not completed the licensing requirements and submitted them to the applicable

state licensing department within 45 days of signing the Franchise Agreement, we may require you to purchase the licensing assistance from a third-party home care licensing service at your expense.

Some states may also have specific record-keeping or other requirements for health care providers. You are responsible for investigating and complying with any such laws that may apply in your territory.

b. Anti-Kickback Laws: Certain provisions of the Social Security Act, commonly referred to as the “Anti-Kickback Statute,” a healthcare fraud and abuse statute, prohibit the exchange of remuneration, specifically – knowingly and willfully offer, payment, solicitation or receipt of any form of remuneration either in return for the referral of patients or patient care opportunities, directly or indirectly, paid in whole or in part by a federal health care program, including the Veterans Administration (“VA”), or in return for the recommendation, arrangement, purchase, lease or order of items or services paid in whole or in part by a federal health care program, including VA benefits. The Anti-Kickback Act is expansive in scope and has been broadly interpreted by courts in many jurisdictions. Additionally, a number of states have enacted laws which prohibit payment for referrals, inducements and other types of “kickback” arrangements. These state laws, along with some federal laws, sometimes apply to all patients regardless of their insurance coverage. You are responsible for investigating the applicability of any anti-kickback laws to the operation of your Amada Senior Care Business.

c. State Stark Laws: Several states have enacted variations of the federal statute commonly referred to as the “Stark Law” (also known as the physician self-referral law), which prohibits physicians from referring certain designated health services paid by Medicare or Medicaid to entities with which the physician has an ownership, compensation relationship or financial relationship. Potential penalties include denial of government payment, recoupment, fines, other penalties and exclusion from government program participation. These laws may contain various exceptions to the referral prohibitions. If you are in a position to refer patients to your own Amada Senior Care Business, you are responsible for consulting with competent legal counsel regarding the existence and applicability of these laws to your Amada Senior Care Business.

d. HIPAA and State Health Information Privacy Laws: You must comply with any applicable provisions of the Health Insurance Portability and Accountability Act of 1996 (“HIPAA”), as amended, including all regulations implementing HIPAA. You must sign the Business Associate Agreement, attached to the Franchise Agreement at **Attachment K**. To the extent applicable, you must obtain authorization from a client prior to acquiring any client protected health information. To the extent applicable, you must create and maintain documented policies and procedures necessary to comply with HIPAA, comply with applicable state privacy laws intended to protect protected health information, and train your employees on the content of those policies and procedures. Most states have implemented state-specific laws protecting the privacy and confidentiality of various types of protected health information. You must identify and comply with all applicable state health information privacy laws.

e. Fee-Splitting Prohibitions: You may have an opportunity to develop relationships with various suppliers through the System or in your local market. Through these relationships, you may receive referrals or revenue generating opportunities from health care providers as well as non-health care businesses. As a result, you should be aware of the following:

i. The laws of some states prohibit health care providers from splitting professional fees with non-medical companies that provide a different set of services to the clients of those health care providers. These statutes are sometimes quite broad and may prohibit you from participating in otherwise legitimate business arrangements.

ii. A number of states also prohibit or limit compensation arrangements when the amount received in payment for furnishing space, facilities, equipment or personnel services is based upon a percentage of, or is dependent upon, the income or receipts of a licensed medical professional. The arrangements or payments associated with such arrangements must be within fair market value determined by an independent third party evaluator and must comply with applicable state and federal law.

iii. Other states only prohibit fee splitting arrangements that are based on referrals.

iv. Penalties for violating these fee-splitting statutes or regulations may include the revocation, suspension or probation of a health care professional's license, or other disciplinary action including but not limited to monetary penalties. Alleged violations of the fee-splitting laws have also been used successfully by health care professionals to declare a contract to be void as against public policy.

f. Other Federal Regulations: There are a number of federal laws prohibiting certain activities and arrangements relating to services or items which are reimbursable by Medicare or Medicaid. Even though we generally prohibit you and your Amada Senior Care Business from participating in government payment programs (with some exceptions noted above) unless you obtain our prior written approval, your Amada Senior Care Business may from time to time provide staff to other facilities, including those that participate in Medicare or Medicaid programs. While Medicare and Medicaid laws may not apply to your Amada Senior Care Business, these laws may apply to those facilities, including laws prohibiting Medicare- or Medicaid-participating facilities from employing providers excluded from those programs. If a practitioner is an excluded provider from Medicare or Medicaid, he or she will be prohibited from receiving payment from that facility. It is your responsibility to determine whether and to what extent employees of your Amada Senior Care Business need to be screened for their possible excluded status in these or other payment programs. To the extent your Amada Senior Care Business accepts reimbursement directly from the VA, it will be required to satisfy the applicable regulatory requirements the VA imposes on its vendors, including but not limited to the federal acquisition regulations and various VA contract requirements. The federal False Claims Act imposes civil liability on persons or corporations which submit or cause to be submitted false or fraudulent claims for payment to the government, including failure to return overpayments. A violation of the False Claims Act may result in liability for fines, treble damages, attorneys' fees, and exclusion from federal health care programs.

In connection with Staffing Services you will need to consider joint-employer and co-employer laws and regulations when you develop a staffing model. You are solely responsible for investigating, understanding and complying with all laws, regulations and requirements for providing staffing services. Knowing and understanding the Department of Labor rules as well as the Fair Labor Standard Act rules regarding joint-employer standards are your responsibility. You must follow employment standards and requirements within your state. This includes critical issues such as overtime and holiday pay rates, state and federal wage orders, meals and break time requirements, and time care management. You may also share responsibility with clients for complying with the American with Disabilities Act and the National Labor Relations Act.

g. Compliance with Laws and Regulations: Laws, regulations rules and orders may change at any level of government and state or local government administrators may increase the scrutiny applied to home care or staffing agencies including Amada Senior Care Businesses from time to time. As such, the costs of compliance may increase and you may be limited in the types of services you can provide in the future. At all times you are responsible for remaining informed about and complying with changes in laws, regulations, rules and orders that may impact the operation of your Amada Senior Care Business. This includes laws, rules and orders concerning pandemics and public health issues which may require businesses in the health care industry to materially modify or limit operations for an indeterminate period.

You should consult with professional advisors regarding all of the laws, regulations, rules and orders that you will be required to comply with.

ITEM 2 BUSINESS EXPERIENCE

Unless otherwise noted, the individuals listed below are located in San Clemente, California.

Co-Founder and Chief Executive Officer: Tafa Jefferson

Mr. Jefferson has served on our Board of Directors and as our Chief Executive Officer since January 2012. Since September 2011, he has been a Managing Member of Fourth and Inches, LLC, of Ladera Ranch, California. Since March 2013, he has served as a Member of On First Sound, LLC of Ladera Ranch, California. Since March 2015, he has served as the Administrator of Amada Senior Care, Inc. of San Clemente, California. Since November 2014, Mr. Jefferson has served as the Chief Executive Officer of Amada Senior Care, Inc. of Ladera Ranch, California. Since November 2018, Mr. Jefferson has served as a Director and Chief Executive Officer of Amada OC, Inc. in San Clemente, California. Since February 2021, Mr. Jefferson has been Chief Executive Officer and Director of SCV of Las Vegas, Nevada. Since September 2022, Mr. Jefferson has been appointed to the Executive Board of Director of the Lincoln Institute in Newport Beach, California. Since October 2022, Mr. Jefferson has served as the Executive Board of Director of Ladera Ranch Civic Council in Ladera Ranch, California. Since January 2023, Mr. Jefferson has been appointed to the Board of Regents of the University of the Pacific in Stockton, California. Since February 2023, Mr. Jefferson has been a Managing Member of Lucy Lou, LLC in Evergreen, Montana.

Co-Founder and President: Chad Fotheringham

Mr. Fotheringham has served on our Board of Directors and as our President since January 2012. Since September 2011, he has been a Managing Member of Fourth and Inches, LLC, of Ladera Ranch, California. Since March 2013, he has served as a Member of On First Sound, LLC of Ladera Ranch, California. Since March 2015, he has served as the President of Amada Home Health, Inc., of San Clemente, California. Since November 2014, he has served as the President of Amada Senior Care, Inc. of Ladera Ranch, California. Since November 2018, Mr. Fotheringham has been a Director of Amada OC, Inc. in San Clemente, California. Since February 2021, Mr. Fotheringham has been President and Director of SCV of Las Vegas, Nevada.

Executive Chairman: Jared Turner

Mr. Turner has served as our Executive Chairman since April 2014 and on our Board of Directors since January 2012. Since November 2018, Mr. Turner has been a Director of Amada OC, Inc. in San Clemente, California. From April 2014 to December 2019 and since June 2020, Mr. Turner has been a Managing Member of Pure Life Recovery, LLC, of San Clemente, California. Since August 2020 and February 2021, respectively, Mr. Turner has been a Director and Executive Chairman of SCV of Las Vegas, Nevada. Since July 2021, Mr. Turner has been a Director of MSCF of Las Vegas, Nevada. From March 2017 to October 2019, Mr. Turner served as Vice Chairman of the Board of Managers of Revnostics Group, LLC, located in San Clemente, California. From November 2015 to September 2019, Mr. Turner was a Managing Member of TWS Capital, LLC, of San Clemente, California. From May 2016 to October 2019, Mr. Turner was a Manager of Allied Medical Sales, LLC, located in San Clemente, California.

Director: Brett Stohlton

Mr. Stohlton has served on our Board of Directors since March 2022. Since October 2016, Mr. Stohlton has been a Partner of Peterson Partners, LLC of Salt Lake City, Utah. Since October 2017, Mr. Stohlton has been a Director of Solidcore Holdings, LLC of Washington D.C.. Since February 2017, Mr. Stohlton has been a Director of Packsize Now, LLC of Salt Lake City, Utah. Since October 2018, Mr. Stohlton has been a Director of Rails International, LLC of Los Angeles, California. Since December 2021, Mr. Stohlton has been a Director of Pupford, LLC of Pleasant Grove, Utah. Since November 2021, Mr. Stohlton has been a Director of WashU, LLC of Chicago, Illinois. Since April 2022, Mr. Stohlton has served on the Board of Directors for Belle Medical in Las Vegas, Nevada. Since May 2022, Mr. Stohlton has served on the Board of Directors for Neuromonitoring Associates in Las Vegas, Nevada. Since December 2022, Mr. Stohlton has served on the Board of Directors of Glowbar in New York City, New York.

Director: Alfred Grant Ingersoll

Mr. Ingersoll has served on our Board of Directors since March 2022. From March 2016 to August 2019, Mr. Ingersoll was Chairman and a Director of Mammoplan, LLC doing business as Team Better in San Diego, California. Since August 2016, Mr. Ingersoll has been a Director of Appian 360 in Alexandria, Virginia. Since August 2018, Mr. Ingersoll has been a Director of CEOs Against Cancer of the American Cancer Society in San Clemente, California. From December 2008 to December 2019, Mr. Ingersoll was a President of Integrated Oncology Network in Corona Del Mar, California. From May 2020 to December 2021, Mr. Ingersoll was an Executive in Residence with Peterson Partners, LLC of Salt Lake City, Utah. Since December 2021, Mr. Ingersoll has been Chief Executive Officer of Atlas Urology, LLC of Los Angeles, California.

Chief Operating Officer: Dr. Richard J. Basch

Dr. Richard Basch became our Chief Operating Officer in September 2018. He was Executive Vice President from February 2018 to September 2018 and served as our Compliance Officer from January 2018 through September 2019. Before that, he was a consultant to us through GoodFran Franchise Consulting, LLC, of Box Elder, South Dakota, which he founded in 2012, and for which he served as Chief Executive Officer until August 2020. Dr. Basch served as the State Trainer-Arizona for American Family Insurance from May 2017 to September 2017, in Phoenix, Arizona and the National Sales Director for Web for Brand Networks (a Web.com company) from September 2016 to April 2017, in Phoenix, Arizona.

Chief Financial Officer: Jeff Putnam

Mr. Putnam has served as our Chief Financial Officer since December 2022 and previously served in the same position from January 2012 through December 2019. Since December 2022, Mr. Putnam has served as Chief Financial Officer for Amada OC, Inc. in San Clemente, California and previously served in the same position from November 2018 through December 2019. He has also served as a Managing Member of HiveClick, of San Clemente, California, since January 2015. From January 2020 to December 2022, Mr. Putnam served as Chief Financial Officer of American Logistics, LLC, in San Clemente, California.

Chief Development Officer: Marcos Moura

Mr. Moura has served as our Chief Development Officer since January 2013. Since December 2014, Mr. Moura has been the President of Franchise Revolution Ventures, Inc. in San Clemente, California. Since June 2019, he has also acted as a broker with the International Franchise Professional

Groups, based in Parlin, New Jersey. Since December 2020, Mr. Moura has been a Member of Dream Rise, LLC of Maitland Florida. Since December 2021, Mr. Moura has been a Director of Avendelle Assisted Living LLC in Wake Forest, North Carolina. Since January 2022, Mr. Moura has been a Member of Yamas, LLC of Middleton, Delaware. Since July of 2022, Mr. Moura has served as a member of Franbookkeepers LLC of Middletown, Delaware and as a member of Unique Franchise Brands LLC of Newark, Delaware. Since January of 2023, Mr. Moura has served as a board member of MacMart Franchise, LLC and as a manager of MacMart Holdings, LLC and as a manager of MacMart IP Holdings, LLC of Norristown, Pennsylvania. Mr. Moura has served as chair and board member for Loopa Services, Inc. since February 2023 in San Clemente, CA.

Vice President of Franchise Development: Tim Valencia

Mr. Valencia has served as our Vice President of Franchise Development since January 2013.

Director of Franchise Marketing: Jeremy Brooker

Mr. Brooker has served as our Director of Franchise Marketing since February 2013. From September 2017 to August 2020, Mr. Brooker served as the principal of 24601, Inc., located in Cheyenne, Wyoming. From February 2019 to December 2019, was the principal of Honeymoon Baskets, Inc., located in Orem, Utah. From October 2014 to December 2018, Mr. Brooker was the principal of Brooker Business Solutions, LLC, located in Cheyenne, Wyoming.

Vice President of Training and Support: Matthew Smith

Mr. Smith became our Vice President of Training and Support in August 2020. He was our Director of Franchise Sales from May 2018 to August 2020. Before joining us, from April 2017 to May 2018, he was the Director of Sales for Compassus Hospice, located in Anaheim, California.

Vice President of Finance: Karen Coffee

Ms. Coffee has served as our Vice President of Finance since January 2020 and as our Controller from October 2018 until January 2020. From March 2017 until April 2019, Ms. Coffee also served as the Controller of Revnostics Group, LLC, located in San Clemente, California. During the period of May 2016 until March 2019, she was the Chief Financial Officer of Allied Medical Sales, LLC, located in San Clemente, California. From November 2015 to March 2019, Ms. Coffee served as Chief Financial Officer of TWS Capital, LLC, of San Clemente, California. From October 2015 to March 2019, she was the Chief Financial Officer of Pure Life Recovery, LLC, of San Clemente, California.

**ITEM 3
LITIGATION**

In the Matter of The Commissioner of Business Oversight v. Amada Franchise, Inc., Tafa Jefferson and Chad Fotheringham, FIL Org Id.: 92090, before the California Department of Business Oversight, April 29, 2020. On April 29, 2020, we entered into a Consent Order with the Commissioner regarding a litigation matter that was not disclosed in this disclosure document during part of 2019. The matter is a wage and hour dispute that Ariana Salucci filed against Amada Home Care, Inc. and Amada Senior Care, Inc. in April of 2015. Salucci amended her complaint on or around May 22, 2019, to name Mr. Jefferson and Mr. Fotheringham but each of them was later dismissed from the matter with prejudice on December 19, 2019. In the Consent Order we and Mr. Jefferson and Mr. Fotheringham agreed to (a) desist and refrain from violating the California Franchise Investment Law, (b) waive our rights to a hearing, (c) pay a \$10,000 administrative penalty to the Commissioner, (d) require certain individuals to complete educational

training, and (e) serve a notice of violation to the one affected franchisee in California who received a disclosure document from us that did not include the Salucci matter while it was pending against Mr. Jefferson and Mr. Fotheringham between May 22, 2019 and December 19, 2019. The Consent Order does not itself create any third-party liability.

David Steffy v. Jeffrey A. Goffman and Grant Ingersoll, Case No. 30-2019-01051963-CU-BC-CJC, Superior Court of the State of California, County of Orange. Mr. Steffy filed a complaint in state court on February 14, 2019. The complaint alleged claims of breach of contract, promissory estoppel and false promise in connection with Mr. Steffy's investment in Mammoplan, LLC doing business as Team Better based on the purported representation that Mr. Ingersoll would act as chief executive officer of the company. Mr. Steffy alleged that he told Mr. Goffman that he would not have invested in Mammoplan had he known that Mr. Ingersoll was not going to be the chief executive officer. In response, Mr. Steffy claimed that Mr. Goffman orally promised to purchase Mr. Steffy's shares in Mammoplan for \$100,000. Mr. Steffy sought relief for his claims of actual damages, punitive damages and his attorneys' fees and costs. The parties entered into a settlement agreement on March 11, 2020. Under the settlement agreement, Mr. Steffy received a \$55,000 settlement payment, the case was to be dismissed and all parties signed a general release. The case was subsequently dismissed on May 26, 2020.

In the Matter of The Commissioner of Business Oversight v. Amada Franchise, Inc., FIL Org Id.: 92090, before the California Department of Business Oversight, January 16, 2019. On January 16, 2019, we entered into a Consent Order with the Commissioner regarding certain disclosures that were not included in this disclosure document at some or all times between 2012 and 2018. These include the *Cashland* matter disclosed below in this Item, another litigation matter that is no longer required to be disclosed in this Item, and the *Brooker* and *Play N Trade* bankruptcy matters disclosed in Item 4 of this disclosure document. In the Consent Order we agreed to (a) desist and refrain from violating the California Franchise Investment Law, (b) waive rights to a hearing, (c) pay a \$30,000 administrative penalty to the Commissioner, (d) pay to the Commissioner \$6,000 for investigative costs, (e) require certain individuals to complete educational training, (f) serve an amended notice of violation (amending the notice violation that was ordered but never approved by the Commissioner or delivered to franchisees in 2016) and make a payment of \$6,000 to our California franchisees who received a disclosure document from us that did not include all of the disclosures that are the subject of the Consent Order, and (g) waive the limitation period in Corporations Code section 31303, or any other provision of law, as a defense to a claim in a private action by a franchisee that alleges or seeks equitable relief as a result of any of the violations referred to in the notice of violation so long as such claim is filed by the franchisee in a private action within 90 days of delivery of the notice of violation to the franchisee. The Consent Order does not itself create any third-party liability for us and it contains a statement that we maintain that in preparing the disclosures at issue in the Consent Order, we relied on the advice of our prior franchise counsel.

Hamarock Consultants, Inc. v. Amada Home Care, Inc. and Fourth and Inches, LLC, Demand for Arbitration before JAMS, filed March 15, 2016 (the "**Initial Demand**"). Hamarock Consultants, Inc. ("**Hamarock**"), a former franchisee in our system which did business as Amada Senior Care of Orange County, filed with JAMS an arbitration demand in March 2016 against Amada Home Care, Inc. and Fourth and Inches, LLC. The demand alleged breach of contract and breach of warranty in connection with Hamarock's purchase of assets from the defendants relating to the Amada Senior Care business in Orange County, California, which was previously owned and operated by our affiliate, Amada Home Care, Inc. (the "Hamarock Acquisition"). Hamarock's Initial Demand sought \$1,150,000 as relief for its claims.

Hamarock Consultants, Inc. v. Amada Franchise, Inc., Amada Home Care, Inc., Fourth and Inches, LLC, Tafa Jefferson, Chad Fotheringham, Jared Turner, Jeff Putnam, Crossroads Business Brokers, Inc. and Vasilis Georgiou, Case No. 30-2016-00894414-CU-FR-CJC, Superior Court of the State of California, County of Orange. After the Initial Demand, Hamarock filed a complaint in state court on December 27,

2016. The complaint alleged the same facts and causes of action that are contained in the Amended Statement, summarized in the next paragraph of this Item (the “**State Court Action**”). By order of the Orange County Superior Court dated April 14, 2017, all claims in the State Court Action were consolidated in the JAMS proceeding summarized in the following paragraph, and the State Court Action was subsequently stayed on May 1, 2017. As part of the parties’ settlement, a stipulation for dismissal of the case was filed on January 9, 2019, and the case was subsequently dismissed.

Hamarock Consultants, Inc. v. Amada Franchise, Inc. Amada Home Care, Inc., Fourth and Inches, LLC, Tafa Jefferson, Chad Fotheringham, Jared Turner, Jeff Putnam, Crossroads Business Brokers, Inc. and Vasilis Georgiou, Amended Statement of Claims before JAMS, filed May 26, 2017. After filing its Initial Demand and after the consolidation and stay of the State Court Action, on May 26, 2017, Hamarock filed with JAMS an Amended Statement of Claims for intentional misrepresentation, negligent misrepresentation, fraud – suppression of material fact, breach of contract, violation of California Franchise Investment Law, violation of California Business & Professions Code Section 17200, accounting, unjust enrichment and rescission of contracts (the “**Amended Statement**”). The allegations in the Amended Statement arise out of the Hamarock Acquisition. In the Hamarock Acquisition, our affiliates, Amada Home Care, Inc. and Fourth and Inches, LLC (“**Sellers**”) sold their assets to Hamarock. The assets had been used by the Sellers beginning in 2007 to operate the original Amada Senior Care business in Orange County, California. As part of the Hamarock Acquisition, Hamarock also assumed an Amada Senior Care franchise agreement that we had signed with one of the Sellers, Amada Home Care, Inc., in connection with the closing of the Hamarock Acquisition. In the Amended Statement, Hamarock alleged that it purchased a franchise directly from us, and that the disclosure document it had received did not comply with applicable law. Hamarock sought as relief for its claims of actual damages, exemplary and punitive damages, an order of rescission of all contracts it entered into with the defendants, and its attorney fees and costs. The defendants denied all allegations and filed counter claims against Hamarock for breach of contract and breach of promissory note. The parties arbitrated a portion of the case in August 2018, and in September 2018, the parties signed a binding term sheet to settle the dispute, which was finalized through settlement agreements entered into on November 27, 2018. Under the settlement agreements, a newly formed affiliate of ours, Amada OC, Inc., repurchased Hamarock’s franchise, we made a settlement payment to Hamarock for \$750,000, the cases were to be dismissed and all parties signed a general release. The total settlement amount was \$3,000,000 and all payment obligations under the settlement agreements have been satisfied, and the cases were subsequently dismissed.

In the Matter of The Commissioner of Business Oversight v. Amada Franchise, Inc. (a Wyoming corporation) and Jared Glenn Turner (an individual), FIL Org Id.: 92090, before the California Department of Business Oversight, June 21, 2016. On August 8, 2016, we entered into a Stipulation and Agreement (“**Stipulation**”) with the California Commissioner of Business Oversight in which it was agreed that we would (a) desist and refrain from violating the California Franchise Investment Law, (b) waive rights to a hearing on a Stop Order, Citations and Desist and Refrain Order (defined below), (c) pay a \$5,000 administrative penalty to the Commissioner, (d) require certain individuals to complete educational training, (e) serve a notice of violation, make a payment of \$6,000 and offer a 2-year franchise agreement term extension to certain California franchisees, (f) appoint an in-house compliance officer and develop a franchise law compliance manual, and (g) engage California franchise law counsel to assist us with California franchise law compliance. Jared Turner is also a party to the Stipulation. The Stipulation relates to a June 21, 2016 Stop Order Denying Effectiveness of Franchise Renewal Registration Application (in connection with Amada’s 2015 application) (“**Stop Order**”) and Citation, which included a Desist and Refrain Order, an Assessment of Administrative Penalties, and a Claim for Ancillary Relief and Costs (“**Citation**”). The Commissioner alleged that Amada failed: (i) to promptly notify the Commissioner regarding a complaint filed by Trade2Save.com on or around July 19, 2013 against Play N Trade and Jared Turner; (ii) in Amada’s initial registration application filed in 2012 to disclose Play N Trade as an affiliate, a desist and refrain order issued by the Commissioner in April 2009 against Play N Trade, and the

subsequent stipulation entered into in January 2010 by Play N Trade and the Commissioner relating to the 2009 order; (iii) to disclose the Trade2Save litigation in Amada's December 2013 post-effective amendment; (iv) to disclose the Trade2Save litigation in Amada's April 16, 2014 renewal application; and (v) to disclose the Trade2Save litigation in Turner's Franchise Seller Disclosure Form, attached to Amada's April 16, 2014 renewal application. The Stipulation does not itself create any third-party liability for us and it contains a statement that we maintain that in preparing the disclosures at issue in the Stipulation, we relied on the advice of our prior franchise counsel.

Other than the matters described above, no litigation is required to be disclosed in this Item.

ITEM 4 BANKRUPTCY

On May 13, 2014, Jeremy Brooker, our Director of Franchise Marketing, filed for bankruptcy under Chapter 7 of the U.S. Bankruptcy Code (U.S. Bankruptcy Court for the Central District of California, Case 8:14-bk-13291-MW). On September 15, 2014, the court granted a discharge of debtor to Mr. Brooker. Mr. Booker is located in our San Clemente offices.

On March 2, 2014, Play N Trade Franchise, Inc. ("PNT") filed a voluntary petition under Chapter 7 of the Bankruptcy Code (U.S. Bankruptcy Court for the Central District of California, Case 8:14-bk-11305-ES). At this time, PNT had very few, if any, assets and all of its franchise agreements had been assigned to a successor franchisor. Certain individuals disclosed in Item 2 of this disclosure document were principal officers of PNT, before the petition was filed, or within one year of the filing date. On March 16, 2014, just 2 weeks after it had filed the petition, PNT filed a Motion to Dismiss the Bankruptcy Case pursuant to 11 U.S.C. 707(a). On March 24, 2014, the Bankruptcy Case was dismissed. PNT maintains an address at 1330 Calle Avanzado, 2nd Floor, San Clemente, CA 92673.

Other than the bankruptcies disclosed above, no bankruptcy information is required to be disclosed in this Item.

ITEM 5 INITIAL FEES

Initial Franchise Fee

If you sign a Franchise Agreement and we grant you the right to operate an Amada Senior Care Business within an exclusive territory ("**Designated Territory**"), you must pay us an initial franchise fee ("**Initial Franchise Fee**") of \$55,000, less any amount credited toward the initial franchise fee under a Development Agreement between us and you or your affiliate. The Designated Territory generally includes a population of approximately 40,000 to 50,000 people aged 65 or older, as discussed further in Item 12.

You must pay us the Initial Franchise Fee upon signing the Franchise Agreement. The Initial Franchise Fee is paid in a lump sum and is fully earned upon receipt by us and is non-refundable under any circumstances. The Initial Franchise Fee is imposed uniformly on all Franchisees with 2 exceptions: we reserve the right to offer additional location discounts and the right to offer a 10% discount to veterans of the United States Armed Forces. The veteran discount is only available for franchisees when they enter into their first Franchise Agreement with us.

In our most recently completed fiscal year, the range of Initial Franchise Fees we collected was \$40,800 to \$55,000. Discounts were given to franchisees that purchased rights to more than one franchise at the same time and for territories with low population density.

Development Agreement

If you sign a Development Agreement, you must pay us a development fee equal to \$27,500 multiplied by the number of Amada Senior Care Businesses you will develop within the Territory. A minimum number of 2 Amada Senior Care businesses must be opened under a Development Agreement. You must pay us this fee in a lump sum when you sign the Development Agreement. We will not refund the development fee under any circumstances, but we will apply \$27,500 of the development fee toward the initial franchise fee owed under each Franchise Agreement that the Development Agreement covers.

ITEM 6 OTHER FEES

Type of Fee ¹	Amount	Due Date	Remarks
Royalty Fee for Senior Care, Skill Care, Administration Services and Staffing Services Accounts ²	The greater of the Minimum Royalty Fee or 5% of monthly Gross Billings ³ for Senior Care, Skilled Care, Administration Services and Staffing Services Accounts	Deducted from your bank account via electronic funds transfer on the 7 th day of each month or as determined by us.	No Minimum Royalty Fee for the first 2 months. We have the right to terminate the Franchise Agreement if you fail to pay the Minimum Royalty Fee. We reserve the right to collect the Royalty Fee more frequently than monthly upon 30 days' prior written notice to you.
Royalty Fee for National Accounts ²	6% of monthly Gross Billings generated from National Accounts.	Deducted from your bank account via electronic funds transfer on the 7 th day of each month or as determined by us.	We reserve the right to collect the Royalty Fee more frequently than monthly upon 30 days' prior written notice to you.
Senior Placement Fee	10% of commission received for senior placement or 15% of commission received for senior placement for National Accounts.	Payable at the same time, in the same manner as, and in addition to, the Royalty Fee.	There are no minimum sales requirements for Senior Placement Services
Encroachment Fee	The greater of \$2,500 for each client serviced, or the net profit realized from the clients serviced.	Upon Demand	Payable if you provide Senior Care services to clients in another franchisee's Designated Territory without permission.
Investigative Fee	Currently, \$150 per hour, plus reasonable attorneys' fees and costs, if applicable.	Upon demand.	Payable to us for our costs in investigating whether you have been servicing clients in another franchisee's Designated Territory without permission.

Type of Fee ¹	Amount	Due Date	Remarks
Advertising Fund	1% of Gross Billings for the previous month 0.25% of Gross Billings for Skilled Care services for the previous month	Payable at the same time, in the same manner as, and in addition to, the Royalty Fee.	We reserve the right to increase the Advertising Fund contribution applicable to Gross Billings from Skilled Care services up to 1% upon 30 days' notice
Software Bundle Fee*	\$295 - \$2,700 per month.	Payable at the same time, in the same manner as, and in addition to, the Royalty Fee.	See Item 11 for a summary of what the Software Bundle Fee covers. You may also be charged applicable sales tax.
Email Fee*	\$10 per month per email account; the cost of your first and second email account is included in the Software Bundle Fee.	Payable at the same time, in the same manner as, and in addition to the Royalty Fee.	Inbox size for each email account is approximately 25 gigabytes. You'll only provide Amada email addresses to your operations and sales staff and not to your caregivers.
Additional Initial Training	\$100 per day per person plus all travel, lodging, meal and payroll expenses.	Upon receipt of invoice.	We provide the initial training program tuition-free for up to 3 people including you.
Continuing Education	\$1,500 for a private 3-day session but no charge if you attend a non-private, previously scheduled training session. In either scenario, you must pay for you and your employees' travel, meals, lodging, and payroll expenses.	Upon receipt of invoice and/or third party vendor terms.	
Additional On-Site Training	\$500 per day per trainer, plus room, board, and travel for each trainer.	Upon receipt of invoice.	Provided on an as-needed basis as determined by us.
Annual Conference	You are solely responsible for all travel, room, board and payroll expenses. We may charge a fee to cover speakers, meals, and activities up to \$2,000 per person (charged regardless if you attend or not).	Upon receipt of invoice.	
Transfer Fee	For a transfer to a new franchisee where we provide the Lead ⁴ , 100% of our then-current Initial Franchise Fee; for a transfer to a new franchisee where we did not provide the Lead, 50% of our then-current Initial Franchise Fee; for a transfer to an existing franchisee, 25% of our then-	After our approval of the transferee and before the transfer occurs.	This fee does not apply to a transfer to your survivor or the transfer of the Amada Senior Care Business by you as an individual or partnership to a corporation or partnership controlled by you.

Type of Fee ¹	Amount	Due Date	Remarks
	<p>current Initial Franchise Fee. Such fees are in addition to any fees paid directly to a broker who finds the transferee.</p> <p>\$2,500 for approvals of transfers of non-controlling ownership interests of the Amada Senior Care Business.</p>		
Successor Fee	10% of the then-current Initial Franchise Fee at the time of the renewal.	Upon signing the Successor Franchise Agreement.	Payable to us if you meet the conditions for a Successor Term and sign the Successor Franchise Agreement.
Insurance Service Charge	The costs we incurred to secure such insurance for you, but not to exceed 18% of the policy premium.	Within 5 days of the date we deliver an invoice detailing our costs and expenses for obtaining the required insurance on your behalf.	If you fail to obtain the required insurance and to keep the same in full force and effect, we may, but are not obligated to, purchase insurance on your behalf from an insurance carrier of our choice, and you must reimburse us for the full cost of such insurance, along with a service charge (not to exceed 18% of the policy premium).
Indemnification	All costs including attorneys' fees.	Upon settlement or conclusion of claim or action.	You must defend suits at your own cost and hold us harmless against suits involving damages resulting from your operation of your Amada Senior Care Business under the Franchise Agreement and Development Agreement.
Cost of Enforcement or Defense	All costs, including reasonable accounting and legal fees.	Upon settlement or conclusion of claim or action.	You must reimburse us for all costs we incur in enforcing our obligations under the Franchise Agreement and Development Agreement if we prevail.

Type of Fee ¹	Amount	Due Date	Remarks
Audit	Cost of audit plus maximum allowable by law or, if no limit, 2% per month on underpayment of any amount due to us or, if the audit shows that you have failed to submit timely reports and/or remittances for any 2 reporting periods within any 12-month period, you will pay the cost of audit plus maximum allowable by law or, if no limit, a penalty of 25% of misreported amounts.	When discrepancy is discovered.	Payable only if our audit shows an understatement of at least 2% of Gross Billings or that you have failed to submit timely reports and/or remittances for any 2 reporting periods within any 12-month period.
Deadline extension fee under Development Agreement	\$2,500	Before the deadline for signing a franchise agreement or opening an Amada Senior Care Business.	If we deny the 90-day extension, we will refund this fee.
Late Fees	Maximum allowable by law or, if no limit, then 2% per month.	Accrues immediately after due date if you fail to pay your full obligation.	Applies to Royalty Fee and Advertising Fund payments and any other amounts due to us.
Telephone Access Fee	Fee is based on the number of telephone lines that you use. Depending on the total number of lines that the System collectively uses, this fee may include a small administrative cost for our management of this process for the entire System.	Monthly	You must use our designated telephone provider and have at least 2 separate telephone lines. Currently, we do not require you to pay to us a Telephone Access Fee but reserve the right to do so if we elect to contract directly with a communications company and establish a centralized account through which we pay for the telephone services provided to our franchisees.
Guarantee ⁵	Varies.	Upon breach of the Franchise Agreement.	You must personally guarantee and comply with all terms of the Franchise Agreement including payment of all obligations of Franchisee under the Franchise Agreement.

NOTES

*We reserve the right to increase this amount once during any calendar year.

(1) Type of Fee. Unless otherwise indicated below, the fees listed in this Item 6 are non-refundable (except for the deadline extension fee under the Development Agreement), uniformly imposed by and are payable to us unless otherwise stated.

(2) Royalty Fee. For non-national Senior Care, Skilled Care and Staffing Services accounts, you are required to pay to us a royalty fee (“**Royalty Fee**”) equal to the greater of (i) 5% of monthly Gross Billings or (ii) the minimum Royalty Fee (“**Minimum Royalty Fee**”), as outlined below. The Minimum Royalty Fee starts following the opening date of your Amada Senior Care Business. The Royalty Fee you are required to pay us on Senior Care, Skilled Care, Administration Services and Staffing Services accounts generated from National Accounts is 6% of Gross Billings. Additionally, we reserve the right to offer promotional programs from time to time to existing franchisees who meet certain criteria established by us. Such programs may involve certain market segments and may include modified Royalty Fees as determined solely by us.

(3) Gross Billings. The term “**Gross Billings**” means the aggregate of all revenues and other income from whatever source derived (whether in the form of cash, credit, agreements to pay or other consideration and whether or not payment is received at the time of sale or any of these amounts prove uncollectible), which arise from or are derived by you or by any other person from business conducted by, or which originated from the business. Gross Billings also include all proceeds from any business interruption insurance. Excluded from Gross Billings are: (i) sales taxes and other taxes separately stated that you collect from clients and pay to taxing authorities; (ii) refunds and credits made in good faith to arms’ length clients in accordance with our standards and specifications for issuing such refunds or deposits; and (iii) the discount value of any coupon, voucher or other allowance that we authorize at the time you redeem the client’s coupon, voucher or allowance. The Minimum Royalty Fee is determined as follows:

Minimum Royalty Fee Chart

Months in Operation	Minimum Royalty Fee
1-2 months	No Minimum Royalty Fee
3-12 months	\$500/month
13-24 months	\$1,000/month
25-36 months	\$1,800/month
37-48 months	\$2,500/month
49-60 months	\$3,200/month
61 and all months thereafter	\$4,000/month

First month starts the earlier of the first month after the month in which your home care license is obtained, or 60 days from signing the Franchise Agreement (in states where no license is required).

The Senior Placement Fee (“**Senior Placement Fee**”) is a percentage of the commission received for placing a senior at a boarding care facility. There is no Minimum Royalty Fee for Senior Placement Services.

The Minimum Royalty Fee and revenue-based Royalty Fee structure described above are not a representation or suggestion as to what level of revenue a franchisee may, or is likely to, obtain.

(4) If the transferee is a person or entity who contacted us prior to you becoming aware of or being introduced to the person or entity (a “Lead”), you or the transferee must pay us our then-current Initial Franchise Fee that we would have collected if we had granted the right to establish and operate a new Amada Senior Care Business.

(5) The principals of the franchisee must guarantee to pay all obligations under the Franchise Agreement, whether for fees, expenses, interest, or otherwise, and pay any and all expenses (including attorneys’ fees and expenses) incurred by us in enforcing any rights under the Guarantee.

ITEM 7
ESTIMATED INITIAL INVESTMENT
YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure*	Amount	Method of payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee ¹	\$55,000	Installments if you sign Development Agreement, Lump Sum if not	Upon signing the Development Agreement/Franchise Agreement	Us
Lease or Rent ²	\$3,000 - \$4,500	As Arranged	Upon Signing Lease	Landlord
Utility Deposits ³	\$750 - \$1,200	As Arranged	As Arranged	Utility Companies
Furniture, Office Equipment and Supplies ⁴	\$2,500 - \$6,000	As Arranged	As Arranged	Vendors and/or Approved Suppliers
Vehicle	\$0 - \$3,300	As Arranged	Within first sixty days of signing Franchise Agreement	Vendors (personal vehicle must be approved by us otherwise a leased vehicle is required)
Vehicle Wrap (Optional) ⁵	\$0 - \$3,800	As Arranged	As Arranged	Approved Supplier
Required Technology ⁶	\$1,500 - \$5,500	As Arranged	As Arranged	Vendors
Initial Training ⁷	\$2,000 - \$4,500 or ~\$2,000 per person	As Arranged	As Incurred	Transportation Lines, Hotels, and Restaurants
Grand Opening Advertising ⁸	\$1,500	As Arranged	As Incurred	Approved Suppliers
Marketing Materials & Business Development ⁹	\$4,500 - \$7,500	As Arranged	As Incurred	Approved Suppliers

Type of Expenditure *	Amount	Method of payment	When Due	To Whom Payment is to be Made
Insurance Excluding Workers' Compensation Insurance ¹⁰	\$1,200 - \$2,200	As Arranged	As Arranged	Insurance Carrier (or Us only if you fail to maintain required insurance coverage and we elect to obtain coverage for you)
Workers' Compensation Insurance ¹¹	\$550 - \$3,200	As Arranged	As Arranged	Insurance Carrier (or Us only if you fail to maintain required insurance coverage and we elect to obtain coverage for you)
Legal and Accounting Fees ¹²	\$1,000 - \$5,000	As Arranged	As Arranged	Attorneys and/or Certified Public Accountants
Licenses and Permits ¹³	\$1,650 - \$13,000	As Arranged	As Arranged	Local and/or State Government Agency; Supplier
Loan Packaging Fee ¹⁴	\$0 - \$4,000	As Arranged	As Arranged	Source of financing
Wages and Compensation ¹⁵	\$0 - \$70,000	As arranged	As Arranged	Employee
Additional Funds – 3 Months ¹⁶	\$40,000 - \$80,000	As Incurred	As Incurred in First 3 Months	
TOTAL	\$115,150 - \$270,200			

NOTES

* Unless otherwise noted, all amounts listed above are uniformly imposed by us and are payable to us. Any fees paid to us are nonrefundable unless otherwise noted. Third party suppliers will decide if payments made to them are refundable. We do not offer direct or indirect financing to our franchisees. Other than payment of a development fee (see Item 5), no separate initial investment is required when you sign a Development Agreement. However, a minimum number of 2 Amada Senior Care businesses must eventually be opened under the Development Agreement.

(1) Initial Franchise Fee. The Initial Franchise Fee is collected by and payable to us. See Item 5 for additional information.

(2) Lease or Rent. You will need approximately 300 - 800 sq. ft. of office space. Rates may vary depending on different regions of the country. You may need to have 2 offices if your Designated Territory crosses into multiple states. This estimate includes rent for the first 3 months and a deposit of first and last month's rent. If a landlord is paying for some of the improvements to the leased space, they may be amortizing that expense in the form of additional rent. Payments will be made directly to the landlord according to the terms of the lease. The site for your Amada Senior Care Business is subject to our approval. You should consult with your own attorney regarding the lease and related matters.

- (3) Utility Deposits. This item includes utility deposits paid to various communications and utility companies.
- (4) Furniture, Office Equipment, and Supplies. The low estimate includes the cost of 1 desk, 1 office chair, 2 guest chairs, telephone equipment, office supplies, and other items necessary for furnishing your site. The high estimate includes the cost of 2 desks, 2 office chairs, 4 guest chairs, a conference room table, 6 conference room chairs, telephone equipment, office supplies, and other items necessary for furnishing your site.
- (5) Vehicle Wrap. If you choose to place signage on the vehicle you use in connection with your Amada Senior Care Business, it is subject to our approval and design standards.
- (6) Required Technology. This estimate includes the cost associated with our current requirements, which include one computer, monitor, router and other network accessories, printer, fax, scanner, basic software, virus software, and firewall software as detailed in Item 11. The cost of the software accompanying the hardware purchase is included in this estimate.
- (7) Initial Training. The initial training program is tuition-free for you and 2 other people associated with your Amada Senior Care Business and includes the Start-up Business Training Program and the Pre-opening Training Program (as both defined in Item 11). We currently anticipate the expenses you will incur in connection with attending the initial training program to be \$200 per day per person in attendance, with a minimum spent of \$800. The amount may vary based on the type of accommodations you select, dining preferences, travel preference and differences in compensation arrangements with your employees.
- (8) Grand Opening Advertising. In connection with opening your business, you must spend at least \$1,500 on grand opening promotion and advertising before and during the first 60 days following the opening date of your Amada Senior Care Business.
- (9) Marketing Materials and Business Development. This estimate includes a 3 to 6-month supply of brochures, business cards, and other marketing materials. Regardless of where you operate your Amada Senior Care Business, we anticipate that you will spend approximately \$3,500 to \$5,000 on non-customizable pre-opening marketing materials. We also estimate that you will spend between \$500 and \$2,000 on networking with potential client referral sources.
- (10) Insurance Excluding Workers' Compensation Insurance. This estimate represents your estimated insurance costs (excluding workers' compensation insurance) for the first 3 months you operate your Amada Senior Care Business. As outlined in Section 16 of the Franchise Agreement, you must procure and keep in force insurance policies in such amounts and on such terms, as prescribed by us in the Operations Manual, by an insurance company acceptable to us at all times during the term of the Franchise Agreement. We reserve the right to adjust these coverages and amounts at any time by amending the Operations Manual. You must also procure and keep in force insurance policies in such amounts and on such terms as may be required by statute or rule of the state and county in which the Amada Senior Care Business is located. You must obtain such policies within 30 days after signing the Franchise Agreement. Your failure to obtain insurance constitutes a material breach of the Franchise Agreement entitling us to terminate the Franchise Agreement or exercise any or a combination of the other default remedies provided in Section 13 of the Franchise Agreement. You shall also procure and pay for all other insurance required by state or federal law, including, without limitation, workers' compensation and unemployment insurance. The following is a list of the required insurance coverage including minimum limits of coverage as of the issuance date of this disclosure document:

Coverage	Minimum Limits of Coverage
General Liability Insurance	\$1,000,000 per occurrence \$3,000,000 general aggregate limit
Professional Liability Insurance	\$1,000,000 per claim \$3,000,000 aggregate limit with a minimum sub-limit not less than \$1,000,000 for sexual misconduct, abuse or molestation
Commercial Property Insurance	For all personal property contents at replacement cost value including no less than \$50,000 of Business Interruption Insurance
Third Party Liability Insurance/Bond (theft of client's property)	\$25,000
Automobile Liability Insurance	\$1,000,000
Employment Practices Liability Insurance	\$500,000
Workers' Compensation	Statutory requirements of the Franchisee's state(s) of operation.

(11) Workers' Compensation Insurance. This estimate represents your estimated workers' compensation insurance costs for the first 3 months you operate your Amada Senior Care Business. If you operate in multiple states, your estimate for workers' compensation insurance will likely be at the higher end of the range.

(12) Legal and Accounting Fees. This estimate represents your costs for bookkeeping and for any legal expenses associated with creating a corporate entity for the Amada Senior Care Business.

(13) Licenses and Permits. This estimate represents any fees or payments for required licenses or permits, including medical and staffing licenses. It is solely your responsibility to obtain and maintain all licenses and permits required for you to operate your Amada Senior Care Business. State rules vary on medical and staffing licensure. Operating in multiple states likely will increase the number of licenses and permits that are required. You should retain legal counsel and a local consultant specialized in obtaining and maintaining the applicable licenses and permits. We may require you to work with a third party consultant specialized in obtaining and maintaining the applicable licenses and permits if you fail to obtain them within 45 days of the date of the Franchise Agreement. You should also carefully investigate the costs of obtaining such licenses and permits where you wish to establish your Amada Senior Care Business.

(14) Loan Packaging. This estimate is based on initial borrowing costs associated with obtaining a loan - either conventional or from the Small Business Administration - for funding your Amada Senior Care Business. The low estimate assumes you do not obtain a loan.

(15) Wages and Compensation. At your option, you may hire staff to assist you in the operation of your Amada Senior Care Business.

(16) Additional Funds. This estimate is based on our survey of franchisees regarding additional funds expended during their pre-opening phase and initial 3 months of operations. The low estimate represents estimated expenses to maintain minimal operations without any sales during the initial 3-month period. The high estimate represents the estimated expenses needed to support operations functioning at high capacity. Your costs will depend on how closely and quickly you follow our recommended methods and

procedures to get your Amada Senior Care Business fully operating and serving clients, and at what level of capacity you are operating during the pre-opening phase and initial 3-month period of operations. In formulating this estimate, we found the following factors, basis and experience relevant to where you may fall on this range: costs you incur as a result of staffing positions prior to having clients to serve; and the number of staff you choose to hire and the compensation you choose to provide them. These estimates do not include: any allowance for a draw or salary to you or other owners of the franchise; payments of fees; or payments to a bank or financing company on any loan that you may obtain to finance the cost of purchasing the franchise or other development-related costs.

**YOUR ESTIMATED INITIAL INVESTMENT
SKILLED CARE SERVICES¹**

Type of Expenditure	Amount	Method of payment	When Due	To Whom Payment is to be Made
Third Party Consulting Firm	\$5,000 - \$8,000	As Arranged	Upon signing the Franchise Agreement	Approved Suppliers
Licenses, Permits and Accreditations	\$6,000 - \$8,000	As Arranged	As Arranged	Local and/or State Government Agency; Supplier
Facility Modifications	\$2,000 - \$5,000	As Arranged	As Arranged	Vendors and/or Approved Suppliers
Required Technology	\$300 - \$900	As Arranged	As Arranged	Vendors and/or Approved Suppliers
Insurance	\$2,000 - \$5,000	As Arranged	As Arranged	Insurance Carrier (or Us only if you fail to maintain required insurance coverage and we elect to obtain coverage for you)
Legal and Accounting Fees	\$4,000 - \$8,000	As Arranged	As Arranged	Attorneys and/or Certified Public Accountants
TOTAL (Skilled Care Services Only)	\$19,300 - \$34,900			
TOTAL (Estimated Initial Investment Including Skilled Care Services)	\$134,450 - \$305,100			

(1) Skilled Care Services. These estimates represent the initial investment required to begin offering Skilled Care services. We based these estimates on information we gathered from third-party vendors and suppliers who provide the items required to begin offering Skilled Care services. If you have previous experience offering Skilled Care or similar services before purchasing a franchise then you may not incur some or all of these expenses.

ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Approved Supplies and Approved Suppliers

You must operate your business according to methods, standards, and specifications of our System. You may only offer approved services and products necessary to operate an Amada Senior Care Business (“**Approved Supplies**”). We will provide you with a list of the Approved Supplies (“**Approved Supplies List**”). We will also provide you with a list of approved manufacturers, suppliers, and distributors authorized to supply Approved Supplies used to operate an Amada Senior Care Business or offer for sale to clients of an Amada Senior Care Business (“**Approved Suppliers List**”). We reserve the right to revise the Approved Supplies List and the Approved Suppliers List from time to time. We do not issue specifications or standards to our franchisees or Approved Suppliers, and we do not make available our criteria for supplier approval, other than what is generally disclosed in this Item.

As of the Issuance Date of this Disclosure Document, we are not an Approved Supplier of any Approved Supplies that you must purchase or lease for your Amada Senior Care Business. Our affiliate, LTC Now, is currently an Approved Supplier of proprietary software called LTC Now that may be used in connection with your Amada Senior Care Business. Certain officers and principals of ours own an interest in LTC Now. During its 2022 fiscal year, LTC Now did not derive any revenue from software purchases or leases made by Amada franchisees. Our affiliate, MSCF, is currently an Approved Supplier of a proprietary software called My Senior Care Finder that may be used in connection with your Amada Senior Care Business. Certain officers and principals of ours own an interest in MSCF. During its 2022 fiscal year, MSCF derived \$12,872 in revenue from software purchases and leases made by Amada Franchisees. This information was obtained from MSCF’s unaudited financial statements for the 2022 fiscal year.

We and our affiliates reserve the right to become Approved Suppliers or the only Approved Supplier of any Approved Supplies that you must purchase or lease for your Amada Senior Care Business without notice to you. We and our affiliates also reserve the right to develop certain proprietary products which we may require you to purchase or lease from us or our affiliates and offer for sale at your Amada Senior Care Business. We and our affiliates reserve the right to earn fees on franchisee purchases and leases from suppliers.

You must purchase, sell, and use only those services and products that are listed on the Approved Supplies List from suppliers that are on the Approved Suppliers List. You may not contract for alternate supplies or with alternate suppliers directly. If you would like to offer for sale or use any alternate product, material, or service that is not on the Approved Supplies List, you must notify us and obtain our prior written approval. Similarly, if you would like to supply or purchase any alternate products from a supplier not on the Approved Supplier List, you must also notify us and obtain our prior written approval. At our request, you must provide us, for testing purposes with a sample of the item you wish to purchase and other information so that we can make an informed decision as to whether the product, material, supply, or supplier meets our specifications and quality standards. You must also provide us with the name, address, and telephone number of the proposed supplier. You are not required to pay us a fee for our evaluation of an alternate product, material, service or supplier. We are not required to approve any particular proposed supply or supplier. We apply the following general criteria in approving or disapproving a proposed supply or supplier: (1) quality of product or service in relation to our specifications and quality standards; (2) supplier’s customer service; (3) price; and (4) whether we deem the supply or supplier necessary or desirable for the System as a whole. We may deny or revoke our approval of suppliers based upon the lack of any of the above items. Upon receipt of written notice of such revocation, you must cease purchasing products from such supplier. We will notify you of our approval or disapproval of a proposed supplier, product, or service within 60 days of receiving all requested information. You must use products purchased

from Approved Suppliers solely in connection with the operation of your Amada Senior Care Business. Although suppliers, products, or services may be approved by us, we and our affiliates expressly disclaim all warranties, including warranties of merchantability and fitness for any particular purpose regarding products, services, fixtures, furniture (including without limitation any required computer systems), signs, stationery, supplies, or other approved items sold to or provided to you by us, an affiliate, or any third party, including any Approved Supplier.

You must utilize our approved supplier for bookkeeping services in connection with your Amada Senior Care Business or otherwise obtain our advanced written approval for another supplier of bookkeeping services.

You must utilize our approved supplier, Associated Consultants, Inc. d/b/a RetroTax (“**RetroTax**”), for obtaining work opportunity tax credits. We have negotiated price terms with RetroTax for the benefit of our franchisees. RetroTax pays us a rebate of 20% of its total revenue collected from Amada Senior Care Businesses.

You must purchase or lease operational, financial, and accounting software from one of our 2 approved suppliers, LTC Now and AxisCare, LLC. We have negotiated price terms with AxisCare, LLC, for the benefit of our franchisees. AxisCare, LLC pays our affiliate, Senior Care Ventures, 15% of its total revenue collected from Amada Senior Care Businesses.

You must use the telephone provider that we designate. We reserve the right to contract directly with a communications company and establish a centralized account through which we pay for the telephone services provided to our franchisees, and, if we elect to do so, you must pay to us a monthly telephone access fee (“**Telephone Access Fee**”) based on the number of telephone lines that you use. Depending on the total number of lines that the System collectively uses, the Telephone Access Fee may include a small administrative cost for us to manage this process for the entire System. If you are no longer in the System, you must assign to us all telephone listings for your business.

We will negotiate group rates on products, services, and supplies as we deem necessary. When possible, we will negotiate purchase agreements with suppliers, including price terms, for the benefit of franchisees. There is currently no such purchase agreement and no purchasing cooperative in existence. We do not provide any material benefits to a franchisee for purchasing certain specified products or services.

During the last fiscal year, which ended December 31, 2022, we derived \$20,812 in revenues from franchisees for leases, purchases or services and products from us and our Approved Suppliers, which represents approximately 0.18% of our total revenue of \$11,885,410. We reserve the right to offset any administrative costs incurred by us because of franchisee purchases and leases.

We anticipate that, in total, the items that you must purchase from our Approved Suppliers will constitute up to approximately 75% to 100% of the products, supplies, equipment, services, and leases that you must purchase when establishing your Amada Senior Care Business, and 75% to 100% of your total ongoing purchases once your Amada Senior Care Business is open.

We do not provide or withhold material benefits to you (such as renewal rights or the right to open additional businesses) based on whether or not you purchase through the sources we designate or approve. However, purchases of unapproved supplies or from unapproved suppliers in violation of the Franchise Agreement will entitle us, among other things, to terminate the Franchise Agreement.

Computer System

You must purchase and use the computer hardware system and software, including all future updates, supplements and modifications in operating your Amada Senior Care Business (See Item 11).

Insurance

From time to time you may have the opportunity to work with various insurance carriers which have developed specific insurance policies relating to the senior care business. If you choose to purchase such policies, the carriers may require you to attend, participate in, and/or administer additional training to satisfy their requirements associated with such insurance policies.

As outlined in Section 16 of the Franchise Agreement, you must procure and keep in force insurance policies in such amounts and on such terms, as prescribed by us in the Operations Manual, by an insurance company acceptable to us at all times during the term of the Franchise Agreement. We reserve the right to adjust these coverages and amounts at any time by amending the Operations Manual. You must also procure and keep in force insurance policies in such amounts and on such terms as may be required by statute or rule of the state and county in which the Amada Senior Care Business is located. You must obtain such policies within 30 days after signing the Franchise Agreement. Your failure to obtain insurance constitutes a material breach of the Franchise Agreement entitling us to terminate the Franchise Agreement or exercise any or a combination of the other default remedies provided in Section 13 of the Franchise Agreement. You shall also procure and pay for all other insurance required by state or federal law, including, without limitation, workers' compensation and unemployment insurance. The following is a list of the required insurance coverage including minimum limits of coverage as of the issuance date of this disclosure document:

Coverage	Minimum Limits of Coverage
General Liability Insurance	\$1,000,000 per occurrence \$3,000,000 general aggregate limit
Professional Liability Insurance	\$1,000,000 per claim \$3,000,000 aggregate limit with a minimum sub-limit not less than \$1,000,000 for sexual misconduct, abuse or molestation
Commercial Property Insurance	For all personal property contents at replacement cost value including no less than \$50,000 of Business Interruption Insurance
Third Party Liability Insurance/Bond (theft of client's property)	\$25,000
Automobile Liability Insurance	\$1,000,000
Employment Practices Liability Insurance	\$500,000
Workers' Compensation	Statutory requirements of the Franchisee's state(s) of operation.

Development Agreement

The Development Agreement does not require you to buy or lease from us or designated or approved suppliers, or according to our specifications, any goods, services, supplies, fixtures, equipment,

inventory, computer hardware and software, real estate, or comparable items to establish or operate the business under the Development Agreement. However, you must follow our requirements under the Franchise Agreement for each Amada Senior Care Business you develop.

ITEM 9 FRANCHISEE'S OBLIGATIONS

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

Obligation	Section in Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	6.1 of Franchise Agreement	Item 7, Item 11 and Item 12
b. Pre-opening purchases/leases	6.1, 6.8, 6.10, 6.12 and 7.1 of Franchise Agreement	Item 7 and Item 8
c. Site development and other pre-opening requirements	6.1 of Franchise Agreement	Item 6, Item 7, and Item 11
d. Initial and ongoing training	3.2, 6.5 of Franchise Agreement	Item 6, Item 7, and Item 11
e. Opening	6.2 of Franchise Agreement	Item 11
f. Fees	4 of Franchise Agreement and 4 and 5 of Development Agreement	Item 5 and Item 6
g. Compliance with standards and policies/operating manual	6 and 7 of Franchise Agreement	Item 8, Item 11, Item 14 and Item 16
h. Trademarks and proprietary information	5 of Franchise Agreement and 7 and 9 of Development Agreement	Item 13 and Item 14
i. Restrictions on products/services offered	6.8 and 6.10 of Franchise Agreement	Item 8 and Item 16
j. Warranty and customer service requirements	6.6 and 6.8 of Franchise Agreement	Item 8
k. Territorial development and sales quotas	1.4 of Franchise Agreement and 2, 5 and Exhibit B of Development Agreement	Item 12
l. Ongoing product/service purchases	6.10 of Franchise Agreement	Item 8 and Item 11
m. Maintenance, appearance, and remodeling requirements	6.7, 9.2 and 9.3 of Franchise Agreement	Item 6 and Item 8
n. Insurance	16 of Franchise Agreement	Item 6, Item 7, and Item 8
o. Advertising	8 of Franchise Agreement	Item 6 and Item 11
p. Indemnification	19.1 of Franchise Agreement and 15 of Development Agreement	Item 6
q. Owner's participation/management/staffing	6.6 of Franchise Agreement	Item 15
r. Records and reports	10 of Franchise Agreement	Item 8 and Item 11
s. Inspections and audits	6.16 and 10 of Franchise Agreement	Item 6, Item 11 and Item 13
t. Transfer	12 of Franchise Agreement and 13 and 14 of Development Agreement	Item 6 and Item 17
u. Renewal	2.2 of Franchise Agreement	Item 17
v. Post-termination obligations	14 of Franchise Agreement	Item 17

Obligation	Section in Agreement	Disclosure Document Item
w. Non-competition covenants	11 of Franchise Agreement and 9 of Development Agreement	Item 17
x. Dispute resolution	15 of Franchise Agreement and 15 of Development Agreement	Item 17
y. Guaranty	17.3 of Franchise Agreement	Item 22

**ITEM 10
FINANCING**

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

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

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

If you sign the Development Agreement, then before you begin operating your business under that agreement, we will:

1. Determine the Territory within which you will develop Amada Senior Care Businesses. (See Development Agreement, Section 2).
2. Determine the number of Amada Senior Care Businesses that you (or your Controlled Affiliates) must open in the Territory under the Development Schedule attached to the Development Agreement. (See Development Agreement, Section 2).
3. Determine the Development Schedule and the deadlines by which you (or your Controlled Affiliate) must sign a franchise agreement for, and open and begin operating, each Amada Senior Care Business to be developed under the Development Agreement. (See Development Agreement, Section 5).

If you sign the Development Agreement, then during your operation under that agreement, we will:

1. Grant or deny requests for 90-day extensions of the Franchise Agreement signing deadline and/or business opening deadline on the Development Schedule. You must send us a \$2,500 extension fee with each request for an extension. If we grant the extension, the extension fee is non-refundable. If we deny the extension, we will refund the extension fee. (See Development Agreement, Section 5).
2. You (or your Controlled Affiliate) must sign our then current form of franchise agreement and any ancillary agreements for each Amada Senior Care Business developed under the Development Agreement, the terms of which may differ substantially from the terms contained in the Franchise Agreement attached to this disclosure document. However, under each of those franchise agreements, we will apply \$27,500 of the development fee toward that initial franchise fee. If you fail to meet the Development Schedule, we may terminate the Development Agreement. (See Development Agreement, Sections 6 and 8).

3. Unless we specify the Designated Territory for each Amada Senior Care Business in the Development Agreement, we will determine or approve the Designated Territory for each Amada Senior Care Business under our then-current standards for assigning Designated Territories.

Our Obligations Before the Franchised Business Opens

Before you open your Amada Senior Care Business we will:

1. Provide you with password protected Internet access to an electronic version of the Operations Manual. You are responsible for accessing the Operations Manual for use in your Designated Territory only as necessary, and you must maintain such copies in a confidential manner. As of the issuance date of this disclosure document, the Operations Manual contains 152 pages. (See Franchise Agreement, Section 3.1.1).

2. Review and approve or disapprove the proposed site for your Amada Senior Care Business to determine whether it meets our standards and specifications (See Franchise Agreement, Section 3.1.2).

3. Provide you with specifications on the size, layout and floor plan of a prototypical Amada Senior Care Business office to assist you with your purchase of furniture, desks, and file cabinets (See Franchise Agreement, Section 3.1.3).

4. Provide you with a copy of job descriptions of key positions for staffing your Amada Senior Care Business (See Franchise Agreement, Section 3.1.4).

5. Provide the initial training program where we will discuss the basics of the business and other start-up business training by phone or webinar (“**Start-up Business Training Program**”). We will provide you a training program on placement services for seniors by webinar (“**Senior Placement Training Program**”). We will also provide you with continuing consultation and advice as we deem advisable with respect to the business of your Amada Senior Care Business before you open your office (See Franchise Agreement, Section 3.1.5).

6. Provide you with an Approved Supplies List and Approved Suppliers List (as defined in Franchise Agreement, Section 6.10) and assistance regarding your purchase of initial recruiting materials, marketing materials, and business office supplies (See Franchise Agreement, Section 3.1.6). We do not provide any Approved Supplies or other items for the Amada Senior Care Business’s development directly or deliver or install items, nor do we provide written specifications for these items. We will provide the names of approved suppliers, manufacturers, suppliers and distributors.

7. Provide you with sample advertisements regarding the opening of your Amada Senior Care Business and your recruitment of staff (See Franchise Agreement, Section 3.1.9).

Typical Length of Time Before Operation

The typical length of time between the signing of the Franchise Agreement and the opening of the Amada Senior Care Business is approximately 60 days. The actual length of time it will take you to open your Amada Senior Care Business will depend upon certain critical factors such as your ability to obtain a mutually acceptable site and the lease for your business premises; the timely installation of equipment and furniture; your ability to obtain acceptable financing; your satisfactory completion of our initial training program; your ability to timely obtain required permits and licenses; the timely production of pre-opening recruiting and marketing materials; and the amount of time necessary to hire and train personnel. Unless

we agree to an extension in writing or licensing has prevented your Amada Senior Care Business from opening, we may terminate your Franchise Agreement if you do not open your business within 60 days of the signing of the Franchise Agreement (See Franchise Agreement, Section 6.2).

Our Obligations During the Operation of the Franchised Business

After you open your Amada Senior Care Business we will:

1. Provide you, your Primary Contact, or branch manager/operations manager with training at our headquarters in San Clemente, California, or another location designated by us, which may include a hotel, conference center, or resort adjacent to AFI's headquarters that provides the necessary space and functions for such a training program. In this component of the training program, we will generally discuss the operations roles, the sales roles, and recruitment of staff for your Amada Senior Care Business ("**Senior Care Training Program**") We may provide the Senior Care Training Program remotely by webinar if travel restrictions or shelter in place orders are still in effect due to Coronavirus (COVID-19). (See Franchise Agreement, Section 3.1.7).

2. Provide you, your Primary Contact, and branch manager/operations manager with additional training at your location in or near your Designated Territory (as defined in Item 11). In this component of the training program, we will conduct field training which includes sales mapping, establishing contact with key referral sources, in-field sales training, office setup, and other relevant topics ("**Field Training**") (See Franchise Agreement, Section 3.1.8).

3. Provide you with tuition-free on-site training for up to 3 days. We will also provide you with ongoing consultation and advice in response to your inquiries about specific administrative and operating issues. We may decide how best to communicate this consultation and advice to you, whether by telephone, in writing, electronically, or in person. The method chosen by us may be different than the methods used by us to communicate with other franchisees (See Franchise Agreement, Section 3.2.1).

4. Administer the Advertising Fund (described below) and approve or disapprove of any advertising that you create for use in your local market (See Franchise Agreement, Section 3.2.2).

5. We may update the Approved Supplies List and Approved Suppliers List from time to time as we deem necessary (See Franchise Agreement, Section 3.2.3).

6. While not currently in place, we may develop an advanced training program for your key personnel, as designated by us, which will be held at our headquarters in San Clemente, California, or another location designated by us, which may include a hotel, conference center, or resort adjacent to AFI's headquarters that provides the necessary space and functions for such a training program, as determined by us. We may provide any advanced training program remotely by webinar if travel restrictions or shelter in place orders are still in effect due to Coronavirus (COVID-19). We may charge you a fee for this advanced training, and you must pay all of the travel expenses, such as transportation, lodging, meals, and any related payroll expenses for anyone who attends. If you hire a replacement manager, he or she must meet our applicable training requirements at the time of hire (See Franchise Agreement, Section 3.2.4).

7. Maintain the Amada Website (as defined below). (See Franchise Agreement, Section 3.2.5).

8. We may change or modify the System including the adoption and use of new or modified trade names, trademarks, service marks, or copyrighted materials, new computer programs and systems,

new types of inventory, supplies, products, services, equipment, or techniques (See Franchise Agreement, Section 3.2.6).

9. Provide you with information regarding any modifications, improvements, or developments within or to the System in the form of periodic announcements via main menu page or website and email bulletins (See Franchise Agreement, Section 3.2.7).

10. Provide you with assistance regarding staffing matters, which may include providing you with recommended organizational charts, position descriptions for office and field positions, and interviewing guidelines for various positions (See Franchise Agreement, Section 3.2.8).

11. Provide you with additional optional training on an as-needed basis for an additional fee of \$500 per day per trainer plus travel, room and board expenses for each trainer (See Franchise Agreement, Section 3.2.9).

Factors Used for Selecting Location of the Amada Senior Care Business

You must investigate and evaluate potential office space sites for their overall suitability and compatibility with our site selection criteria that we have established as of the approval date (See Franchise Agreement, Section 6.1). Your Amada Senior Care Business may not be located in any person's home. Based on the requirements of the Franchise Agreement, the factors we generally consider for approving or disapproving of the proposed site of your Amada Senior Care Business are whether it is located in your Designated Territory; its proximity to any large hospital located within the Designated Territory; its accessibility to public transportation; the demographics and concentration of the surrounding population; its accessibility to a large pool of potential staff members; its proximity to schools that offer nursing programs; its proximity to potential competitors; its physical appearance; its total square footage; its interior space plan and floor layout; and building, sign and other applicable codes, ordinances, regulations and restrictions. We do not generally own the premises or lease it to you.

Within 90 days after we both sign the Franchise Agreement, you must locate the site for the Amada Senior Care Business, which must be approved by us. We have 15 calendar days to approve or disapprove your site after you ask for approval. If you do not have an approved site within the 90-day period, we will provide you with an extension of 30 days to cure the default, or any longer time as may be required to obtain the necessary licensure to operate your Amada Senior Care Business. If you do not have an approved site for your Amada Senior Care Business upon the expiration of any such extension, we may terminate your Franchise Agreement. (See Franchise Agreement, Section 6.1).

If you are leasing the premises for your business, you must sign, and have the landlord of the business premises sign the Collateral Assignment of Lease or a comparable document, a copy of which is attached to the Franchise Agreement as **Attachment C**. This document gives us the option to assume your lease if the Franchise Agreement expires or terminates for any reason prior to the conclusion of the lease.

Advertising Program

Advertising Fund. You must contribute 1% of your monthly Gross Billings to an advertising fund exclusively maintained and administered by us ("**Advertising Fund**"). We reserve the right to collect such contributions more frequently than monthly upon 30 days' prior written notice to you. The Advertising Fund will be used to develop, produce, and distribute national, regional and/or local advertising and to create advertising materials and public relations which promote the Marks, other marks owned by us or any of our affiliates, and the products and services offered by the System (See Franchise Agreement, Section 8.1). The Advertising Fund will also be used to satisfy any and all costs of maintaining,

administering, directing, preparing, and producing advertising, including the cost of preparing and producing television, radio, magazine and newspaper advertising campaigns, direct mail and outdoor billboard advertising, public relations activities and services provided by advertising agencies, developing and maintaining an Internet website, developing and maintaining a social media presence, developing new revenue streams for franchisees including sales collateral, coaching and training to launch or enhance sources of revenue mix for franchises, and personnel and other departmental costs for advertising that we internally administer or prepare. We may also use the Advertising Fund to procure leads and prospects for potential clients for System franchisees and to cover costs and expenses associated with any Annual Conference and Annual Branch Leadership Conference, including costs related to productions, programs and materials. Not all System franchisees will benefit directly or on a pro-rata basis from such expenditures.

Advertising Fund contributions are used for search engine optimization for the Amada Website (defined below), a portion of which may be used to explain the franchise offering and solicit new potential franchisees. At this time, we do not currently use Advertising Fund contributions for any other solicitation of potential new franchisees. However, we reserve the right to use Advertising Fund contributions for that purpose in the future, and to include a notation in any advertisement referencing the availability of purchasing new franchises. Sales materials, if developed, may be sold to franchisees at a reasonable cost. We will use Advertising Fund contributions to develop and prepare advertising which we will distribute to System franchisees for their placement in the local media. The advertising will be prepared by us and by outside sources in various formats, including but not limited to print, electronic, and video format. If we do not spend all contributions collected for the Advertising Fund by the end of each fiscal year, the funds may be carried forward into the next fiscal year.

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

We may terminate and resume the Advertising Fund periodically during the term of the Franchise Agreement; however, any decision to terminate or resume the Advertising Fund will apply to all franchisees and our company or affiliate owned locations equally. We will not terminate the Advertising Fund before making arrangements to spend or rebate any balance in the Advertising Fund after payment of all expenses in a pro-rated basis according to each franchisee's contributions. If we resume the Advertising Fund, we will give you at least 30 days written notice before Advertising Fund contributions become due again and we will collect Advertising Fund fees at the original rate in the Franchise Agreement.

Anyone who buys a franchise after you do and signs a different form of Franchise Agreement may pay a higher rate of Advertising Fund fees than you do. Any company-owned outlets that provide Senior Care and/or Senior Placement Services will contribute to the Advertising Fund at a rate that is equal to the lowest percentage contribution rate that any franchisee then pays to the Advertising Fund.

During the last fiscal year, which ended December 31, 2022, we collected \$1,553,533 in contributions to the Advertising Fund. Of that amount, \$1,667,738 was spent by the Advertising Fund

during our 2022 fiscal year as follows: public relations (3%), production (56.1%), search engine optimization (14%), national accounts (10.9%) and labor (16%). Funds in the amount of \$114,205 were spent above what was collected during the 2022 fiscal year.

Local Advertising and Promotion. You are required to spend the greater of 1% of your monthly Gross Billings or \$1,000 per month on local advertising and promotion (“**Local Advertising and Promotion**”). You are required to spend a portion of your Local Advertising and Promotion expenditures on recruiting caregivers for your Amada Senior Care Business. Within 30 days of the end of each month, you must furnish to us, in a manner approved by us, an accurate accounting of your Local Advertising and Promotion expenditures for the preceding calendar month just ended. You must account for your Local Advertising and Promotion expenditures separately from your contributions to the Advertising Fund. We will provide you with guidelines for Local Advertising and Promotion and any deviation from those guidelines by you requires prior approval from us. You may use your own advertising materials, or those produced by an outside agency, so long as you have received prior written permission from us and such advertising materials include our website address and the Marks in the form, color, and manner that we prescribe. If you propose to use any advertising materials which we have not previously approved, we have the right to condition approval of your proposed advertising upon your agreement to provide other System franchisees, whose Amada Senior Care Businesses are located within the circulation area of the proposed advertising, the opportunity to contribute to and to participate in the advertising. You must provide any proposed advertising materials to us at least 14 days before you propose to use those materials. We are not contractually obligated to approve or reject any advertising materials submitted to us within those 14 days, but we will attempt to do so. You may not use the advertising material unless we give you approval in writing. (See Franchise Agreement, Section 8.4). You may not establish a website using or displaying any of the Marks, and you may not advertise your Amada Senior Care Business or the sale of services or products offered by your Amada Senior Care Business on the Internet except as we permit. We may host and give you access to a separate web page for your Amada Senior Care Business on our website(s), as specified below. Any website or electronic materials you propose to use must be approved in advance by us before publication to the site. (See Franchise Agreement, Section 8.4). You may not advertise or use in advertising or any other form of promotion, our copyrighted works, trademarks, service marks, or commercial symbols without the appropriate © or ® registration marks or the designation TM or SM where applicable. We reserve the right to increase the amount of the Local Advertising and Promotion expenditures, provided that any increase may occur only once during any calendar year. We have no advertising council nor are there any advertising funds other than those described above.

Advisory Council. We currently have a franchisee advisory council (“**Advisory Council**”). You may participate in all Advisory Council programs that we approve. The purpose of the Advisory Council includes exchanging ideas and problem-solving methods, advising us on expenditures for advertising, and coordinating System franchisee efforts.

Local or Regional Advertising Cooperatives. We have the right to require cooperatives to be formed, dissolved or merged. For example, we may designate a local or regional advertising coverage area in which your Amada Senior Care Business and at least one other Amada Senior Care Business is located for purposes of developing a cooperative local or regional advertising or promotional program. You will contribute your share to such cooperative advertising and promotional program agreed upon by 50% or more of the Amada Senior Care Businesses within the designated dominant market area (“**DMA**”) as defined by Nielsen Media Research, a company of the Dun & Bradstreet Corporation, or comparable industry designation. The cost of the program will be allocated among each Amada Senior Care Business in such area and each franchisee’s share will be in proportion to its Gross Billings during the preceding 12-month period, or portion of that period. Such payments will be in addition to and exclusive of any other sums you are required to spend on advertising. Currently, however, we have no franchisee cooperatives,

but we do have one company-owned outlet. Company-owned outlets do not have controlling voting power on fees imposed by any franchisee cooperatives formed in the future.

Grand Opening. In connection with opening your business, you must spend at least \$1,500 on grand opening promotion and advertising before and during the first 60 days following the opening date of your Amada Senior Care Business. These expenditures are in addition to and will not be credited toward your obligation to contribute to the Advertising Fund or toward your Minimum Advertising Expenditure (See Franchise Agreement, Section 8.5).

Marketing Materials. Marketing materials that we supply according to the programs described above may be produced by us or an independent advertising agency depending upon the type of advertising produced and available personnel. Because our franchise program is relatively new, most, if not all, marketing and advertising in the near term will be for local distribution and our marketing and advertising programs should expand to regional and national coverage as our franchise program grows. We expect that most marketing and advertising materials we produce will be for Internet marketing (including social media) or print media or other print usage, although some radio and television copy may also be produced.

Website. We reserve the right, but not the obligation, to establish and maintain a website (“**Amada Website**”), which may promote the Marks, System, and Amada Senior Care Businesses operating under the System. We reserve the sole right to control all aspects of the Amada Website, including its design, content, functionality, links to other websites, legal notices, policies and terms of usage. We also reserve the right to discontinue operating the Amada Website at any time without notice to you. Without our advance written approval, you may not maintain your own website, any similar pages on the Internet (including on social media), your own email address or domain, or otherwise maintain a presence online, nor may you conduct online or pay-per-click advertising using any public computer network in connection with the Amada Senior Care Business. We will approve of a fictitious business name for you to use in marketing your Designated Territory (“**Territory Name**”) and for use in conjunction with the Amada Website. You are not guaranteed a right to use the Territory Name for the duration of the Franchise Agreement or upon renewal and we reserve the right to require you to modify your Territory Name. You must adhere to our standards and policies in connection with any website or other Internet presence or advertising that we approve.

Dual Branding. We may co-brand one or more concepts with the Marks (“**Dual Branding**”). Dual Branding may involve changes to the Marks and to the System. If Dual Branding is implemented, the scope and type of Dual Branding may vary in different markets. If we elect to conduct Dual Branding in the market in which your Amada Senior Care Business is located, we will give you notice regarding such contemplated Dual Branding. You will then be required to implement Dual Branding in connection with your Amada Senior Care Business within the time period specified in the notice, and Franchisee must at its expense make the modifications necessary to implement the Dual Branding. However, we are not obligated to offer any Dual Branding opportunity available to you.

Vehicle. You are not required to purchase a vehicle; however, if you use a car in connection with your Amada Senior Care Business, all signage on that vehicle is subject to our approval and design standards.

Computer System

We require you already have or purchase the hardware and software in accordance with the requirements set forth in the Operations Manual (“**Required Technology**”). For example, most of our franchisees already have a laptop, phone, and other equipment they will use in the Amada Senior Care business. We reserve the right to modify these requirements from time to time. The Required Technology

currently consists of high speed business Internet, one computer (laptop or desktop with a minimum processor of Core i5 or Core i7, minimum 16GB of RAM, and current operating system of Windows 10 Pro, Windows 11 Pro, or Mac OS X 11 or higher), tablet which is compatible with current electronic signature software, firewall/router and wireless network technology (WiFi), printer (business class laser), electronic fax, scanner, business phone system, mobile phone, and basic software such as the current version of Microsoft Office Suite, security software (anti-virus, anti-malware, EDR, web filtering), and data backup. Additionally, in connection with the Required Technology you must obtain and maintain an Internet connection which meets the bandwidth specifications set forth in the Operations Manual. The Required Technology is used to record and analyze all business and accounting information for the operation of your Amada Senior Care Business.

You must install and commence using the Required Technology at the earlier of (1) the first servicing of a client; or (2) the obtaining of a home care license and completion of Pre-Opening Business Training; or (3) the completion of Pre-Opening Business Training where no home care licensure is needed. You must acquire the right to use hardware, software, peripheral equipment and accessories, and arrange for installation, maintenance and support services of the initial, changed, or enhanced Required Technology, all at your cost.

Currently the initial cost to purchase the Required Technology ranges from \$1,500 to \$5,500. You may purchase or lease the Required Technology from any vendor. We reserve the right to designate changes or enhancements to the Required Technology. At such time as we may require changes or enhancements to the Required Technology, you may be required to make certain payments to us, an affiliate, an Approved Supplier, or a third party vendor. All hardware and computer network maintenance and upgrades of other software are your responsibility and must be done in a timely manner. There are no contractual limitations on the frequency or cost of upgrades or changes in the Required Technology that we may impose. The approximate potential cost of maintenance, repairs and/or updates for the required computer hardware and software can range from \$0 to \$200 per month, depending on the size of your Amada Senior Care Business. We do not have any contractual obligation to maintain, repair, update or upgrade Required Technology.

Technology Management

Software Bundle Fee. You must pay to us a monthly Software Bundle Fee ranging between \$295 to \$2,700 (“**Software Bundle Fee**”) for your right to use a software bundle that includes: operational, financial, and accounting software, CRM, cloud storage, intranet, digital signature, other systems and tools to assist you in internal and external communications, business metrics, social media, and the overall technological infrastructure for your Amada Senior Care Business, including but not limited to 2 email addresses and your microsite (collectively, the “**Business System**”). The Software Bundle Fee also covers costs related to the research, design, procurement and administration of software and equipment, related personnel and other departmental costs, any optional or required maintenance, support, customization, upgrades and updates to the proprietary software and equipment we may provide you. If we grant you the right to operate additional Amada Senior Care Businesses, you will be required to pay us a separate monthly Software Bundle Fee for each of them unless we determine, in our discretion, that you can effectively operate all of them using the same Business System.

We reserve the right to specify different hardware and software systems in the future, including proprietary software that we or our affiliates develop exclusively for the System. We may require that you directly pay an approved third party vendor or affiliate for hardware and software systems in the future either for or to replace the hardware and software systems currently provided in the Software Bundle Fee. To the extent that the Software Bundle Fee no longer encompasses a previously provided item, your Software Bundle Fee will be reduced. We independently access all business records, accounts, books, data, licenses, reports, and contracts (“**Business Records**”) collected or compiled within any of your Business

System software platforms and databases. However, we currently do not have access to any client protected health information and you remain responsible for complying with HIPAA and obtaining authorization prior to acquiring any client protected health information.

Email Fee. For any additional email addresses you request (in addition to the 2 email addresses which are included in the Software Bundle Fee), you must pay to us an email fee (“**Email Fee**”) of \$10 per month per email account. The inbox size for each email account is approximately 25 gigabytes. You are only permitted to provide Amada email addresses to your operations and sales staff, and not to your caregivers.

The total costs for the Software Bundle Fee and Required Technology range from \$1,795 to \$4,200.

Training

You and your management staff must attend and complete an initial training program to our satisfaction prior to your opening date. If you fail to do so, we may require you to undergo additional training at your expense; alternatively, we may terminate the Franchise Agreement. Our current training program has 4 components: Start-up Business Training Program, Senior Placement Training Program, Senior Care Training Program, and Field Training. All 4 components of the initial training program are tuition-free for you and 2 other people associated with your Amada Senior Care Business, such as the branch manager/operations manager and your sales manager. However, you must pay all travel, lodging, meal, and payroll expenses for your personnel, and we reserve the right to charge for additional training beyond the initial tuition-free sessions. The training programs were designed by Tafa Jefferson and Chad Fotheringham and are supervised by Chad Fotheringham. Mr. Jefferson is our Co-Founder & Chief Executive Officer, and has approximately 22 years of experience in this field and has been with us since our inception in 2012. Mr. Fotheringham is our Co-Founder & President, and also has been with us since our inception in 2012. Both Mr. Jefferson and Mr. Fotheringham have extensive knowledge of the subject matter taught in the training programs.

The Start-up Business Training Program is held remotely via phone and webinar or by another medium designated by us. The Start-up Business Training Program is provided by Mareanne Fontenette-May, our Pre-opening Business Consultant. Ms. Fontenette-May has been our pre-opening business consultant since January 2018 and has approximately 26 years of experience in this field. We reserve the right to include various subject matter experts or experienced trainers to assist in the training program. The Start-up Business Training Program is offered immediately after we execute the Franchise Agreement and is focused on understanding the basics of the business, how to get started, hiring the branch manager/operations manager, the registered nurse and/or sales manager, applying for licensure, initial recruiting strategies, and organizing your territories within the Designated Territory with the goal of maximizing sales performance. The Start-up Business Training must be completed prior to attending the Senior Care Training Program.

The Senior Placement Training Program is held remotely via webinar or by another medium designated by us. The Senior Placement Training Program is provided by VP of Training and Support, Matt Smith, Director of Research and Development, Michael Robirds, and/or Operations Manager, Matt Wilson. Mr. Smith, Mr. Robirds, and Mr. Wilson each have 10 years or more of field experience. We reserve the right to include various subject matter experts or experienced trainers to assist in the training program. The Senior Placement Training Program is offered within 60 days after the Franchise Agreement is executed and is focused on effective marketing strategies for senior placement services. This includes, but is not limited to, relationship development, contracting, effective use of technology, and the financial impact of placement services. The Placement Training Toolkit and corresponding PowerPoint file will serve as the primary training materials.

The Senior Care Training Program is typically conducted after the completion of the Start-up Business Training Program and is held at our headquarters in San Clemente, California, or any alternate location we may designate. It is possible to conduct the Senior Care Training Program immediately following the Start-up Business Training Program. The Senior Care Training Program is provided by Matthew Smith and various of our subject matter experts. Mr. Smith is our Vice President of Training and Support and has approximately 14 years of experience in the field. We reserve the right to use similarly experienced trainers in the training program. It focuses on the day-to-day administration of the franchised business and includes training related to the selling process, taking phone calls and setting up senior care cases, recruiting strategies, hiring procedures, scheduling new job orders, payroll and billing, and office administration. The Operations Manual and printed classroom training manuals serve as the principal training materials.

Field Training takes place in or near your Designated Territory (as defined below). The Amada representative travels to your location in or near your Designated Territory, at no cost to you, to conduct the Field Training, which includes sales mapping, establishing contact with key referral sources, in-field sales training, office setup, operations and other relevant topics. Topic selections are determined by our management team.

START-UP BUSINESS TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Intro to Amada	1.5	0	Remote by phone and webinar
Intranet overview, how to get information in the Amada online system	1.0	0	Remote by phone and webinar
Operational Software Suite	2.5	0	Remote by phone and webinar
Overview of industry terminology	0.5	0	Remote by phone and webinar
How to register your business	0.5	0	Remote by phone and webinar
Licensing assistance	1	0	Remote by phone and webinar
Locating the ideal office space, what to look for, how to set up your office	0.5	0	Remote by phone and webinar
Setting up required technology with vendors	0.5	0	Remote by phone and webinar
Overview and where to get proper insurance	0.5	0	Remote by phone and webinar
Creating an initial business plan	2	0	Remote by phone and webinar
Caregiver recruiting, hiring and retention	5.0	0	Remote by phone and webinar
Overview of cash flow and using a cash flow statement	0.5	0	Remote by phone and webinar
Territory analysis, competitive, sales and recruiting	3.0	0	Remote by phone and webinar
Preparing for training at corporate	1.0	0	Remote by phone and webinar

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
TOTAL	20	0	

**SENIOR PLACEMENT TRAINING PROGRAM
(Second Component)**

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Different types of senior living facilities	0.25	0	Remote by webinar
Marketing placement services to facilities	0.25	0	Remote by webinar
Contracting with facilities best practices	0.25	0	Remote by webinar
Using My Senior Care Finder	0.25	0	Remote by webinar
The positive financial impact of placements on your P&L	0.25	0	Remote by webinar
TOTAL	1.25	0	

**SENIOR CARE TRAINING PROGRAM
(Third Component)**

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Overview of Amada Institute of Training	0.5	0	Our headquarters in San Clemente, CA or another location we may designate including remotely by webinar
Amada Franchise Overview, Mission and Values	2	0	Our headquarters in San Clemente, CA or another location we may designate including remotely by webinar
Leadership training	1	0	Our headquarters in San Clemente, CA or another location we may designate including remotely by webinar
Software and technology overview and use	3.5	0	Our headquarters in San Clemente, CA or another location we may designate including remotely by webinar
Key performance indicators for managing the franchise	1	0	Our headquarters in San Clemente, CA or another location we may designate including remotely by webinar

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Amada's recruiting philosophy and how to hire caregivers	2	0	Our headquarters in San Clemente, CA or another location we may designate including remotely by webinar
Caregiver interview techniques and documentation	3	0	Our headquarters in San Clemente, CA or another location we may designate including remotely by webinar
Caregiver onboarding	2	0	Our headquarters in San Clemente, CA or another location we may designate including remotely by webinar
Caregiver retention, training and supervision	2	0	Our headquarters in San Clemente, CA or another location we may designate including remotely by webinar
Healthcare industry overview	1	0	Our headquarters in San Clemente, CA or another location we may designate including remotely by webinar
Sales philosophy, strategy and resources	2	0	Our headquarters in San Clemente, CA or another location we may designate including remotely by webinar
Selling tactics for key referral sources	2	0	Our headquarters in San Clemente, CA or another location we may designate including remotely by webinar
National and strategic accounts overview	1.5	0	Our headquarters in San Clemente, CA or another location we may designate including remotely by webinar
Funding options for senior care	1	0	Our headquarters in San Clemente, CA or another location we may designate including remotely by webinar
Long term care insurance – overview, policy structure, claims and reimbursement	4	0	Our headquarters in San Clemente, CA or another location we may designate including remotely by webinar
Client onboarding	1.5	0	Our headquarters in San Clemente, CA or another location we may designate including remotely by webinar

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Strategic business planning	1	0	Our headquarters in San Clemente, CA or another location we may designate including remotely by webinar
Bookkeeping and royalty reporting	1	0	Our headquarters in San Clemente, CA or another location we may designate including remotely by webinar
Managing your business by the numbers – profit and loss, and margin analysis	2	0	Our headquarters in San Clemente, CA or another location we may designate including remotely by webinar
Managing your business by the numbers – cashflow, billing and accounts receivables	2	0	Our headquarters in San Clemente, CA or another location we may designate including remotely by webinar
Using and tracking data and performance of your franchise	3	0	Our headquarters in San Clemente, CA or another location we may designate including remotely by webinar
Caregiver economics	1	0	Our headquarters in San Clemente, CA or another location we may designate including remotely by webinar
Ethics and responsibility	.5	0	Our headquarters in San Clemente, CA or another location we may designate including remotely by webinar
Staffing and supervising your staff as you grow	2	0	Our headquarters in San Clemente, CA or another location we may designate including remotely by webinar
Overview of our vendors	0.5	0	Our headquarters in San Clemente, CA or another location we may designate including remotely by webinar
SEO and marketing	1	0	Our headquarters in San Clemente, CA or another location we may designate including remotely by webinar
Wrap up of the week	1	0	
TOTAL	45	0	

**FIELD TRAINING PROGRAM
(Fourth Component)**

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Caregiver recruiting, hiring and retention	1	8	In or near your Designated Territory
In Field Sales Training	1	8	In or near your Designated Territory
Operations Training	1	8	In or near your Designated Territory
TOTAL	3	24	

Our Start-up Business Training Program is offered continuously, but we reserve the right to not offer it in a given month if the schedule does not permit. Our Senior Placement Training Program is offered continuously, but we reserve the right to not offer it in a given month if the schedule does not permit. Our Senior Care Training program will be offered in any month with a minimum of 3 participants and on an as-needed basis several times per year. Our Field Training is offered upon the successful conclusion of the Start-up Business Training Program and Pre-Opening Training Program and based upon your and our availability. We reserve the right to modify any aspect of the initial training program at any time, including the right to reduce the number of days of training or to replace in-person training with e-learning or other techniques and methods.

Continuing Education

In addition to the Start-up Business Training Program, Senior Placement Training Program, Senior Care Training Program, and Field Training outlined above, you may also request that we provide you with a private 3-day continuing education session at our headquarters in San Clemente, California, or at a location we designate. The cost for such a session would be \$1,500 plus you and your employees' travel, meals, lodging, and payroll expenses. Alternatively, you may attend a non-private, previously scheduled training session that we may provide from time to time, at no cost to you other than the travel, meals, lodging, and payroll expenses for you and your employees who attend.

To assist you in operating your business, we may offer additional training programs and/or refresher courses to you, your manager, and/or your employees as we deem appropriate, including the opportunity to spend approximately 2 to 5 days training with one of our other currently operating franchisees. The additional training programs and refresher courses will be at our then-current tuition for ongoing training, which is presently \$500 per day per person. As of the date of this disclosure document, we are not able to state or estimate the location, duration or frequency of any additional training programs and/or refresher courses as these programs and courses will vary depending on your needs and the needs of our other System franchisees. We currently do not anticipate offering more than 2 additional training programs and/or refresher courses during a calendar year and we currently anticipate that each training program and/or refresher course will last approximately 2 to 3 days. We may require you and your employees' attendance at these programs and/or courses. You must pay for you and your employees' travel, meal, lodging, and payroll expenses while attending any such additional training programs.

Conferences

We may periodically conduct an annual conference (“**Annual Conference**”) and if we do, we will determine its duration, curriculum, and location. We reserve the right to require you to attend the Annual

Conference and to pay our then-current registration fee up to \$2,000 per person, which you must pay regardless as to whether you attend the Annual Conference. You will be responsible for all other expenses incurred in connection with any such meetings, including the costs of travel, lodging, meals, and payroll expenses. Any such Annual Conference will not exceed 3 days in duration. We reserve the right to use contributions to the Advertising Fund for purposes related to the Annual Conference, including costs related to productions, programs, and materials. We also reserve the right to generate sponsorship revenue from our Approved Suppliers to defray the costs of conducting an Annual Conference. During the 2022 fiscal year, we generated a total of \$148,150 in sponsorship revenue from multiple Approved Suppliers.

We may periodically conduct an annual branch leadership conference for all branch manager/operations managers and sales personnel to attend (“**Annual Branch Leadership Conference**”) and if we do, we will determine its duration, curriculum, and location. We reserve the right to charge a registration fee for such a conference and you will be responsible for all other expenses incurred in connection with any such meetings, including the costs of transportation, lodging, meals, and wages. We reserve the right to use contributions to the Advertising Fund for purposes related to the Annual Branch Leadership Conference, including costs related to productions, programs, and materials.

ITEM 12 TERRITORY

Franchise Agreement

The Franchise Agreement grants you the right and license to establish and operate one Amada Senior Care Business to be located within an exclusive Designated Territory at a site approved by us (“**Authorized Location**”) and identified in **Attachment A** to the Franchise Agreement. If you have not yet secured a site for your Amada Senior Care Business at the time you sign the Franchise Agreement, you will enter into our Site Selection Addendum, attached as **Attachment H** to the Franchise Agreement, which will govern the site selection process. You must locate and operate your Amada Senior Care Business at an Authorized Location within the specific geographic area we assign to you as described in **Attachment A** to the Franchise Agreement. You may not relocate your Amada Senior Care Business without our prior written approval.

A Designated Territory will generally have a residential population base of approximately 40,000 to 50,000 people who are aged 65 and older at the time that the Franchise Agreement is signed. We determine the population in a Designated Territory by using the most recent projection statistics released by the United States Census Bureau, including population estimates taken in between each decennial census. We currently use Map Business Online for demographic information, but we reserve the right to use the services of other demographic information resources.

We generally designate the boundaries of the Designated Territory by ZIP Codes. A list of the ZIP Codes for your Designated Territory will be provided in **Attachment A** to the Franchise Agreement. ZIP Codes are a system of postal codes used by the United States Postal Service (“**USPS**”) and are changed by the USPS from time to time. Changes by the USPS may affect the ZIP codes and the geographic area that comprises your Designated Territory, including the number of residents aged 65 or older in the Designated Territory.

The Designated Territory will be exclusive to you while the Franchise Agreement is in effect and you are in compliance with all of its terms and conditions, including complying with Minimum Gross Billings Standards for Senior Care services (described below). Exclusivity means we and our affiliates will not establish or operate, or authorize others to establish or operate, an Amada Senior Care Business in your

Designated Territory. The following chart lists Minimum Gross Billings Standards that are applicable to Senior Care services for the Designated Territory:

Year	Gross Billings*
By the end of your First Year**	\$150,000
By the end of your Second Year	\$300,000
By the end of your Third Year	\$500,000
By the end of your Fourth Year	\$750,000
By the end of your Fifth Year	\$900,000
By the end of your Sixth Year	\$1,200,000
By the end of your Seventh Year	\$1,200,000
By the end of your Eighth Year	\$1,200,000
By the end of your Ninth Year	\$1,200,000
By the end of your Tenth Year	\$1,200,000

* Minimum Gross Billings Standards are not, and should not be considered to be, representations about the potential or likely financial performance of your Amada Senior Care Business.

** “First Year” means the earlier of the first month after the month in which your home care license is obtained, or 90 days from signing the Franchise Agreement (in states where no license is required).

If you do not achieve your Minimum Gross Billings Standard for Senior Care services in your Designated Territory in any year during the term of the Franchise Agreement we will have the right to reduce the size of your Designated Territory, operate or authorize others to operate Amada Senior Care Businesses in your Designated Territory, or terminate your Franchise Agreement upon 30 days’ written notice. Gross Billings obtained from Senior Care services outside of your Designated Territory (including in any Contiguous Area, as defined below) may not be used to meet the Minimum Gross Billings Standard for Senior Care services. Other than as disclosed in Item 19 of this disclosure document, we do not furnish or authorize our salespersons to furnish any oral or written information concerning the actual or potential sales, costs, income or profits of an Amada Senior Care Business. If you sign a successor Franchise Agreement, your Minimum Gross Billings Standards will be the Minimum Gross Billings Standards you were required to satisfy during the last year of your initial term unless our then-current form of Franchise Agreement specifically requires the satisfaction of a different set of Minimum Gross Billings Standards.

The following chart lists Minimum Gross Billings Standards that are applicable to Skilled Care services:

Year	Gross Billings*
By the end of your First Year**	\$37,500
By the end of your Second Year	\$75,000
By the end of your Third Year	\$125,000
By the end of your Fourth Year	\$187,500
By the end of your Fifth Year	\$225,000
By the end of your Sixth Year	\$300,000
By the end of your Seventh Year	\$300,000
By the end of your Eighth Year	\$300,000
By the end of your Ninth Year	\$300,000
By the end of your Tenth Year	\$300,000

* Minimum Gross Billings Standards are not, and should not be considered to be, representations about the potential or likely financial performance of your Amada Senior Care Business.

The Minimum Gross Billings Standards that are applicable to Skilled Care services commence upon the signing of the Skilled Care Services Addendum. Gross Billings obtained from Skilled Care services outside of the Designated Territory (including in any Contiguous Area) may not be used to meet the Minimum Gross Billings Standards for Skilled Care services. There are no minimum requirements applicable to Senior Placement Services or Staffing Services.

The franchise is limited to the right to develop and operate one Amada Senior Care Business at the Authorized Location located in the Designated Territory, and does not include (i) any right to market or sell products or services identified by the Marks at any location other than within the Designated Territory, or through any other channels or methods of distribution, including the Internet (or any existing or future form of electronic commerce including but not limited to social media websites and mobile communication devices), except in accordance with policies stated in the Operations Manual; (ii) any right to sell products or services identified by the Marks to any person or entity for resale or further distribution; or (iii) any right to exclude, control, or impose conditions on our development of future franchised, company or affiliate owned Amada Senior Care Business at any time outside of the Designated Territory.

We and our affiliates reserve the right to:

1. Establish or license others the right to establish an Amada Senior Care Business at any location outside the Designated Territory, as we deem appropriate, regardless of proximity to the Designated Territory, without compensation to you;
2. Establish and license others to establish businesses under other systems using the Marks or other proprietary marks, which businesses may be located within or outside the Designated Territory, provided, however, that, except as specifically provided in the Franchise Agreement, we not license or establish a business substantially similar to the Amada Senior Care Business within your Designated Territory;
3. Sell the services, products, materials and related equipment authorized for your Amada Senior Care Business under other trademarks, service marks and commercial symbols through similar or dissimilar channels of distribution and pursuant to terms we deem appropriate within and outside your Designated Territory, without compensation to you;
4. Advertise and sell the services, products, materials and related equipment authorized as associated with your Amada Senior Care Business under the Marks through dissimilar channels of distribution including, without limitation, by electronic means such as the Internet and websites we establish and pursuant to terms we deem appropriate within and outside your Designated Territory, without compensation to you;
5. Advertise the System on the Internet and to create, operate, maintain and modify, or discontinue the use of one or more websites using the Marks;
6. Acquire the assets or ownership interest of one or more businesses providing services, products, materials and related equipment similar to those provided under your Amada Senior Care Business, and franchise under a service mark or trademark other than our Marks, license or grant the right to others to operate those businesses once acquired, regardless of whether these businesses are located or

operating within your Designated Territory, and you will not be entitled to any compensation in connection with that transaction;

7. Be acquired by a business providing services, products, materials and equipment similar to those provided at your Amada Senior Care Business, even if such business operates, franchises or licenses competitive businesses in your Designated Territory, and you will not be entitled to any compensation in connection with that transaction;

8. Establish a National Accounts Program, in which you are required to participate and cooperate, including refraining from certain channels of marketing and distribution. In the event that you do not participate in any such National Accounts Program or are unable to fully service a National Account in your Designated Territory, we, an affiliate, or a third party designee of ours (including another franchisee within the System) may provide the services necessary to fulfill a National Account in your Designated Territory and you will not be entitled to any compensation in connection with that transaction;

9. Offer, sell, operate or distribute and/or license others to sell, operate and distribute through franchised or non-franchised businesses, at wholesale or retail, within and outside the Designated Territory (a) Amada branded goods and services not then offered and sold through the System, or (b) goods and services under another brand where comparable goods and services are not then offered and sold through the System, without compensation to you. These goods and services may be offered and sold through similar or dissimilar channels or methods of distribution, including the Internet and outlets that do business under the Amada name or another name. Examples of these outlets include durable medical equipment centers, assisted living facilities, adult daycare and/or child daycare facilities and hospices, but the examples also include businesses that are not in the healthcare industry;

10. Establish multi-area marketing programs and regional and national account programs that allow us or our affiliates to market anywhere, including in your Designated Territory;

11. Offer promotional programs from time to time to existing franchisees who meet certain criteria established by us. Such programs may involve certain market segments and may include modified Royalty Fees as determined solely by us; and

12. Engage in any other activities not expressly prohibited in the Franchise Agreement.

You must at all times use your best efforts to promote and increase the sales and service of the Amada Senior Care Business and to effect the widest and best possible distribution, sale and placement, solicitation and servicing of all potential clients for authorized services throughout the Designated Territory.

You may not directly market, solicit or perform any Senior Care, Skilled Care or Staffing Services in another System franchisee's Designated Territory. If you wish to perform any of these services in the Designated Territory of another franchisee, you must first seek written permission from that franchisee, and from us. If you service clients in another System franchisee's Designated Territory without necessary permissions, you may be required to pay an Encroachment Fee and an Investigative Fee.

If you first obtain our written approval, which we have the right to grant or deny for any reason, you may be permitted to solicit or accept business for Senior Care, Skilled Care or Staffing Services from consumers outside of your Designated Territory, within a contiguous area to the Designated Territory ("**Contiguous Area**"). Contiguous Areas must not be within the Designated Territory of another System franchisee, company or affiliate-owned Amada Senior Care Business. If all or a portion of a Contiguous Area becomes part of the Designated Territory of another System franchisee, company or affiliate-owned Amada Senior Care Business, we may allow you to continue to provide services and products to such clients

in the Contiguous Area (“**Legacy Client**”) until such time as the Legacy Client discontinues services with you.

We have the right to withdraw our approval of your use of any promotional materials and to otherwise promote, advertise, solicit, provide care, companionship, products, materials, and equipment or perform any other Senior Care, Skilled Care or Staffing Services outside of the Designated Territory at any time without any obligation to you.

You may perform, solicit or accept business for Senior Placement Services outside of your Designated Territory.

You may not establish or operate another Amada Senior Care Business unless you enter into a separate Franchise Agreement. Under your Franchise Agreement, you do not receive any options for additional franchises, any rights of first refusal to acquire additional franchises, or any similar rights to buy additional franchises. You do not have any right to sublicense or subfranchise within or outside of the Designated Territory and do not have the right to operate more than one Amada Senior Care Business within the Designated Territory. We may not alter your Designated Territory or modify your territorial rights before your Franchise Agreement expires or is terminated, although we may do so for a successor franchise or upon a transfer by you.

If at any time we or our affiliates franchise rights to use the Marks to offer products or services different from the products and services you are authorized to offer under the Franchise Agreement, then we will grant you a right of first refusal to acquire the franchise rights to offer the other products or services in your Designated Territory (“**Right of First Refusal**”) if you satisfy the ROFR Conditions. The “**ROFR Conditions**” include your compliance with the Franchise Agreement at all times, including all performance and related standards.

You will have 30 days to notify us in writing if you wish to exercise the Right of First Refusal. If you don’t, or if you don’t satisfy the ROFR Conditions, we and our affiliates will have the right to grant franchises to others to use the Marks to offer the other services or products within your Designated Territory without compensation to you.

If you are an existing franchisee and we grant you the right to develop and operate additional Amada Senior Care Businesses, you will enter into a separate Franchise Agreement for each Amada Senior Care Business that you commit to develop. Each Franchise Agreement that you sign will grant you the right and license to establish and operate an Amada Senior Care Business to be located at an Authorized Location within the Designated Territory assigned to you under the particular Franchise Agreement according to the same rights and obligations as described above.

Development Agreement

If we and you sign a Development Agreement, we and you will identify the Territory within which you and your Controlled Affiliates will develop Amada Senior Care Businesses in an exhibit to the Development Agreement before signing it. We typically determine territories using Designated Market Areas (DMAs), by city, county, state, or other political boundaries, or by geographic boundaries. The Territory’s size will vary depending on the number of Amada Senior Care Businesses in the Development Schedule. Unless we specify the Designated Territory for each Amada Senior Care Business in the Development Agreement, we will determine or approve the Designated Territory for each Amada Senior Care Business under our then-current standards for assigning Designated Territories.

We and you will agree on the number of Amada Senior Care Businesses that you or your Controlled Affiliates must open, and the dates by which you and they must open them, to keep your territorial rights and insert this information in the Development Agreement before signing it. Franchises that we grant to your Controlled Affiliates will count toward your Development Schedule. You and your Controlled Affiliates may not develop Amada Senior Care Businesses outside the Territory.

If you are complying with the Development Agreement, and you and your affiliates are complying with all Franchise Agreements and other agreements between us (or our affiliate) and you (or your affiliates), then, during the Development Agreement's term only, neither we nor our affiliates will operate, or authorize any other party to operate, Amada Senior Care Businesses the physical premises of which are located within the Territory. However, we or our affiliates may service, or authorize one or more third parties to service, clients located in any part of the Territory which is not, at the time we, our affiliate or the authorized third party begins providing services to the client, part of the designated territory of any Franchise Agreement between you (or your Controlled Affiliate) and us (a "**Non-Designated Area**"). If we, our affiliate, or any other third party performs services for any client located in a Non-Designated Area, and you (or your Controlled Affiliate) later sign a Franchise Agreement with a designated territory covering such Non-Designated Area, we, our affiliate or the third party, as applicable, may continue to provide services and products to such Legacy Clients in the Non-Designated Area, until such time as the Legacy Client discontinues services. After a Legacy Client discontinues services, we, our affiliate, or the third party, as applicable, may not resume servicing the Legacy Client without permission from you or your Controlled Affiliate, as applicable. In addition, we and our affiliates may at all times engage in any activities we or they deem appropriate that the Development Agreement does not expressly prohibit, whenever and wherever we or they desire, including those rights listed in (1) through (12) above.

To maintain your rights under the Development Agreement, for each Amada Senior Care Business, you must sign a Franchise Agreement and open and begin operating that Amada Senior Care Business according to the applicable Franchise Agreement on or before the deadlines listed in the Development Schedule. If you need a 90-day extension, you must submit a written request and a \$2,500 extension fee to us before the applicable deadline. If you fail to meet the Development Schedule, we may terminate the Development Agreement. In addition, to retain your rights under the Development Agreement, each Amada Senior Care Business it covers must operate continuously during the agreement's term, otherwise we may terminate the Development Agreement.

Upon the occurrence of any event that allows us to terminate your Development Agreement, in addition to our other rights, we may:

(1) temporarily suspend or permanently terminate your right to develop new Amada Senior Care Businesses in any geographic area that is part of the Territory. If that occurs (a) your territorial rights and the territorial restrictions on us and our affiliates will no longer apply in that geographic area, and (ii) we (and our affiliates) may operate, and authorize any other parties to operate, Amada Senior Care Businesses the physical premises of which are located within that geographic area and engage, and allow others to engage, in any other activities we desire within that geographic area without any restrictions, subject only to your (or your Controlled Affiliate's) rights under then existing franchise agreements; and/or

(2) reduce the number of remaining Amada Senior Care Businesses to be developed under the Development Schedule, and if that happens you must comply with the reduced Development Schedule that we provide in our written notice. Upon our exercise of these rights, we need not refund any portion of the development fee paid relating to the Amada Senior Care Businesses that you are no longer permitted or required to develop, nor apply any of that portion

of the development fee towards the initial franchise fee payable under franchise agreements that you (or your Controlled Affiliate) signs after that.

Except for these situations, continuation of your territorial rights in the Territory does not depend on your achieving a certain sales volume, market penetration, or other contingency, and we may not alter your Territory or modify your territorial rights in the Territory. You have no other options, rights of first refusal or similar rights to acquire additional franchises. When the Development Agreement terminates or expires, we (and our affiliates) may operate, and authorize any other parties to operate, Amada Senior Care Businesses the physical premises of which are located within the Territory and engage, and allow others to engage, in any other activities we desire within and outside the Territory without any restrictions, subject only to your (or your Controlled Affiliates’) rights under existing franchise agreements with us.

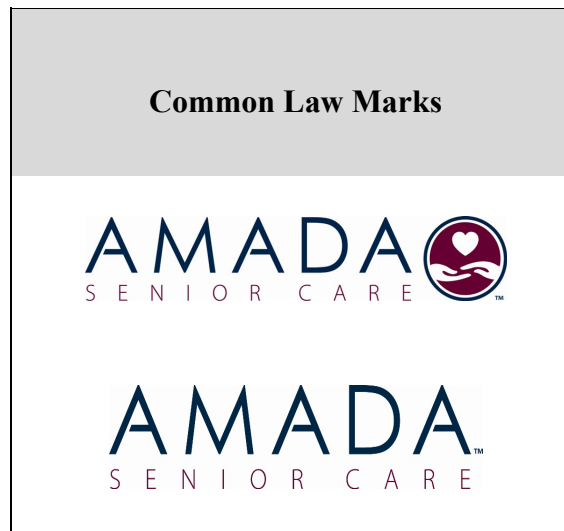
**ITEM 13
TRADEMARKS**

We own the Marks that we license to you to use in the Amada Senior Care Business. The following Mark has been registered on the Principal Register with the United States Patent and Trademark Office (USPTO):

Mark	Registration Date	Registration Number	Status
AMADA	January 6, 2015	4,665,436	Registered

We have filed and intend to file all required affidavits and renewals for the Mark listed above.

We also grant you the right to use certain other common law trademarks, including those identified below:



Common Law Marks



We do not have a federal registration for the common law trademarks listed in the table above. These common law trademarks do not have many of the legal benefits and rights that federally registered

trademarks have. If our right to use any of the common law trademarks is challenged, you may have to change to an alternative trademark, which may increase your expenses.

There are no currently effective agreements that significantly limit our right to use or license the use of the Marks in a manner material to the franchise. There are no currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, or any state trademark administrator or court. There are also no pending infringement, opposition or cancellation proceedings, or any pending material litigation involving any of the Marks. We are not aware of any superior prior rights or infringing uses that could materially affect franchisees' use of the Marks in any state.

You must notify us immediately when you learn about any suspected unauthorized use of the Marks, any challenge to the validity of the Marks, or any challenge to our ownership of, our right to use and to license others to use, or your right to use, the Marks. We will take whatever action we deem appropriate to protect the Marks. We are not required to defend or otherwise protect you against a claim of infringement or unfair competition arising out of your use of the Marks. We have the right to control any administrative proceedings or litigation involving a Mark. We are not required to participate in your defense or in your indemnification for expenses and damages if you are party to an administrative or judicial proceeding involving a trademark licensed to you, or if the proceeding is resolved unfavorably to you.

You must modify or discontinue using any Mark upon direction to do so from us within 5 days after receiving notice from us. The Franchise Agreement does not provide you with any specific rights if we require you to modify or discontinue the use of any Marks.

The Development Agreement does not grant you any rights to use the Marks. You derive the right to use the Marks only under a franchise agreement.

ITEM 14 PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We own no registered patents that are material to the System. We have not filed any copyright registrations with the United States Copyright Office. However, we claim common law rights and copyright protection for the signage, promotional materials, Operations Manual, training materials, agreements, and any other documents and materials used in connection with the operation of the System and Amada Senior Care Businesses. There are no pending patent applications that are material to the franchise.

You are prohibited from duplication of the System and shall not disclose or cause to be disclosed any part of the System or Operations Manual. The Operations Manual belongs to us and you must return it to us or, if stored in computer files, delete those files, upon the expiration or termination of the Franchise Agreement. We may provide updates to the Operations Manual electronically over our intranet website. You must periodically check our intranet website for updates to the Operations Manual. If we elect to provide you with a hard copy of the Operations Manual, you must at all times ensure that your copy of the Operations Manual is kept on the premises of your Authorized Location and kept current and up to date. If there is a dispute involving the contents of the Operations Manual, the terms of our master copy will control.

Your entire knowledge of the operation of the Amada Senior Care Business is derived from information disclosed to you by us and certain information is proprietary, confidential and a trade secret of ours. "**Trade Secret**" includes the Business Records and the whole or any portion of know-how, knowledge, methods, specifications, processes, procedures and/or improvements regarding the Amada Senior Care Business that is valuable and secret in the sense that it is not generally known to competitors of the System. You shall maintain the absolute confidentiality of all trade secret information during and after the term of the franchise and will not use any information in any other business or in any manner not specifically authorized

or approved in writing by us. However, your obligation to maintain the confidentiality of proprietary information should not include the following exceptions: (i) information as previously known by you before disclosure by us if you identify any information as previously known; (ii) information disclosed to you by a third party, unless the third party is under a duty not to disclose or use the information, or unless the third party is not in rightful possession of any information; or (iii) information generally known in the pertinent trade. Information shall be deemed generally known only if you can establish that the full particulars of the proprietary information in the combination disclosed to you is well known or generally used within the trade or industry. Exceptions (i) - (iii) above shall only apply if you notify us of the pertinent exception (i) - (iii) within 30 days after our disclosure to you of any confidential proprietary information.

Proprietary information shall not be deemed to be within the foregoing exceptions merely because this information is embraced by part of or more general information in the public domain or in your possession. In addition, any combination of features shall not be deemed to be within the foregoing exceptions merely because individual features are in the public domain and are in your possession, but only if the combination itself, its principal of operation, knowledge or know-how are in the public domain or in your possession.

You will divulge confidential information and trade secrets only to those of your employees as must have access to it in order to operate the Amada Senior Care Business. Any and all information, knowledge and know-how, including, specifications and materials concerning the System and any other data which we designate as confidential shall be deemed confidential for purposes of the Franchise Agreement.

We are entitled to immediate equitable remedies, including restraining orders and injunctive relief, in order to safeguard the proprietary, confidential, unique, and special information of the System. All of your employees having access to the confidential and proprietary information of the System shall sign a confidentiality agreement in a form acceptable to us.

We have no obligations under the Franchise Agreement or otherwise to protect any or all rights that you have or may acquire to use a patent, patent application or copyright which we may have or obtain.

There is no infringing use known to us which would materially affect your use of proprietary and/or copyrighted materials.

You must not use, in advertising or any other form of promotion, the copyrighted materials, trademarks, service marks or commercial symbols of the System without the appropriate notices which may be required by law or us, including ©, ® or other copyright registration notices or the designations TM, SM where appropriate or an indication that the Marks described in Item 13 and any other trademarks or service marks are our trade names, trademarks and service marks or those of an affiliate. The contents of all material available from us are copyrighted by us unless otherwise indicated. All rights are reserved by us, and content may not be reproduced, disseminated, published, or transferred in any form or by any means, except with our prior written permission. Despite anything stated or implied to the contrary in this Agreement, you must not use any of the Marks or copyrighted materials in any manner which has not been specified or approved by us.

The Development Agreement does not grant you any right to use our copyrighted materials or confidential information. You derive the right to use these items only under a franchise agreement with us.

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

Franchise Agreement

Upon executing the Franchise Agreement, you will designate and retain an individual (“**Primary Contact**”) who will have the full authority to act on your behalf in connection with the performance and operation of the Amada Senior Care Business, including but not limited to having the authority to enter into contracts on behalf of the Amada Senior Care Business. You must designate your Primary Contact on the Primary Contact Addendum attached to the Franchise Agreement as **Attachment I**.

Your Primary Contact need not have any equity ownership in your Amada Senior Care Business but must furnish full-time attention and best efforts to the management of your Amada Senior Care Business. The Primary Contact must meet our standards and requirements and must have successfully completed our initial training program. If the performance of your Amada Senior Care Business fails to meet or exceed our standards, we may request that you replace your Primary Contact. Alternatively, you may not change the Primary Contact of your Amada Senior Care Business without our prior approval.

Your Primary Contact must sign an agreement (“**Confidentiality, Non-Disclosure and Non-Competition Agreement**”) in a form satisfactory to us, which prohibits the Primary Contact from disclosing proprietary information related to the Amada Senior Care Business or the System and contains covenants not to compete during and after employment for a period of 2 years, as described in Item 17. The Confidentiality, Non-Disclosure, and Non-Competition Agreement attached as **Exhibit C** to this disclosure document is currently considered a satisfactory form.

If your Primary Contact’s employment with you is terminated, you must designate a new Primary Contact who must successfully complete our initial training program within 90 days after the termination of the initial Primary Contact, unless we do not hold an initial training program during that 90-day period, in which case the replacement Primary Contact must attend and successfully complete the first available initial training program held by us.

You covenant in the Franchise Agreement that during the term of that Agreement, except as otherwise approved in writing by us, you (if you are an individual), the single biggest shareholder of the securities of your entity (if you are a corporation), a general partner of your entity (if you are a partnership), the managing member of your entity (if you are a limited liability company), or your designated Primary Contact will devote full-time energy and best efforts to the management and operation of the Amada Senior Care Business.

To assist your Primary Contact with the day-to-day operations of the Amada Senior Care Business, you may hire a branch manager/operations manager. Your branch manager/operations manager need not have any equity ownership in your Amada Senior Care Business. If you hire such a person, he or she must successfully complete our required training programs. You must keep us informed of the identity of any branch manager/operations manager whom you hire. You will disclose to your Primary Contact and any other employee only the information needed to operate the Amada Senior Care Business and you will advise all such people that any confidential information is a Trade Secret of ours.

You must hire a sufficient number of qualified, competent personnel, in order to offer prompt, courteous and efficient service to the public, and otherwise operate the Amada Senior Care Business in compliance with the System so as to preserve, maintain and enhance the reputation and goodwill of the System. For example, we typically see franchisees follow one of 2 organizational models during the first

12 months of operating an Amada Senior Care Business: the franchisee owner serves the role of a salesperson and hires a branch manager/operations manager to manage the office and handle caregiver recruiting and scheduling, or the franchisee owner serves the role of a branch manager/operations manager and hires a salesperson.

Each of your owners, employees (such as a branch manager/operations manager) and agents who have access to our proprietary information must also sign a Confidentiality, Non-Disclosure, and Non-Competition Agreement. These individuals must maintain the confidentiality of all proprietary information and conform to the covenants not to compete that we describe in Item 17.

If you are a corporation, general partnership or limited liability company, all shareholders (and their spouses) with a 20% or greater ownership interest in the corporation, all general partners or all members and managers (and their respective spouses), must personally and unconditionally guarantee the payment of all of your monetary obligations under the Franchise Agreement by signing the personal guaranty in the form of **Attachment E** to the Franchise Agreement. By signing the personal guarantee, spouses become jointly and severally liable for all obligations of the franchise, whether or not they are involved in the operation of the Amada Senior Care Business.

Development Agreement

You must develop your Territory according to the Development Schedule. We recommend that you (or, if you are an entity, your owners) personally supervise your development of Amada Senior Care Businesses. Under the Development Agreement your personnel need not have an equity interest in any Amada Senior Care Businesses or in you. Personnel need not attend our training program. If you are an entity, your owners need not sign any personal guarantees of your obligations under the Development Agreement.

ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer for sale, use, sell, and provide through your Amada Senior Care Business only those products and services that we authorize or require for the System. You may not offer for sale, use, sell, or provide any products or services that we have not authorized. You must follow our policies, procedures, methods, and techniques, and you may not deviate from our standards or specifications without our prior written consent. You must discontinue selling and offering for sale any unapproved products and services, or any products and services which we may, in our discretion, disapprove in writing at any time. The Franchise Agreement does not limit our right to make changes to the types of approved products and services. We have the right to add additional approved products and services that you must offer. All new products, services, and other developments, whether they be of our original design or variations of existing services or techniques, will be deemed works made for hire and we will own all rights in them. If they do not qualify as works made for hire, you assign ownership to us under the Franchise Agreement. You will not receive any payment or adjustment in connection with any new services or developments. All products, services, equipment, and other items used in the operation of the Amada Senior Care Business which are not specifically required to be purchased in accordance with our Approved Supplies List or Approved Suppliers List must conform to our established quality standards and specifications.

Your operations must comply with all applicable laws, including but not limited to those laws disclosed in Item 1. At your expense, you must investigate what laws apply to your Amada Senior Care Business and ensure full compliance with them at all times. Subject to applicable law, with our approval you may attempt to obtain a Medicare and Medicaid provider number and provide non-medical Medicare and Medicaid services and/or obtain a State Waiver and Home Health License. You may also furnish

services to Department of Veterans Health Administration beneficiaries as described more fully in the Operations Manual.

You must, at all times, hold yourself out as an independent contractor. You must take whatever actions we require to clearly identify the Amada Senior Care Business as independently owned and operated as a franchise that is distinct from us.

We do not currently restrict the prices at which you sell any products or services but we reserve the right to establish minimum and maximum prices for any products or services that you sell in the future. You must at all times maintain sufficient levels of care providers to adequately meet consumer demand and to adequately service clients. You must offer services and products in the manner we prescribe, provide quality client service and otherwise operate the business in a manner that enhances the image intended by us for the System.

**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 disclosure document.

Provision	Section in Franchise or other Agreement	Summary
a. Length of the franchise term	Section 2.1 of Franchise Agreement and 10 of Development Agreement	Franchise Agreement: 10 years. Development Agreement: Expires when the final franchise agreement under the Development Schedule is signed.
b. Renewal or extension of the term	Section 2.2 of Franchise Agreement	Successor term of 10 years. Under the Development Agreement, you may not extend or renew the term.
c. Requirements for you to renew or extend	Section 2.2 of Franchise Agreement	If you have met the Minimum Gross Billings Standards for every year during the Initial Term; are not in default under the Franchise Agreement or any other agreement with us or any of our affiliates at any time during the last year of the Initial Term; have substantially complied with the Franchise Agreement and any other agreement with us, any of our affiliates, and Approved Suppliers throughout the Initial Term and any Successor Term of this Agreement; have fulfilled all of your monetary obligations to us, our affiliates, and Approved Suppliers; and have given us timely notice of your renewal, you must: sign our then-current form of Franchise Agreement (which may materially differ from your current agreement, including additional and higher

Provision	Section in Franchise or other Agreement	Summary
		fees); pay to us a successor fee; if available, execute a new lease for the Premises; execute a general release; complete any new training requirements not yet completed; and, if we deem necessary, bring the Amada Senior Care Business up to our then-current standards.
d. Termination by you	Not Applicable	You have no right to terminate the Franchise Agreement or Development Agreement (subject to applicable state law).
e. Termination by us without cause	Not Applicable	We have no right to terminate the Franchise Agreement or Development Agreement without cause.
f. Termination by us with cause	Section 13 of Franchise Agreement and 11 and 12 of Development Agreement	We can terminate only for specified causes. We may exercise a list of alternative remedies instead of terminating the Franchise Agreement and/or Development Agreement. The termination of the Franchise Agreement allows us to terminate the Development Agreement and the termination of the Development Agreement allows us to terminate the Franchise Agreement.
g. "Cause" defined – defaults which can be cured	Section 13.2 of Franchise Agreement	You will be deemed to be in default under the Franchise Agreement and we have the right to terminate the Franchise Agreement and all rights granted under the Franchise Agreement if within 30 days after we send you a Notice to Cure, or within any shorter period expressly set forth in the following clauses as to such default, you do not correct the default to our satisfaction: nonpayment; under-reporting or misreporting of gross billings; failure to immediately endorse checks; order, purchase, or offer for sale any unauthorized products or services; failure to open; failure to procure or maintain any necessary licenses, certifications, or permits; noncompliance involving our standards regarding a Primary Contact; unauthorized transfer; failure to complete training; and failure to comply with this agreement, other agreements, or the Operations Manual. There are no curable defaults under the Development Agreement.

Provision	Section in Franchise or other Agreement	Summary
h. "Cause" defined - non-curable defaults	Section 13.1 of Franchise Agreement and 11 of Development Agreement	<p>You will be deemed to be in default and subject to immediate termination under the Franchise Agreement, without prior notice of the default from us and without an opportunity to cure the default, if any of the following events occur: voluntary bankruptcy; involuntary bankruptcy; conviction of any criminal acts or other misconduct; fraud; misrepresentation; repeated breaches; misuse of the Marks or Confidential Information; violation of any health code; violation of in-term restrictive covenant; liens; insolvency; abandonment; misuse of proprietary software; failure to maintain insurance; non-compliance with government regulations; unfavorable government action is taken against you; failure to comply with anti-terrorist activities; personal use of franchised business property; insufficient funds in your bank account; and breach of other agreements.</p> <p>Non-curable defaults under the Development Agreement include material misrepresentation or omission; conviction of or pleading no contest to felony; any dishonest, unethical or illegal conduct that adversely impacts reputation or goodwill; failure to comply with the Development Schedule or other provision, breach or default of any agreement (including a Franchise Agreement) with you or your affiliate; bankruptcy-related events or insolvency; and your dissolution.</p>
i. Your obligations on termination/non-renewal	Sections 14.1 and 14.2 of Franchise Agreement	<p>You must immediately cease to operate the business; vacate the Premises if we exercise our rights; pay all sums due us; return the Operations Manual, Confidential Information, trade secrets, and other confidential materials to us; cease using all telephone numbers and listings; provide us with a complete list of your employees, clients, and contacts and any outstanding obligations to any third parties; cease using any component of the System; cease using the Marks; and promptly comply with (and continue to comply with) all terms of the</p>

Provision	Section in Franchise or other Agreement	Summary
		Confidentiality, Non-Disclosure and Non-Competition Agreement and the covenants in Section 11.4 of the Franchise Agreement.
j. Assignment of contract by us	Section 12.1 of Franchise Agreement and 13 of Development Agreement	<p>There are no restrictions on our right to assign the Franchise Agreement except that the assignee must be financially responsible and economically capable of performing its obligations under the Franchise Agreement and assignee must expressly assume these obligations.</p> <p>We may assign the Development Agreement without restriction.</p>
k. “Transfer” by you - definition	Section 12.2 of Franchise Agreement and 14 of Development Agreement	Includes the direct or indirect sale, assignment, transfer, conveyance, giving away, pledge, mortgage or otherwise encumbering any interest in the Franchise Agreement, Development Agreement or any portion or aspect of the Franchise Agreement or Development agreement, or any equity or voting interest in you.
l. Our approval of transfer by you	Section 12.2 of Franchise Agreement and 14 of Development Agreement	We have the right to approve all of your transfers.
m. Conditions for our approval of transfer	Section 12.4 of Franchise Agreement and 14 of Development Agreement	Under the Franchise Agreement, we will approve a proposed transfer if: (i) transferee meets all our standards; (ii) all of your obligations (monetary and otherwise) to us have been fully satisfied; (iv) you have substantially complied with the Franchise Agreement and all other agreements between you and us; (v) as of effective date of proposed Transfer, all of the obligations of transferee have been fully satisfied and transferee has unconditional right to occupy Premises; (vi) you or transferee pays us the applicable Transfer Fee, plus any broker fees; (vii) transferee completes our training program; (viii) you sign a general release in favor of us and our affiliates; (ix) transferee executes our then-current form of Franchise Agreement; (x) transferee obtains all necessary licenses and registrations; (xi) you comply with post-termination provisions of the Franchise Agreement; (xii) you and transferee agree to perform all maintenance

Provision	Section in Franchise or other Agreement	Summary
		and upgrades required to bring the Amada Senior Care Business up to our standards; (xiii) you provide us with a copy of signed purchase agreement; (xiv) you request that we provide transferee with our then-current form of Disclosure Document; (xv) our approval of the transfer shall not constitute a waiver of any claims we may have against transferring party; (xvi) we shall have the right to disclose to any prospective transferee such revenue reports and other financial information concerning you and your franchise as you have supplied us; and (xvii) we may withhold or condition our consent to any transfer as we deem appropriate based on the circumstances of the transfer or otherwise.
n. Our right of first refusal to acquire your business	Not Applicable	Not Applicable.
o. Our option to purchase your business	Not Applicable	Not Applicable.
p. Your death or disability	Section 12.5 of Franchise Agreement	Your heirs can qualify; otherwise, they or your legal representative must assign the franchise within six months to a buyer approved by us and otherwise fulfill all of the conditions to transfer. If this does not occur within six months of the date of death or disability, we can terminate the Franchise Agreement.
q. Non-competition covenants during the term of the franchise	Section 11.4 of Franchise Agreement and 9 of Development Agreement	Subject to applicable state law, you may not divert any business, client or potential client of the franchise to any competitor. You also may not have any direct or indirect involvement in the operation of any Competing Business other than the one authorized in the Franchise Agreement. “Competing Business” means a business that provides (a) senior placement or referral services; (b) comprehensive care, including medical and/or non-medical services, to senior care clients within their homes; (c) employee staffing services to hospitals, skilled nursing facilities, doctors’ offices, assisted living communities, home health or hospice agencies; (d) services administering and/or coordinating care for long-term insurance claims; or (e) any other services or

Provision	Section in Franchise or other Agreement	Summary
		products Franchisor may now or in the future authorize Franchisee to offer or sell in connection with the operation of the Franchised Business.
r. Non-competition covenants after the franchise is terminated or expires	Section 11.4 of Franchise Agreement and 9 of Development Agreement	Subject to applicable state law, no direct or indirect involvement in a Competing Business for 18 months (i) at the premises of your former franchised business; (ii) within the Designated Territory of your former franchised business; or (iii) within 25 miles of the premises of any System franchisee, company-owned, or affiliate-owned outlet. You are also prohibited from soliciting Amada clients or employees after termination of the Franchise Agreement and/or Development Agreement.
s. Modification of the agreement	Sections 9 and 20.3 of Franchise Agreement and 19 of Development Agreement	The Franchise Agreement and Development Agreement can be changed or modified only by written agreement between you and us. We can modify or change the System through changes in the Operations Manual.
t. Integration/merger clause	Section 24 of Franchise Agreement and 19 of Development Agreement	Only terms of the Franchise Disclosure Document, Franchise Agreement and Development Agreement are binding (subject to applicable state law). Any representations or promises outside the disclosure document, Franchise Agreement and Development Agreement may not be enforceable. But nothing in any agreement is intended to disclaim the express representations made in the Franchise Disclosure Document, its exhibits and amendments.
u. Dispute resolution by arbitration or mediation	Section 15 of Franchise Agreement and 15 of Development Agreement	Except for certain claims concerning the confidential information or the Marks, all disputes must be arbitrated.
v. Choice of forum	Section 15.6 of Franchise Agreement and 15 of Development Agreement	Orange County, California (subject to applicable state law).
w. Choice of law	Section 22 of Franchise Agreement and 15 of Development Agreement	California law applies, except for applicable franchise laws of other states and disputes regarding the Marks governed under the Lanham Act (subject to applicable state law).

ITEM 18 PUBLIC FIGURES

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

ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS

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

The following historical financial performance representations are based on the past performance of the System's existing outlets. The tables below disclose Gross Billings of franchised outlets that have been open and operating and reporting Gross Billings to us for at least one full calendar year since our inception in 2012. For example, if an outlet opened in November of 2012, its first full calendar year would have been January 1, 2013 to December 31, 2013. Its second full calendar year would have been January 1, 2014 to December 31, 2014. And so on.

Between our inception in 2012 and the issuance date of this disclosure document, there have been a total of 1 affiliate owned outlets and 214 franchised outlets. We have not included outlets in the tables below that have not yet completed a full calendar year of operations in the System (15 franchised outlets), that never opened (11 franchised outlets), that were transferred (1 affiliate owned outlet and 42 franchised outlets), closed or ceased operations for other reasons (10 franchised outlets), or that have not reported their Gross Billings to us in accordance with System requirements (2 franchised outlets). Of the 10 franchised outlets that closed, 1 closed after being open less than 12 months.

As of the issuance date of this disclosure document, we have 133 franchisees in the System who between our inception in 2012 and December 31, 2022, have completed at least 1 full calendar year operating and reporting to us; Gross Billings for their first full calendar year of operations are disclosed in Table 1 below. We have 101 franchisees in the System that have been operational and reporting to us for 2 full calendar years; their second full calendar year Gross Billings are disclosed in Table 2 below. We have 84 franchisees in the System that have been operational and reporting to us for 3 full calendar years; their third full calendar year Gross Billings are disclosed in Table 3 below. We have 75 franchisees in the System that have been operational and reporting to us for 4 full calendar years; their fourth full calendar year Gross Billings are disclosed in Table 4 below. We have 63 franchisees in the System that have been operational and reporting to us for 5 full calendar years; their fifth full calendar year Gross Billings are disclosed in Table 5 below. We have 56 franchisees in the System that have been operational and reporting to us for 6 full calendar years; their sixth full calendar year Gross Billings are disclosed in Table 6 below. We have 34 franchisees in the System that have been operational and reporting to us for 7 full calendar years; their seventh full calendar year Gross Billings are disclosed in Table 7 below. We have 19 franchisees in the System that have been operational and reporting to us for 8 full calendar years; their eighth full calendar year Gross Billings are disclosed in Table 8 below. We have 8 franchisees in the System that have been operational and reporting to us for 9 full calendar years; their ninth full calendar year Gross Billings are disclosed in Table 9 below. We have 2 franchisees in the System that have been operational and reporting to us for 10 full calendar years; their tenth full calendar year Gross Billings are disclosed in Table 10 below.

Table 1: First Full Calendar Year Gross Billings	
High	2,299,903
Low	17,564
Median	358,663
Average	467,825
Number at or Above Average	54 of 133 40.6%

Table 2: Second Full Calendar Year Gross Billings	
High	3,627,578
Low	3,175
Median	825,485
Average	877,738
Number at or Above Average	41 of 101 40.6%

Table 3: Third Full Calendar Year Gross Billings	
High	4,761,934
Low	5,775
Median	973,049
Average	1,157,118
Number at or Above Average	33 of 84 39.3%

Table 4: Fourth Full Calendar Year Gross Billings	
High	6,759,934
Low	31,178
Median	1,146,931
Average	1,1410,392
Number at or Above Average	32 of 75 42.7%

Table 5: Fifth Full Calendar Year Gross Billings	
High	5,439,884
Low	20,253
Median	1,174,973
Average	1,494,463
Number at or Above Average	27 of 63 42.9%

Table 6: Sixth Full Calendar Year Gross Billings	
High	6,138,975
Low	56,396
Median	1,313,046
Average	1,588,150
Number at or Above Average	22 of 56 39.3%

Table 7: Seventh Full Calendar Year Gross Billings	
High	6,274,246
Low	198,182
Median	1,472,977
Average	1,667,386
Number at or Above Average	13 of 34 38.2%

Table 8: Eighth Full Calendar Year Gross Billings	
High	7,073,075
Low	223,177
Median	1,548,310
Average	2,026,504
Number at or Above Average	8 of 19 42.1%

Table 9: Ninth Full Calendar Year Gross Billings	
High	10,534,850
Low	392,149
Median	1,885,991
Average	2,742,194
Number at or Above Average	1 of 8 12.5%

Table 10: Tenth Full Calendar Year Gross Billings	
High	10,553,726
Low	2,248,922
Median	6,401,324
Average	6,401,324
Number at or Above Average	1 of 2 50.0%

The following historical financial performance representations are based on the past performance of the System's existing outlets. The table below discloses Gross Billings of franchised outlets that have been open and operating for the entire designated period.

Table 11: Revenue for Franchisees Operating the Full Year for 2018-2022					
	2018	2019	2020	2021	2022
High	6,138,975	6,274,246	7,073,075	10,534,850	10,553,726
Low	186,346	168,206	171,816	31,178	20,253
Median	934,740	910,108	1,164,662	1,042,856	916,489
Average	1,155,568	1,285,617	1,489,864	1,478,141	1,273,105
Number at or Above Average	20 of 58 34.5%	26 of 69 37.7%	30 of 77 39.0%	35 of 94 37.2%	46 of 127 36.2%

Some Amada Senior Care Businesses have earned this amount. Your individual results may differ. There is no assurance that you'll earn as much.

The following table discloses total Systemwide Revenue from all franchised outlets by full calendar year for the designated period.

Table 12 Systemwide Revenue by Calendar Year for 2018 to 2022	
2018	\$70,948,908
2019	\$97,020,288
2020	\$118,797,937
2021	\$143,637,557
2022	\$164,429,518

Notes:

1. The term “**Gross Billings**” means the aggregate of all revenues and other income from whatever source derived (whether in the form of cash, credit, agreements to pay or other consideration and whether or not payment is received at the time of sale or any of these amounts prove uncollectible), which arise from or are derived by you or by any other person from business conducted by, or which originated from the business. Gross Billings also include all proceeds from any business interruption insurance. The following are excluded from Gross Billings: (i) sales taxes and other taxes separately stated that are collected from clients and paid to taxing authorities; (ii) refunds and credits made in good faith to arms’ length clients in accordance with our standards and specifications for issuing such refunds or deposits; and (iii) the discount value of any coupon, voucher or other allowance that we authorize at the time the franchisee redeems the client’s coupon, voucher or allowance.

2. Gross Billings disclosed in this Item are based upon reports that are generated by the reporting software used by Amada Senior Care Businesses throughout the System. We have not audited or independently verified the data contained in the reports.

3. Written substantiation of the disclosures contained in this Item will be made available to you upon reasonable request.

Other than the preceding financial performance representation, Amada Franchise, Inc. does not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor’s management by contacting our Chief Executive Officer, Tafa Jefferson at 901 Calle Amanecer, Suite 350, San Clemente, California 92673 and telephone (949) 284-8036, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

TABLE NO. 1
System Wide Outlet Summary
For Years 2020 to 2022

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2020	112	136	+24
	2021	136	149	+13
	2022	149	160	+11
Company-Owned	2020	1	1	0
	2021	1	1	0
	2022	1	1	0
Total Outlets	2020	113	137	+24
	2021	137	150	+13
	2022	150	161	+11

TABLE NO. 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For Years 2020 to 2022

State	Year	Number of Transfers
Alabama	2020	0
	2021	1
	2022	0
Arizona	2020	0
	2021	1
	2022	0
California	2020	2
	2021	1
	2022	0
Florida	2020	1
	2021	0
	2022	0
Kentucky	2020	1
	2021	0
	2022	0

State	Year	Number of Transfers
Massachusetts	2020	0
	2021	1
	2022	0
North Carolina	2020	0
	2021	0
	2022	1
New Jersey	2020	1
	2021	0
	2022	0
Ohio	2020	0
	2021	0
	2022	1
Pennsylvania	2020	3
	2021	0
	2022	2
South Carolina	2020	0
	2021	1
	2022	0
Texas	2020	1
	2021	0
	2022	1
Wisconsin	2020	0
	2021	2
	2022	0
Total	2020	9
	2021	7
	2022	5

TABLE NO. 3
Status of Franchised Outlets
For Years 2020 to 2022

State*	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of Year
Alabama	2020	1	0	0	0	0	0	1
	2021	1	1	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Arizona	2020	5	0	0	0	0	0	5
	2021	5	1	0	0	0	0	6
	2022	6	0	0	0	0	0	6
Arkansas	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
California	2020	15	1	1	0	0	0	15
	2021	15	6	0	0	0	0	21
	2022	21	0	0	0	0	0	21
Colorado	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
Connecticut	2020	0	1	0	0	0	0	1
	2021	1	0	0	0	1	0	0
	2022	0	0	0	0	0	0	0
Delaware	2020	0	1	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Florida	2020	7	5	1	0	1	1	9
	2021	9	1	0	0	5	0	5
	2022	5	2	0	0	1	0	6
Georgia	2020	3	1	0	0	0	0	4
	2021	4	0	0	0	0	0	4
	2022	4	0	0	0	0	0	4
Idaho	2020	0	1	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Illinois*	2020	3	4	0	0	0	0	7
	2021	7	3	0	0	0	0	10
	2022	10	1	0	0	0	0	11

State*	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of Year
Indiana	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
Iowa	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
Kansas	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Kentucky	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Louisiana	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
Maine	2020	0	1	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	1	0	0	0	0	2
Maryland	2020	3	1	0	0	0	0	4
	2021	4	0	0	0	0	0	4
	2022	4	0	0	0	0	0	4
Massachusetts	2020	2	1	0	0	0	0	3
	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
Michigan	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Minnesota	2020	3	1	1	0	0	0	3
	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
Mississippi	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Missouri	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
	2022	3	1	0	0	0	0	4

State*	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of Year
Nebraska	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Nevada	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
New Hampshire	2020	1	0	0	0	0	0	1
	2021	1	1	0	0	0	0	2
	2022	2	0	0	0	0	0	2
New Jersey	2020	4	1	0	0	0	0	5
	2021	5	2	0	0	0	0	7
	2022	7	1	0	0	0	0	8
New Mexico	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
North Carolina	2020	1	2	0	0	0	0	3
	2021	3	0	0	0	0	0	3
	2022	3	1	0	0	0	0	4
Ohio	2020	2	2	0	0	0	0	4
	2021	4	1	1	0	0	0	4
	2022	4	0	0	0	0	0	4
Oklahoma	2020	2	0	0	0	0	0	2
	2021	2	2	0	0	0	0	4
	2022	4	1	0	0	0	0	5
Oregon	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Pennsylvania	2020	8	3	0	0	0	0	11
	2021	11	0	0	0	1	0	10
	2022	10	0	0	0	0	0	10
Rhode Island	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
South Carolina	2020	2	0	0	0	0	0	2
	2021	2	0	1	0	0	0	1
	2022	1	0	0	0	0	0	1

State*	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of Year
Tennessee	2020	3	1	0	0	0	0	4
	2021	4	0	0	0	0	0	4
	2022	4	1	0	0	0	0	5
Texas	2020	15	0	0	0	0	0	15
	2021	15	2	0	0	0	0	17
	2022	17	0	0	0	0	0	17
Utah	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
Virginia	2020	3	0	0	0	0	0	3
	2021	3	1	0	0	0	0	4
	2022	4	0	0	0	0	0	4
Washington	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	1	0	0	0	0	3
West Virginia	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Wisconsin*	2020	2	1	0	0	0	0	3
	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	1	0	2
Totals	2020	113	28	3	0	1	1	136
	2021	136	22	2	0	7	0	149
	2022	149	13	0	0	2	0	160

*A single outlet operates in both Wisconsin and Illinois and is disclosed in both states.

TABLE NO. 4
Status of Company-Owned Outlets
For Years 2020 to 2022

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
California*	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
Totals	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1

*The company-owned outlet disclosed in this table is owned and operated by our affiliate Amada OC, Inc.

TABLE NO. 5
Projected Openings as of December 31, 2022

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlet in the Next Fiscal Year	Projected New Company-Owned Outlet in the Next Fiscal Year
Arkansas	0	1	0
California	0	2	0
Connecticut	0	2	0
Florida	2	2	0
Illinois	1	0	0
Louisiana	1	1	0
Massachusetts	0	1	0
Missouri	1	0	0
New Jersey	1	1	0
New Mexico	1	0	0
North Carolina	0	2	0
North Dakota	0	1	0
Pennsylvania	0	2	0
South Carolina	0	1	0
Texas	0	1	0
Virginia	0	1	0
Total	7	18	0

The names, addresses and telephone numbers of our current Franchisees are listed in **Exhibit H**. A list of franchisees who signed a Franchise Agreement as of December 31, 2022, but their outlets are not operational as of December 31, 2022, is also included in **Exhibit H**. Our Company-owned outlets are listed in **Exhibit I**. The name, city and state, and current business telephone number (or if unknown, the last known home telephone number) of every franchisee of ours in the U.S. who has had a franchise terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under their franchise during the most recently completed fiscal year, or has not communicated with us within 10 weeks of the

date of issuance of this disclosure document are listed in **Exhibit J**. If you buy this franchise, your contact information will be disclosed to other buyers when you leave the franchise system.

During the last three years, some current or former franchisees have signed confidentiality clauses. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with Amada Senior Care. You may wish to speak with current and former franchisees, but be aware that not all of those franchisees will be able to communicate with you.

If we offer to sell any previously-owned Amada Senior Care Business that we now own, specific information about that business will be provided to you in a separate supplement to this disclosure document.

We have formed a franchise advisory council from which we solicit information and feedback about issues that affect the franchise system as a whole.

No trademark-specific franchisee organization exists that is associated with this franchise system.

ITEM 21 FINANCIAL STATEMENTS

Attached to this disclosure document as **Exhibit F** are our audited financial statements for fiscal years ending December 31, 2022, December 31, 2021 and December 31, 2020. Our unaudited balance sheet as of March 31, 2023 and our unaudited profit and loss statement for the period January 1, 2023 to March 31, 2023 are also attached as Exhibit F.

ITEM 22 CONTRACTS

The following agreements are attached as exhibits to this disclosure document:

- Exhibit A. Franchise Agreement
 - Exhibits to the Franchise Agreement
 - B. Authorization to Initiate Debit Entries
 - C. Collateral Assignment of Lease
 - E. Personal Guaranty and Assumption of Obligations
 - F. Spousal Guaranty
 - G. Collateral Assignment of Telephone Numbers and Telephone Listings and Internet Addresses
 - J. Skilled Care Services Addendum
 - K. Business Associate Agreement
 - L. Staffing Services Addendum
- Exhibit B. Development Agreement
- Exhibit C. Confidentiality, Non-Disclosure, and Non-Competition Agreement
- Exhibit D. State Addenda
- Exhibit E. Statement of Franchisee
- Exhibit L. Form of General Release

**ITEM 23
RECEIPTS**

Attached at the end of this disclosure document, following the Exhibits, is a receipt. Please sign it, date it the date you receive the disclosure document, and return it to us. A duplicate of the receipt is attached for your records.

EXHIBIT A
AMADA FRANCHISE, INC.
FRANCHISE AGREEMENT



AMADA FRANCHISE, INC.

FRANCHISE AGREEMENT

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ATTACHMENTS

- A. Designated Territory, Premises, and Initial Franchise Fee
- B. Authorization to Initiate Debit Entries
- C. Collateral Assignment of Lease
- D. Statement of Franchisee Ownership
- E. Personal Guaranty and Assumption of Obligations
- F. Spousal Consent and Guaranty
- G. Collateral Assignment of Telephone Numbers and Telephone Listings and Internet Addresses
- H. Site Selection Addendum
- I. Primary Contact Addendum
- J. Skilled Care Services Addendum
- K. Business Associate Agreement
- L. Staffing Services Addendum

AMADA FRANCHISE AGREEMENT

This Franchise Agreement (“**Agreement**”) is entered into on _____ by and between Amada Franchise, Inc., a Delaware corporation with its principal place of business at 901 Calle Amanecer, Suite 350, San Clemente, CA 92673 (“**Franchisor**”),

having its principal place of business at _____ (“**Franchisee**”), and any party that signs the Joinder to Amada Franchise Agreement (“**Joinder**”) that is at Exhibit 1 of Attachments J and L attached to this Agreement. For purposes of this Agreement, the term Franchisee shall include any party that signs the Joinder.

RECITALS

A. Franchisor has the right to use and license the use of a system (the “**System**”) for the establishment and operation of Amada Senior Care businesses (the “**Franchised Business**”). The System includes providing and marketing non-medical homemaker, companionship, personal care services, personal technology services, and equipment to the elderly and others who need assistance in daily living (“**Senior Care**”), as well as placement services for seniors (“**Senior Placement Services**”) and services administering and/or coordinating care for long-term insurance claims (“**Administration Services**”).”

B. The distinguishing characteristics of the System include, without limitation, method of establishing and conducting the Franchised Business utilizing certain standards, specifications, methods, procedures, proprietary equipment, proprietary software, techniques, management techniques, the Marks, a confidential operations manual (“**Operations Manual**”) and other confidential information, all of which may be changed, improved, and further developed from time to time.

C. The System is identified by certain trade names, service marks, trademarks and associated logos, emblems, symbols and indicia of origin including, without limitation, the marks AMADA® and AMADA SENIOR CARE and such other trade names, service marks, trademarks, logos, emblems and indicia of origin as are now designated, and may hereafter be designated by Franchisor in writing, for use in connection with the System (“**Marks**”). The rights to all such Marks as are now, or hereafter will be, designated as part of the System will be owned exclusively by Franchisor or its affiliates (“**Affiliates**”) and be used for the benefit of Franchisor, its Affiliates and System franchisees to identify to the public the source of the products and services marketed thereunder.

D. Franchisor maintains high standards of quality and service for the System, as a result of which the System has acquired valuable goodwill and a favorable reputation.

E. Franchisee desires to engage in the Franchised Business and Franchisor is willing to grant Franchisee a franchise to do so upon the terms and conditions set forth in this Agreement in reliance upon all of the representations made in Franchisee’s application and this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained in this Agreement and for other good and valuable consideration, the receipt of which is acknowledged, the parties to this Agreement agree as follows:

1. GRANT OF FRANCHISE

1.1 Grant. Franchisor hereby grants to Franchisee, upon the express terms and conditions contained in this Agreement, and Franchisee hereby accepts, a franchise for the right to establish and operate one Franchised Business, under the System and Marks identified below, and the right to use the System and Marks in the operation of the Franchised Business in the designated territory described in **Attachment A** to this Franchise Agreement (“**Designated Territory**”). Franchisor has the right to supplement, improve or otherwise modify the System from time to time, and Franchisee agrees to comply with all changes which may include, without limitation, the offer and sale of new or different products or services as Franchisor may specify. This may include the Franchisor granting Franchisee the right to provide a comprehensive clinical-based model of care for clients, ordered by a physician and provided by licensed professional care staff (“**Skilled Care**”) or the right to provide hospitals, skilled nursing facilities, doctors’ offices, assisted living communities, home health and hospice agencies and other approved healthcare related entities with caregivers, registered nurses, licensed practical nurses, nurse practitioners, home health aides, medical assistants, medical secretary/receptionists, occupational health nurses, phlebotomists, physician assistants, certified nurse assistants, physical therapists, occupational therapists, speech therapists, case managers and other approved healthcare practitioners (“**Staffing Services**”).

1.2 Operation of Franchise Limited to Territory; Incidental Advertising. Franchisee may not directly market, solicit or perform any Senior Care, Skilled Care or Staffing Services in another System franchisee’s Designated Territory. If Franchisee wishes to perform Senior Care, Skilled Care or Staffing Services within the Designated Territory of another franchisee (the “**Other Designated Territory**”), Franchisee must first seek written permission from the franchisee whose Other Designated Territory contains the prospective client’s principal residence or location (the “**Other Franchisee**”). Franchisor must also receive a copy of the written request, and shall approve or disapprove any such request in writing. Neither Franchisor nor the Other Franchisee is under any obligation or duty to grant Franchisee permission to perform Senior Care, Skilled Care or Staffing Services in the Other Designated Territory. If Franchisee is granted permission to perform services to clients in the Other Designated Territory by both the Other Franchisee and the Franchisor, Franchisee may service the client as long as Franchisee is able to perform the services according to the standards as described in the Operations Manual and any applicable addendum. If Franchisee is not granted permission from either the Other Franchisee or the Franchisor, Franchisee may not service the client in the Other Territory. If Franchisee nevertheless services the client in the Other Territory, or fails to provide written notice to the Other Franchisee and Franchisor as required by this Section 1.2, Franchisee shall be in violation of this Agreement. In such a case, Franchisor shall provide written notice to Franchisee, and within ten (10) days of receiving written notice of such violation, Franchisee: (i) must, within 48 hours, cease providing services to the client in the Other Territory; and (ii) may be required to pay to the Franchisor the greater of (a) \$2,500 for each client serviced in the Other Territory; or (b) the net profit that the Other Franchisee would have realized had the Other Franchisee provided services to the client. Franchisor may remit all or portion of any monetary penalty to the Other Franchisee. In the event of a violation as described herein, Franchisee shall pay an “Investigative Fee” for such

costs incurred by Franchisor in investigating such violations. The Investigative Fee shall include the hourly fee charged by Franchisor at the time of the investigation, and any applicable attorneys' fees and costs incurred by the Franchisor during the course of such investigation.

1.3 Operation in Contiguous Area; Incidental Advertising. Franchisee may solicit or service Senior Care, Skilled Care, Staffing Services and Administration Services clients outside of the Designated Territory in a contiguous area to the Designated Territory ("**Contiguous Area**"), provided that Franchisee obtains Franchisor's prior written approval to do so. Any such Contiguous Area must not be within the Designated Territory of another System franchisee, company-owned location, or Affiliate-owned location. If Franchisee performs Senior Care, Skilled Care or Staffing Services outside of the Designated Territory in a Contiguous Area, and that Contiguous Area subsequently becomes part of or all of the Designated Territory of another System franchisee, company-owned location, or Affiliate-owned location, Franchisee may continue to provide services and products to such clients in the Contiguous Area ("**Legacy Clients**"), until such time as the Legacy Client discontinues services. After a Legacy Client discontinues services, Franchisee shall not resume servicing the Legacy Client without permission from Franchisor and Other Franchisee, as described in Section 1.2, above. When a Contiguous Area becomes part or all of the Designated Territory of any other System franchisee, company-owned location, or Affiliate-owned location, Franchisee must provide to the System franchisee and Franchisor a list of the Legacy Clients to whom the Franchisee wishes to provide services for Franchisor's approval. Franchisee acknowledges that Franchisor has the right to withdraw the privilege to use promotional materials and to otherwise promote, advertise, solicit, provide care, companionship, products, materials, and equipment or perform any other Senior Care, Skilled Care, Staffing Services or Administration Services outside of the Designated Territory any time without any further obligation to Franchisee. Franchisee may perform, solicit or accept business for Senior Placement Services outside of the Designated Territory.

1.4 Franchised Business Operated Only from the Premises. Franchisee acknowledges and agrees that the grant of franchise in Section 1.1 relates solely to the operation of the Franchised Business from the Premises (as defined in Section 6.1) and affords Franchisee no right to construct or operate any additional, expanded or modified facilities on the Premises nor any right to construct or operate the Franchised Business at any location other than the Premises identified in **Attachment A** to this Agreement. If Franchisor has not approved of a location for Franchisee to operate its Amada Franchised Business as of the date Franchisee signs this Agreement, the parties will enter into the Site Selection Addendum attached hereto as **Attachment I**, the terms of which will govern the parties' site selection obligations. Franchisee may not relocate the Franchised Business without Franchisor's prior written consent, which will not be unreasonably withheld. Franchisee will be responsible for all costs incurred by Franchisor in connection with approving any proposed change in the Franchised Business's Premises.

1.5 Minimum Gross Billings Standards. Franchisee shall receive an exclusive territory, subject to the exceptions outlined below. Franchisor will not operate or license others to operate a Franchised Business or use the Marks within Franchisee's Designated Territory unless Franchisee does not meet its minimum Gross Billings standards ("**Minimum Gross Billings Standards**") for Senior Care services in any year. The following chart outlines the Minimum Gross Billings Standards for the Designated Territory:

Year	Gross Billings
By the end of your First Year*	\$150,000
By the end of your Second Year	\$300,000
By the end of your Third Year	\$500,000
By the end of your Fourth Year	\$750,000
By the end of your Fifth Year	\$900,000
By the end of your Sixth Year	\$1,200,000
By the end of your Seventh Year	\$1,200,000
By the end of your Eighth Year	\$1,200,000
By the end of your Ninth Year	\$1,200,000
By the end of your Tenth Year	\$1,200,000

*“First Year” means the earlier of the first month after the month in which your home care license is obtained, or 90 days from signing this Agreement (in states where no license is required).

The Minimum Gross Billings Standards apply only to Senior Care services. Gross Billings obtained from Senior Care services outside of the Designated Territory including in any Contiguous Area may not be used to meet the Minimum Gross Billings Standards for Senior Care services. Gross Billings obtained from Senior Placement Services, Staffing Services, Administration Services, or Skilled Care may not be used to meet the Minimum Gross Billings Standards for Senior Care services. There are separate Minimum Gross Billings Standards for Skilled Care as set forth on Attachment J. Senior Placement Services require payment of a Senior Placement Fee as a percentage of the commission received for placing a senior at a boarding care facility. There is no Minimum Royalty Fee for Senior Placement Services or Administration Services. Franchisee’s failure to achieve its Minimum Gross Billings Standards in any year is a material breach of this Agreement. If Franchisee fails to meet its Minimum Gross Billings Standards in any year, Franchisor reserves the right to reduce the size of Franchisee’s Designated Territory, grant to any third party the right to operate additional franchises within Franchisee’s Designated Territory, reject any request by Franchisee to increase the size of Franchisee’s Designated Territory, or to terminate this Agreement upon thirty (30) days’ written notice. Franchisee acknowledges and agrees that these Minimum Gross Billings Standards are not, and should not be considered, financial performance representations for the Franchised Business. If Franchisee signs a Successor Franchise Agreement, Franchisee’s Minimum Gross Billings Standards will be the Minimum Gross Billings Standards that Franchisee was required to satisfy during the last year of its Initial Term unless Franchisor’s then-current form of Franchise Agreement specifically requires the satisfaction of a different set of Minimum Gross Billings Standards.

1.6 Franchisor’s Reserved Rights. Franchisee will receive a Designated Territory, subject to the exceptions outlined below. The license is limited to the right to develop and operate

one Franchised Business at the Premises (as defined in Section 6.1) within the Designated Territory, and does not include (i) any right to market or sell products or services identified by the Marks at any location other than the Premises, or through any other channels or methods of distribution, including the Internet (or any existing or future form of electronic commerce including but not limited to social media websites and mobile communication devices), except in accordance with policies stated in the Operations Manual; (ii) any right to sell products or services identified by the Marks to any person or entity for resale or further distribution; or (iii) any right to exclude, control, or impose conditions on Franchisor's development of future franchised, company, or Affiliate-owned Franchised Businesses at any time outside of the Designated Territory.

Franchisee further acknowledges and agrees that Franchisor and Franchisor's Affiliates retain the right to:

1.6.1 Establish or license others the right to establish an Amada Senior Care Business at any location outside the Designated Territory, as we deem appropriate, regardless of proximity to the Designated Territory, without compensation to you;

1.6.2 Establish and license others to establish businesses under other systems using the Marks or other proprietary marks, which businesses may be located within or outside the Designated Territory, provided, however, that, except as specifically provided in the Franchise Agreement, we not license or establish a business substantially similar to the Amada Senior Care Business within your Designated Territory;

1.6.3 Sell the services, products, materials and related equipment authorized for your Amada Senior Care Business under other trademarks, service marks and commercial symbols through similar or dissimilar channels of distribution and pursuant to terms we deem appropriate within and outside your Designated Territory;

1.6.4 Advertise and sell the services, products, materials and related equipment authorized as associated with your Amada Senior Care Business under the Marks through dissimilar channels of distribution including, without limitation, by electronic means such as the Internet and websites we establish and pursuant to terms we deem appropriate within and outside your Designated Territory;

1.6.5 Advertise the System on the Internet and to create, operate, maintain and modify, or discontinue the use of one or more websites using the Marks;

1.6.6 Acquire the assets or ownership interest of one or more businesses providing services, products, materials and related equipment similar to those provided under your Amada Senior Care Business, and franchise under a service mark or trademark other than our Marks, license or grant the right to others to operate those businesses once acquired, regardless of whether these businesses are located or operating within your Designated Territory;

1.6.7 Be acquired by a business providing services, products, materials and equipment similar to those provided at your Amada Senior Care Business, even if such business operates, franchises or licenses competitive businesses in your Designated Territory;

1.6.8 Establish a National Accounts Program, in which you are required to participate and cooperate, including refraining from certain channels of marketing and distribution. In the event that you do not participate in any such National Accounts Program or are unable to fully service a National Account in your Designated Territory, we, an Affiliate, or a third party designee of ours (including another franchisee within the System) may provide the services necessary to fulfill a National Account in your Designated Territory and you will not be entitled to any compensation in connection with that transaction;

1.6.9 Offer, sell, operate or distribute and/or license others to sell, operate and distribute through franchised or non-franchised businesses, at wholesale or retail, within and outside the Designated Territory (a) Amada branded goods and services not then offered and sold through the System, or (b) goods and services under another brand where comparable goods and services are not then offered and sold through the System. These goods and services may be offered and sold through similar or dissimilar channels or methods of distribution, including the Internet and outlets that do business under the Amada name or another name. Examples of these outlets include durable medical equipment centers, assisted living facilities, adult daycare and/or child daycare facilities and hospices, but the examples also include businesses that are not in the healthcare industry.

1.6.10 Engage in any other activities not expressly prohibited in the Franchise Agreement.

1.6.11 Establish multi-area marketing programs and regional and national account programs that allow us or our Affiliates to market anywhere, including in your Designated Territory.

1.6.12 Offer promotional programs from time to time to existing franchisees who meet certain criteria established by Franchisor. Such programs may involve certain market segments and may include modified Royalty Fees as determined solely by Franchisor.

1.7 Right of First Refusal. If at any time Franchisor or an Affiliate franchises rights to use the Marks to offer products or services different from the products and services Franchisee is authorized to offer under this Agreement, then Franchisee shall have a limited right of first refusal to acquire the franchise rights to offer the other products or services in the Designated Territory (“**Right of First Refusal**”) if Franchisee satisfies the ROFR Conditions. Without limitation, the “**ROFR Conditions**” include Franchisee’s compliance with this Franchise Agreement at all times, including all performance and related standards (including, without limitation, the Minimum Gross Billings Standards). Franchisee must notify Franchisor in writing within thirty (30) days of Franchisee’s election to exercise the Right of First Refusal and satisfy all ROFR Conditions. If Franchisee does not exercise the Right of First Refusal, or does not satisfy all ROFR Conditions, Franchisee shall be deemed to have waived the Right of First Refusal and Franchisor and its Affiliates shall then have the unrestricted right to grant franchises to others to use the Marks to offer the other services and products within the Designated Territory without compensation to Franchisee.

1.8 National Accounts Program. Franchisor may establish various national accounts (“**National Accounts**”) pursuant to a National Accounts program (“**National Accounts Program**”) (an account serviced by multiple franchisees in different Designated Territories, but not necessarily in all Designated Territories). While Franchisor reserves the right to establish such a National Accounts Program, it has no obligation to do so. In the event Franchisor establishes a National Accounts Program, Franchisee must participate in and cooperate in such National Accounts Program, which may require Franchisee to refrain from certain channels of marketing and distribution. Under the National Accounts Program, Franchisor may engage in electronic commerce through any Internet, World Wide Web or other computer network site, or sell through any other alternative distribution channel under such National Accounts Program, to secure an order (“**Order**”) for any System product or services calling for delivery or performance in Franchisee’s Designated Territory. In the event Franchisor secures an Order in Franchisee’s Designated Territory, Franchisor will offer the Order to Franchisee at the price Franchisor establishes. If Franchisee chooses not to fulfill the Order or is unable to do so, then Franchisor, an Affiliate, or a third party Franchisor designee (including another franchisee) may fulfill that particular Order, and Franchisee will be entitled to no compensation in connection with the transaction. The details for any National Accounts Program will be outlined in the Operations Manual or any other written communication from Franchisor, and Franchisor reserves the right to modify or discontinue any National Accounts Program at any time upon written notice to Franchisee.

1.9 Relocation. Provided that Franchisee is not in default under this Agreement, in the event Franchisee is the lessee or sublessee of the Premises and the lease or sublease is terminated or not renewed during the term of this Agreement through no fault of Franchisee, Franchisee may relocate the Franchised Business to another premises within the Designated Territory. Franchisee must obtain Franchisor’s prior written consent to any such relocation. Franchisor may withhold any such consent. Franchisee will be responsible for all costs incurred by Franchisor in approving any new location for the Franchised Business. Franchisee must, at its expense, ensure that the substitute premises conforms to Franchisor’s then-current specifications and standards relating to premises design, furniture, fixtures and equipment for a Franchised Business. Franchisee agrees to close the Premises within one (1) month of opening the substitute premises. Franchisee agrees, at its sole expense, to remove from and around the Premises and obliterate any visible indicia that the location was operated as a Franchised Business upon relocation of the Franchised Business to the substitute premises.

2. TERM AND RENEWAL

2.1 Initial Term. This Agreement will take effect upon its execution by all parties hereto (“**Effective Date**”) and, unless previously terminated pursuant to Section 13 hereof, its term will extend for ten (10) years from the Effective Date (“**Initial Term**”).

2.2 Successor Term. Provided that (i) Franchisee has met the Minimum Gross Billings Standards for every year during the Initial Term; (ii) Franchisee is not in default under this Agreement or any other agreement with Franchisor or Franchisor’s Affiliates at any time during the last year of the Initial Term; (iii) Franchisee has been in substantial compliance of this Agreement and any other agreement with Franchisor, Franchisor’s Affiliates, and designated suppliers throughout the Initial Term and any renewal term of this Agreement; and (iv) Franchisee has fulfilled all of its monetary obligations to Franchisor, Franchisor’s Affiliates, and Approved

Suppliers, Franchisee may, at its option, renew this Agreement upon the expiration of the Initial Term for an additional term of ten (10) years (“**Successor Term**”).

2.2.1 Franchisee must exercise its option to renew by giving Franchisor written notice of Franchisee’s election to renew not less than six (6) months and no more than one (1) year prior to the expiration of the Initial Term. As a condition for any Successor Term, Franchisee must:

(i) pay to Franchisor a successor fee (“**Successor Fee**”) in an amount equal to ten percent (10%) of the then-current initial franchise fee at the time of renewal;

(ii) sign Franchisor’s then-current form of franchise agreement (“**Successor Franchise Agreement**”), which may include terms and conditions materially different from those in this Agreement, such as different performance standards, fee structures and/or increased fees;

(iii) if Franchisee’s Designated Territory is more than twice the size of Franchisor’s then current territory size based upon population, Franchisee may be required to divide the Designated Territory into two and sign multiple corresponding Franchise Agreements;

(iv) if available, execute a new lease for three years with an option to renew for two years for the Premises;

(v) execute a general release in a form satisfactory to Franchisor of any and all claims against Franchisor, its parent, subsidiaries or Affiliates (if applicable) and their officers, directors, attorneys, Owners and employees;

(vi) complete any new training requirements not yet completed; and

(vii) at Franchisee’s sole expense and if necessary in Franchisor’s sole opinion, bring the Franchised Business up to Franchisor’s then-current standards for a Franchised Business, including installation or upgrade of computer hardware and software.

2.2.2 The first Successor Franchise Agreement referred to above will include an option for Franchisee to renew that agreement for one additional term of five (5) years on the terms of the second Successor Franchise Agreement being offered by Franchisor at that time to similarly situated renewing System franchisees; provided, however, that at the time any such option is to be exercised by Franchisee, Franchisee has met the Minimum Gross Billings Standards for every year during the first Successor Term and Franchisee is not in default under the first Successor Franchise Agreement, or any other agreement with Franchisor, at any time during the last six (6) months of the first Successor Term.

2.3 Interim Period. If Franchisee does not sign a Successor Franchise Agreement prior to the expiration of this Agreement and Franchisee continues to accept the benefits of this Agreement after the expiration of this Agreement, then at Franchisor’s option, this Agreement may

be treated either as (i) expired as of the date of expiration with Franchisee then operating without a license to do so and in violation of Franchisor's rights; or (ii) continued on a month-to-month basis ("**Interim Period**") until one party provides the other with written notice of such party's intent to terminate the Interim Period, in which case the Interim Period will terminate thirty (30) days after receipt of the notice to terminate the Interim Period. In the latter case, all of Franchisee's obligations shall remain in full force and effect during the Interim Period as if this Agreement had not expired, and all obligations and restrictions imposed on Franchisee upon expiration of this Agreement shall be deemed to take effect upon termination of the Interim Period.

3. OPERATING ASSISTANCE

3.1 Assistance Prior to Opening. Prior to Franchisee opening the Franchised Business, Franchisor will provide Franchisee with the following assistance:

3.1.1 Provide Franchisee with password protected Internet access to an electronic version of the Operations Manual.

3.1.2 Review and approve or disapprove the proposed site for the Franchised Business to determine whether it meets Franchisor's standards and specifications.

3.1.3 Provide Franchisee with specifications on the size, layout and floor plan of a prototypical Franchised Business office to assist Franchisee with its purchase of furniture, desks, and file cabinets.

3.1.4 Provide Franchisee with a copy of job descriptions of key positions for staffing the Franchised Business.

3.1.5 Franchisor will discuss the basics of the business and other start-up business training by phone or webinar ("**Start-up Business Training Program**"). Franchisor will also provide Franchisee with continuing consultation and advice as Franchisor deems advisable with respect to the business of the Franchised Business before Franchisee opens its office.

3.1.6 Provide Franchisee with an Approved Supplies List and Approved Suppliers List (See Section 6.10) and assistance regarding Franchisee's purchase of initial recruiting materials, marketing materials, and business office supplies.

3.1.7 Provide Franchisee with training by webinar for Senior Placement Services including discussing marketing, relationship development, contracting, effective use of technology, and the financial impact of placement services ("**Senior Placement Training Program**").

3.1.8 Provide three people with training at the Franchisor's or its affiliate's headquarters or another location (including online) designated by Franchisor, to generally discuss the operations roles, the sales roles, and recruitment of staff for the Franchised Business ("**Senior Care Training Program**").

3.1.9 Provide three people with field training at Franchisee's location in or near the Designated Territory which will include sales mapping, establishing contact with key referral sources, in-field sales training, office setup, and other relevant topics (“**Field Training**”).

3.1.10 Provide Franchisee with sample advertisements regarding the opening of the Franchised Business and Franchisee's recruitment of staff.

3.2 Ongoing Assistance. After Franchisee has opened the Franchised Business, Franchisor will provide the following assistance:

3.2.1 Provide Franchisee with tuition-free on-site training for up to three (3) days. Franchisor will also provide Franchisee with ongoing consultation and advice in response to Franchisee's inquiries about specific administrative and operating issues. Franchisor may decide how best to communicate this consultation and advice to Franchisee, whether by telephone, in writing, electronically, or in person. The method chosen by Franchisor may be different than the methods used by Franchisor to communicate with other System franchisees.

3.2.2 Administer the Advertising Fund (described below) and approve or disapprove of any advertising that Franchisee creates for use in Franchisee's local market.

3.2.3 Franchisor may update the Approved Supplies List and Approved Suppliers List from time to time as Franchisor deems necessary.

3.2.4 While not currently in place, Franchisor may develop an advanced training program for Franchisee's key personnel, as designated by Franchisor, which will be held at Franchisor's or its affiliate's headquarters, or another location (including online) designated by Franchisor. Franchisor may charge Franchisee a fee for this advanced training, and Franchisee must pay all of Franchisee's travel expenses, such as transportation, lodging, meals, and any related payroll expenses for anyone who attends the training. If Franchisee hires a replacement manager, he or she must meet Franchisor's applicable training requirements at the time of hire.

3.2.5 Maintain the Amada Website (as defined below).

3.2.6 Franchisor may change or modify the System including the adoption and use of new or modified trade names, trademarks, service marks, or copyrighted materials, new computer programs and systems, new types of inventory, supplies, products, services, equipment, or techniques.

3.2.7 Provide Franchisee with information regarding any modifications, improvements, or developments within or to the System in the form of periodic announcements via main menu page or website and email bulletins.

3.2.8 Provide Franchisee with assistance regarding staffing matters, which may include providing Franchisee with recommended organizational charts, position descriptions for office and field positions, and interviewing guidelines for various positions.

3.2.9 Provide Franchisee with additional optional training on an as-needed basis for an additional fee of five hundred dollars (\$500) per day per trainer plus travel, room and board expenses for each trainer.

4. FEES AND OTHER PAYMENTS TO FRANCHISOR

4.1 Initial Franchise Fee. In consideration of the franchise granted herein, Franchisee must pay to Franchisor an initial franchise fee (“**Initial Franchise Fee**”) in the amount set forth in **Attachment A** to this Agreement for the right to operate one Franchised Business in the Designated Territory. The Initial Franchise Fee for the right to operate an Amada Senior Care Business within an assigned Designated Territory is Fifty-Five Thousand Dollars (\$55,000). The Designated Territory will be defined by zip codes and include a population of approximately 40,000 to 50,000 people age 65 and older. Franchisee acknowledges and agrees that the Initial Franchise Fee is payable upon signing this Agreement and is fully earned upon receipt by Franchisor and is non-refundable under any circumstances.

4.2 Gross Billings. “**Gross Billings**” shall mean the aggregate of all revenues and other income from whatever source derived (whether in the form of cash, credit, agreements to pay or other consideration and whether or not payment is received at the time of sale or any of these amounts prove uncollectible), which arise from or are derived by Franchisee or by any other person from business conducted by, or which originated from the business. Gross Billings also include all proceeds from any business interruption insurance. Excluded from Gross Billings are: (i) sales taxes and other taxes separately stated that Franchisee collects from clients and pay to taxing authorities; (ii) refunds and credits made in good faith to arms’ length clients in accordance with our standards and specifications for issuing such refunds or credits; and (iii) the discount value of any coupon, voucher or other allowance that Franchisor authorizes at the time Franchisee redeems the client’s coupon, voucher or allowance.

4.3 Royalty Fee.

4.3.1 Senior Care and Administration Services. For Gross Billings generated by Senior Care and Administration Services provided by the Franchised Business, Franchisee must pay to Franchisor a royalty fee (“**Royalty Fee**”) equal to the greater of: (i) five percent (5%) of monthly Gross Billings or the minimum Royalty Fee (“**Minimum Royalty Fee**”), as outlined below. The Minimum Royalty Fee is determined as follows:

Minimum Royalty Fee Chart

Months in Operation	Minimum Royalty Fee
1-2 months	No Minimum Royalty Fee
3-12 months	\$500/month
13-24 months	\$1,000/month
25-36 months	\$1,800/month
37-48 months	\$2,500/month

Months in Operation	Minimum Royalty Fee
49-60 months	\$3,200/month
61 and all months thereafter	\$4,000/month

As defined and set forth in Section 4.8, the fixed payment amounts of the Minimum Royalty Fee are subject to Annual Increase. The Minimum Royalty Fees starts the earlier of the first month after the month in which your home care license is obtained, or 60 days from signing the Franchise Agreement (in states where no license is required). Notwithstanding the foregoing, Franchisee shall pay Franchisor six percent (6%) of Gross Billings from Senior Care services rendered to National Accounts.

4.3.2 Senior Placement Services. For Gross Billings generated by Senior Placement Services, Franchisee must pay a Royalty Fee of ten percent (10%) of monthly Gross Billings. For Senior Placement Services generated from National Accounts, Royalty Fees shall be increased by five percent (5%), for a total of fifteen percent (15%), of monthly Gross Billings. There is no Minimum Royalty Fee for Senior Placement Services.

4.3.3 Acknowledgment. Franchisee acknowledges and agrees that the Minimum Royalty Fee and revenue-based Royalty Fee structure described above are not a representation or suggestion as to what level of revenue Franchisee may, or is likely to, obtain.

4.3.4 Payment. Any Royalty Fee is due and payable on the seventh (7th) day of the month for the prior month's billings via electronic funds transfer. Franchisor reserves the right to collect the Royalty Fee more frequently than monthly upon thirty (30) days' prior written notice to Franchisee.

4.4 Advertising Fund. Franchisee must contribute one percent (1%) of Franchisee's monthly Gross Billings to the Advertising Fund set forth in Section 8.1. Franchisee's contribution to the Advertising Fund is due and payable on the seventh day of the month for the prior month's billings via electronic fund transfer. Franchisor reserves the right to collect such contributions more frequently than monthly upon thirty (30) days' prior written notice to Franchisee.

4.5 Software Bundle Fee and Telephone Access Fee. Franchisee must pay to Franchisor a monthly Software Bundle Fee ("**Bundle Fee**") for Franchisee's right to use a software bundle that includes: proprietary operational, financial, and benchmarking software (collectively, "**Licensed Software**"); CRM; cloud storage, intranet, digital signature, other systems, and tools to assist Franchisee in internal and external communications, business metrics, social media, and the overall technological infrastructure for the Franchised Business, including but not limited to two email addresses and a microsite. The Software Bundle Fee also covers costs related to the research, design, procurement and administration of software and equipment, related personnel and other departmental costs, any optional or required maintenance, support, customization, upgrades and updates to the proprietary software and equipment Franchisor may provide Franchisee. The Software Bundle Fee is due and payable on the seventh day of the month. Franchisor reserves the right to collect the Software Bundle Fee more frequently than monthly upon thirty (30) days' prior written notice to Franchisee. Franchisor reserves the right to specify different hardware and

software systems in the future, including proprietary software that Franchisor or its Affiliates develop exclusively for the System. Franchisor reserves the right to require the Franchisee to directly pay an approved third party vendor or Affiliates for hardware and software systems in the future either for or to replace the hardware and software systems currently provided in the Bundle Fee. To the extent that the Bundle Fee no longer encompasses a previously provided item, the Bundle Fee will be subject to a reduction. Franchisor reserves the right to independently access all Business Records (as defined in Section 6.8.7) collected or compiled within any of Franchisee's software platforms and databases. There are no contractual limitations on this right. For any additional email addresses that Franchisee requests to use in connection with the Amada Senior Care Business (in addition to the two email addresses which are included in the Software Bundle Fee), Franchisee must pay to Franchisor an email fee ("**Email Fee**") of Ten Dollars (\$10) per month per email account. Franchisee must directly pay an approved third party vendor for telephone services. Franchisee is required to have at least two separate telephone lines. Franchisor reserves the right to contract directly with a third party vendor and establish a centralized account for telephone services, in which event Franchisee must pay to Franchisor a telephone system access fee ("**Telephone Access Fee**") for each telephone line that Franchisee uses.

4.6 State Licensing and Compliance Fee. Franchisee agrees that it must adhere to state licensing and compliance requirements and these requirements may differ from state to state. If there are state-specific requirements applicable to Franchisee's Designated Territory or Contiguous Area, Franchisee must complete and submit all licensing and compliance requirements within forty-five (45) days of the date of this Agreement. If Franchisee fails to do so, Franchisor may require Franchisee to hire, at Franchisee's sole cost and expense, the services of third-party home care licensing service designated by Franchisor.

4.7 Other Charges and Service Fees. Franchisee understands and agrees that the System is developing and that there may be other charges and service fees that will be agreed upon between Franchisee and Franchisor and assessed to Franchisee either by Franchisor, its Affiliates or third party vendors in connection with existing components of the System or the addition of modified or new components to the System. Franchisee agrees to pay all such other charges and service fees in a timely manner.

4.8 Annual Increase in Fixed Fees or Fixed Payments. Franchisor and its Affiliates reserve the right to increase the amount of any fixed fee or fixed payment ("**Annual Increase**") under this Agreement, including but not limited to the Software Bundle Fee, Email Fee, Telephone Access Fee, and Local Advertising and Promotion expenditures (See Section 8.4). An Annual Increase to each particular fixed fee or fixed payment may occur only once during any calendar year.

4.9 Method of Payment and Electronic Funds Transfer. Unless otherwise agreed between Franchisor and Franchisee, all fees and other amounts paid to Franchisor or any Affiliate must be made in the form of an electronic or similar funds transfer in the appropriate amount(s) from Franchisee's bank account. Franchisor reserves the right to require Franchisee to pay any fees due under this agreement at any intervals Franchisor may designate and by such means as Franchisor may specify from time to time. Franchisee agrees to execute and deliver to its bank and to Franchisor those documents necessary to authorize such withdrawals and to make payment or deposit as directed by Franchisor or its Affiliates. The forms of authorization for electronic

transfer of funds are attached hereto as **Attachment B**. Franchisee further agrees that it will not thereafter terminate such authorization so long as the Franchise Agreement is in effect. Franchisee agrees that it will not close such bank account without prior notice to Franchisor and the establishment of a substitute bank account permitting such withdrawals. Franchisee also agrees that in the event that a direct electronic funds transfer or other withdrawal program is not available at the bank at which it currently does its business, it will take all reasonable and necessary steps to establish an account at a bank which does have such a program.

4.10 Payment and Interest on Late Payments. Except as may otherwise be provided in this Agreement, fees and other amounts due under this Agreement must be paid on the seventh (7th) day of the month for the prior month's billings via electronic funds transfer. Franchisor or its Affiliate will initiate payment on all invoices from Franchisee's bank account seven (7) days after the date of the invoice by electronic funds transfer as set forth in Section 4.9 above. If any fee or other amount due under this Agreement is not paid when it is due, Franchisee will pay a Fifty Dollar (\$50) late fee and interest on any balance due from the date due until such amount is paid in full at the highest then-applicable legal rate for open account business credit not to exceed two percent (2%) per month. This charge will accrue whether or not Franchisor or Franchisee exercises its respective rights to terminate this Agreement pursuant to Section 13 hereof.

4.11 Application of Payments. All payments by Franchisee pursuant to this Section 4 will be applied in such order as Franchisor may designate from time to time. Franchisee agrees that it may not designate an order for application of any fees different from that designated by Franchisor and expressly acknowledges and agrees that Franchisor may accept fees paid pursuant to different instructions without any obligation to follow such instructions, even if such payment is made by its terms conditional on such instructions being followed. This provision may be waived only by written agreement signed by Franchisor, which written agreement must be separate from the check or other document or medium constituting or transmitting payment.

4.12 Taxes on Payments and Currency. In the event that any taxing authority, wherever located, imposes any future tax, levy, or assessment on any payment Franchisee makes to Franchisor (excluding income tax), Franchisee must, in addition to all payments due to Franchisor, pay such tax, levy, or assessment. All fees and other amounts due Franchisor, or any Affiliate thereof, under this Agreement, or any other agreement related to Franchisee's ownership or operation of the Franchised Business, are stated in United States dollars and must be paid in United States dollars.

5. MARKS

5.1 Ownership. Franchisee expressly acknowledges Franchisor's and its Affiliates' rights in and to the Marks and agrees not to represent in any manner that Franchisee has acquired any ownership rights in the Marks. Franchisee agrees not to use any of the Marks or any marks, names or indicia which are or may be confusingly similar in its own corporate or business name, email address or domain name except as authorized in this Agreement. Franchisee further acknowledges and agrees that any and all goodwill associated with the System and identified by the Marks will inure directly and exclusively to the benefit of Franchisor and its Affiliates and that, upon the termination or expiration of this Agreement for any reason, no monetary amount will be assigned as attributable to any goodwill associated with Franchisee's use of the Marks.

5.2 Authorized Use. Franchisee understands and agrees that any use of the Marks other than as expressly authorized by this Agreement, without Franchisor's prior written consent, may constitute an infringement of Franchisor's rights therein and that the right to use the Marks granted herein does not extend beyond the expiration or termination of this Agreement. Franchisee expressly covenants that, during the term of this Agreement and thereafter, Franchisee will not, directly or indirectly, commit any act of infringement or contest or aid others in contesting the validity of Franchisor's right to use the Marks or take any other action in derogation thereof. Franchisee must identify itself as the owner of the Franchised Business (in the manner Franchisor prescribes) in conjunction with any use of the Marks including, without limitation, on invoices, contracts, timesheets, checks, receipts, and business stationary, as well as such conspicuous locations as Franchisor may designate in writing at the Franchised Business premises.

5.3 Infringement. Franchisor or its Affiliates will have the sole right to handle disputes with third parties concerning Franchisor's ownership of, rights in, or Franchisee's use of, the Marks or the System. Franchisee must immediately notify Franchisor in writing if Franchisee receives notice of, or learns of, any: (i) improper use of any of the Marks or elements of the System; (ii) use by any third party of any mark, design, logo or commercial symbol which, in Franchisee's judgment, may be confusingly similar to any of the Marks; (iii) use by any third party of any business practice which, in Franchisee's judgment, unfairly simulates the System in a manner likely to confuse or deceive the public; or (iv) claim, challenge, suit or demand asserted against Franchisee based on Franchisee's use of the Marks or the System. Franchisor will have the right to take any action it deems appropriate, including, without limitation, to take no action, and the sole right to control any legal proceeding or negotiation arising out of any infringement, challenge or claim or otherwise relating to the Marks or the System. Franchisee must not settle or compromise any claim, suit or demand asserted against it and agrees to be bound by Franchisor's decisions in handling disputes regarding the Marks and the System. Franchisee must cooperate fully with Franchisor and execute any documents and perform any actions that, in Franchisor's judgment, may be necessary, appropriate or advisable in the defense of such claims, suits or demands and to protect and maintain Franchisor's rights in the Marks and the System. Unless it is established that a third party claim asserted against Franchisee is based, directly or indirectly, on Franchisee's misuse of the Marks or the System, Franchisor agrees to defend Franchisee against the third party claim, provided Franchisee has notified Franchisor immediately after learning of the claim and fully cooperates in the defense of the action. Because Franchisor will defend the third party claim, Franchisee is not entitled to be reimbursed for legal or other professional fees or costs paid to independent legal counsel or others in connection with the matter. Notwithstanding Franchisor's agreement to defend Franchisee under the conditions in this Section, Franchisee understands and agrees that Franchisor is not liable to indemnify or reimburse Franchisee for any liability, costs, expenses, damages or losses that Franchisee may sustain because of the third party claim. Franchisee, on behalf of itself and its owners, hereby waives any claim against Franchisor, Franchisor's Affiliates, and their respective officers, directors, shareholders, employees and agents based on third party claims involving the Marks or System including, without limitation, for lost profits or consequential damages of any kind.

5.4 Operation under the Marks. Franchisee must use only the Marks which Franchisor designates and must use them only in the manner Franchisor authorizes and permits. Franchisee further agrees and covenants to operate and advertise only under the names or marks from time to time designated by Franchisor for use by similarly situated franchisees of Franchisor;

to adopt and use the Marks solely in the manner prescribed by Franchisor, to refrain from using the Marks to perform any activity or to incur any obligation or indebtedness in such a manner as may, in any way, subject Franchisor to liability therefore; to observe all laws with respect to the registration of trade names and assumed or fictitious names, to include in any application therefore a statement that Franchisee's use of the Marks is limited by the terms of this Agreement, and to provide Franchisor with a copy of any such application and other registration document(s); to observe such requirements with respect to trademark and service mark registrations and copyright notices as Franchisor may, from time to time, require, including, without limitation, affixing "SM," "TM," or "®," adjacent to all such Marks in any and all uses thereof; and to utilize such other appropriate notice of ownership, registration and copyright as Franchisor may require.

5.5 Modification or Replacement of the Marks. Franchisor reserves the right to designate one or more new, modified or replacement Marks for use by franchisees and to require the use by Franchisee of any such new, modified or replacement Marks in addition to or in lieu of any previously designated Marks. Any expenses or costs associated with the use by Franchisee of any such new, modified or replacement Marks will be the sole responsibility of Franchisee.

5.6 Non-Exclusive License. The license of the Marks granted to Franchisee herein is nonexclusive and Franchisor retains the right, among others, to (i) use the Marks itself in connection with selling products and services; (ii) grant other licenses for the Marks; and (iii) develop and establish other systems using the Marks, similar marks, or any other marks, and to grant licenses thereto without providing any rights therein to Franchisee.

6. STANDARDS OF OPERATION

6.1 Site Location and Lease Premises. Within ninety (90) days of the Effective Date of this Agreement, Franchisee must locate the premises ("**Premises**") of the Franchised Business and obtain approval from Franchisor based on the site selection criteria Franchisor has established as of the Effective Date of this Agreement. Once Franchisee has submitted a proposed site for the Premises to Franchisor for its approval, Franchisor has fifteen (15) calendar days to approve or disapprove of such proposed site for the Premises. If Franchisee does not have an approved site for the Premises within ninety (90) days of the Effective Date of this Agreement, Franchisor will provide Franchisee with an extension of thirty (30) days, or any longer time as may be required for Franchisee to obtain the necessary licensure to operate the Franchised Business. If Franchisee does not have an approved site for the Premises upon the expiration of any such extension, Franchisor may terminate the Franchise Agreement. The Premises may not be located in any person's home and must be open to the public. The factors that Franchisor will consider for approving or disapproving the proposed site of the Premises include whether it is located within the Designated Territory; its accessibility to public transportation; the demographics and concentration of the surrounding population; its accessibility to a large pool of potential staff members; its proximity to school that offer nursing programs; its proximity to potential competitors; its physical appearance; its total square footage; its interior space plan and floor layout; and building, sign and other applicable codes, ordinances, regulations and restrictions. Franchisee agrees to use the Premises solely for the operation of the business in the manner and pursuant to the standards prescribed herein, in the Operations Manual or otherwise in writing, and to refrain from using or permitting the use of the Premises for any other purpose or activity at any time. In the event Franchisee is the lessee of the Premises, Franchisee will furnish Franchisor with a copy of any proposed lease

agreement, which will provide Franchisor the right to enter the Premises to make any modification necessary to protect the Marks and a Collateral Assignment of Lease in the form attached hereto as **Attachment C** executed by Franchisee and the lessor of the Premises, providing Franchisor notice of Franchisee's default of the lease, a right to cure such default and the right to assume the lease, as well as the further right to sublease or assign to a System franchisee (and if Franchisor exercises its rights under the Collateral Assignment of Lease, Franchisor will have the option to acquire all fixtures, equipment and other leasehold improvements on the Premises at fair market value).

6.2 Franchised Business Opening. Unless Franchisor agrees to provide Franchisee with an extension in writing, Franchisee must open its location for business within sixty (60) days of signing this Agreement. Franchisee's business will be considered open on the earlier of Franchisee's first billing or sixty (60) days after signing this Agreement ("**Opening Date**").

6.3 Quality Standards for Fixtures, Equipment and Supplies. All fixtures, equipment and supplies for the Franchised Business selected by Franchisee must meet the quality standards set forth in Franchisor's Operations Manual or otherwise in writing, subject to compliance with applicable laws and regulations.

6.4 Signage. Subject to compliance with applicable laws and regulations, Franchisee must acquire all signs as required by Franchisor for use at or in connection with the Franchised Business.

6.5 Initial Training Program.

6.5.1 Franchisee and Franchisee's branch manager/operations manager must complete Franchisor's initial training program to the satisfaction of Franchisor. If Franchisee and Franchisee's branch manager/operations manager fail to do so, Franchisor reserves the right to require Franchisee and Franchisee's branch manager/operations manager to undergo additional training at Franchisee's expense; Franchisor also reserves the right to terminate this Agreement. Franchisor shall provide the initial training program tuition free to Franchisee and two other people associated with the Franchised Business, such as the branch manager/operations manager and sales manager. Franchisor will charge Franchisee One Hundred Dollars (\$100) per day per person for any additional personnel who participates in Franchisor's initial training program. Franchisee acknowledges and agrees that Franchisee shall be responsible for all travel, lodging, meal, and payroll expenses for Franchisee and its personnel to attend such initial training program.

6.5.2 Replacement branch manager/operations managers likewise must complete such applicable initial training program to the satisfaction of Franchisor promptly after they are hired by Franchisee. Franchisee must pay Franchisor's then-applicable fee for all such training and shall be responsible for all travel, lodging, meal, and payroll expenses for Franchisee and its personnel to attend such initial training program.

6.5.3 To assist Franchisee in the operation of Franchisee's business, Franchisor may offer additional training programs and/or refresher courses to Franchisee and/or Franchisee's employees as Franchisor deems appropriate. Franchisee must pay Franchisor's

then-applicable fee for all such training and shall be responsible for all travel, lodging, meal, and payroll expenses for Franchisee and its personnel to attend such initial training program.

6.5.4 Franchisee may also request that Franchisor provide Franchisee with a private three-day continuing education session at Franchisor's headquarters or at a location Franchisor designates. Franchisee must pay One Thousand Five Hundred Dollars (\$1,500) to Franchisor for all such training and Franchisee shall be responsible for all travel, lodging, meal, and payroll expenses for Franchisee and its personnel to attend such continuing education session.

6.5.5 Franchisee must complete a technology and certification training program provided by a third-party vendor whom Franchisor designates as an Approved Supplier. If Franchisee attends such program in person, Franchisee must pay the then-current tuition rate for such training and Franchisee shall be responsible for all travel, lodging, meal, and payroll expenses for Franchisee and its personnel to attend such continuing education session.

6.5.6 Franchisee acknowledges and agrees that any training, support, guidance or tools provided to Franchisor as part of the Franchised Business under this Agreement are for the purpose of protecting the System's brand and Marks and to assist Franchisee in the operation of the Franchised Business and not for the purpose of controlling or in any way intended to exercise or exert control over Franchisee's decisions or day-to-day operations of the Franchised Business.

6.6 Supervision and Hiring.

6.6.1 Franchisee's business must be under the control of a designated primary contact ("**Primary Contact**") who meets Franchisor's then-current Primary Contact standards and requirements as defined in **Attachment J** to this Agreement. The day-to-day operations of the Franchised Business must be under the supervision of the Franchisee (or, if the Franchisee is a business entity, the Franchisee's Primary Contact or branch manager/operations manager) who will devote his or her full time and energy to the operation of the business. If the Franchisee is an individual, then when the Franchisee is unable to be present during business hours, the Franchisee will, at all times while the business is open for business, have a branch manager/operations manager on duty who has successfully completed the franchisor's training program and who will be responsible for the business operations of the business. Franchisee will keep Franchisor informed at all times of the identity of any employee required to enter into the confidentiality and non-competition covenants as required under Section 11 of this Agreement. Franchisee acknowledges and agrees that Franchisee alone is responsible for all employment decisions of the business, including hiring, firing, training, promotion, wage and hour requirements, recordkeeping, supervision and discipline of employees. No employee of Franchisee will be deemed to be an employee of Franchisor for any purpose whatsoever, and nothing in any aspect of the System or the Marks in any way shifts any employee or employment related responsibility from Franchisee to Franchisor. Franchisee must conduct criminal background checks on all prospective employees and employees of the business to determine whether there is a history of elder abuse or crimes involving elders or similar crimes that are ascertainable on the public record. All employees must pass any applicable tests required

by any governmental entity, submit to pre-employment and random drug tests, have a criminal background investigation performed prior to commencing employment, and participate actively in safety training seminars and programs. Franchisee is responsible for and assumes liability for all hiring decisions and compliance with all applicable federal and state employment practices, including, but not limited to, overtime pay requirements, live-in pay requirements, OSHA training, Hepatitis B vaccination and Health Insurance Portability and Accountability Act (HIPAA).

6.6.2 Franchisee must hire a sufficient number of qualified, competent personnel, in order to offer prompt, courteous and efficient service to the public, and otherwise operate the Franchised Business in compliance with the System so as to preserve, maintain and enhance the reputation and goodwill of the System. Franchisee will at all times use Franchisee's best efforts to diligently operate the Franchised Business so as to maximize the revenues and will do all things reasonably requested by Franchisor to maximize revenues.

6.6.3 All employees engaged in the operation of Franchisee's Franchised Business during working hours must dress conforming to Franchisor's standards, must present a neat and clean appearance (wearing System uniforms, if required) in conformance with Franchisor's reasonable standards and must render competent, empathetic service to the customers of Franchisee's business.

6.7 Maintenance of Premises. Franchisee agrees to maintain the Premises, and all fixtures, furnishings, signs and equipment thereon, in conformity with Franchisor's then-current standards at all times during the term of this Agreement and to make such repairs and replacements thereto as Franchisor may require. Without limiting the generality of the foregoing, Franchisee specifically agrees:

6.7.1 To keep the Premises at all times in a high degree of repair, order and condition, including, without limitation, such periodic repainting of the exterior and interior of the business, such replacement of, and/or maintenance and repair to, all fixtures, furnishings, signs and equipment as Franchisor may from time to time reasonably direct;

6.7.2 To meet and maintain at all times all governmental standards and ratings applicable to the operation of the Franchised Business or such higher minimum standards and ratings as set forth by Franchisor from time to time in its Operations Manual or otherwise in writing; and

6.7.3 To cause its employees to wear apparel which conforms strictly to the specifications, design, color and style approved by Franchisor from time to time.

6.8 Operation of Franchised Business. Franchisee agrees to comply with all System rules, regulations, policies and standards which are by their terms mandatory including, without limitation, those contained in the Operations Manual. Franchisee must operate and maintain the Franchised Business solely in the manner and pursuant to the standards prescribed herein, in the Operations Manual or in other materials provided by Franchisor to Franchisee from time to time. Franchisee must make such repairs and replacements to the Premises and the business as Franchisor may require Franchisee to ensure that Franchisor's required degree of quality, service and image is

maintained and must refrain from deviating therefrom and from otherwise operating in any manner which adversely reflects on Franchisor's name and goodwill or on the Marks. Without limiting the generality of the foregoing, Franchisee specifically agrees as follows:

6.8.1 To purchase, install and use, at Franchisee's expense, all such fixtures, furnishings, signs and equipment, all as may be required by Franchisor, and meet the specifications of the approved site layout and plan, and all other such items as Franchisor may prescribe from time to time and to refrain from purchasing, installing or using on, about or in connection with the Premises any such item not meeting Franchisor's standards and specifications. Notwithstanding anything in this Section to the contrary, Franchisee must replace all signs within two (2) weeks of receiving notice from Franchisor.

6.8.2 To maintain in sufficient supply, and use at all times, only operating products, materials, supplies and expendables, as conform with Franchisor's then-current standards and specifications and to refrain from using non-conforming items without Franchisor's prior consent.

6.8.3 To sell and to offer for sale all such services and products as Franchisor may, from time to time require, and only those which Franchisor may, from time to time approve, which are not subsequently disapproved, as meeting its quality standards and specifications. In addition to any remodeling, repairs, replacement and redecoration required by this Section 6, in order to introduce new services and product throughout the System, Franchisee may be required to expend additional amounts on new, different or modified software, equipment or fixtures necessary to offer such new services or products.

6.8.4 To purchase hardware and software ("**Required Technology**") in accordance with the requirements set forth in the Operations Manual. Franchisor reserves the right to modify these requirements from time to time. Franchisee must install and commence using the Required Technology at the earlier of (1) the first servicing of a client; or (2) obtaining of a home care license and completion of Pre-Opening Business Training; or (3) the completion of Pre-Opening Business Training where no home care licensure is needed. Franchisee acknowledges and agrees that all hardware and computer network maintenance and upgrades of other software are Franchisee's responsibility and must be done in a timely manner. There are no contractual limitations on the frequency or cost of upgrades or changes in the Required Technology that Franchisor may impose. Franchisee must also obtain and maintain an Internet connection which meets the bandwidth specifications set forth in the Operations Manual.

6.8.5 To only use software required or approved by Franchisor in the operation of all aspects of the Franchised Business, including but not limited to the Licensed Software. Franchisee may not use any other software without Franchisor's prior written consent. Franchisor reserves the right to withdraw any such written consent at any time. FRANCHISOR AND ITS AFFILIATES MAKE NO WARRANTY OF ANY KIND, WHETHER EXPRESS OR IMPLIED, WITH REGARD TO THE LICENSED SOFTWARE. FRANCHISOR AND ITS AFFILIATES DISCLAIM ANY AND ALL WARRANTIES RELATED TO THE LICENSED SOFTWARE, WHETHER EXPRESS OR IMPLIED, WRITTEN OR ORAL, INCLUDING BUT NOT LIMITED TO, THE

IMPLIED WARRANTIES OF MERCHANTABILITY, INTEROPERABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT, QUIET ENJOYMENT, OR THOSE ARISING FROM TRADE USAGE OR COURSE OF DEALING. FRANCHISOR AND ITS AFFILIATES DO NOT WARRANT THAT THE LICENSED SOFTWARE WILL BE FREE FROM DEFECTS OR THAT USE OF THE LICENSED SOFTWARE WILL BE UNINTERRUPTED OR ERROR FREE. **IN NO EVENT WILL FRANCHISOR OR ITS AFFILIATES BE LIABLE FOR ANY INDIRECT, CONSEQUENTIAL, INCIDENTAL, SPECIAL OR PUNITIVE DAMAGES (INCLUDING, WITHOUT LIMITATION, ANY DAMAGES ASSOCIATED WITH LOSS OF USE, INTERRUPTION OF BUSINESS, LOSS OF DATA OR LOSS OF PROFITS) ARISING OUT OF OR IN ANY WAY RELATED TO THE LICENSED SOFTWARE OR ITS USE.**

6.8.6 To use such standardized accounting forms, accounting systems, reporting forms and other forms as may be developed from time to time by Franchisor or any of its Affiliates and to file such forms with Franchisor in a timely manner as may be required by Franchisor.

6.8.7 To record all billings and maintain all Business Records (as defined below) associated with the Franchised Business using the reporting systems and associated equipment specified by Franchisor in the Operations Manual and to maintain, without alteration, all information and categories required by Franchisor to be programmed into the billing reporting system unless Franchisor provides prior written approval or instructions to the Franchisee to alter such categories. Franchisee acknowledges and agrees that Franchisor owns all business records, accounts, books, data, licenses, reports, and contracts (“**Business Records**”) with respect to customers, and other service professionals of, and related to, the Franchised Business including, without limitation, all databases (whether in print, electronic or other form), including all names, addresses, phone numbers, email addresses, customer purchase records, and all other records contained in the databases, and all other Business Records created and maintained by Franchisee. Franchisee hereby authorizes Franchisor to access all such Business Records from such reporting systems (including but not limited to Business Records maintained in any aspect or feature of the Required Technology) and associated equipment whether by inspection on the Premises or via electronic retrieval or access, as Franchisor deems necessary. The reporting systems and associated equipment must be accessible to Franchisor twenty-four (24) hours per day, for every day of the year, including Sundays and holidays, for electronic access, and during normal business hours for personal access, and Franchisee agrees not to inhibit Franchisor’s access to the reporting system or associated equipment.

6.9 Participation in Promotions. Franchisee agrees to participate in system-wide and applicable regional promotions and advertising campaigns that Franchisor originates or approves. These may include promotions via the Internet, e-commerce, electronic media or other technologically advanced media. Franchisee also agrees to participate at its sole expense in all client loyalty, gift certificate and similar programs created by Franchisor.

6.10 Purchases. Franchisee acknowledges and agrees that Franchisee’s obligations set forth in this Agreement and the Operations Manual are reasonable and necessary for the operation

of the business and to maintain uniformity throughout the System. Franchisee must operate its business according to the methods, standards, and specifications set forth in this Agreement and the Operations Manual and any revisions or amendments to the same. Franchisee must only use approved services and products necessary to operate a Franchised Business (“**Approved Supplies**”). Franchisor shall provide Franchisee with a list of the Approved Supplies (“**Approved Supplies List**”). Franchisor shall also provide Franchisee with a list of the approved manufacturers, suppliers, and distributors authorized to supply Approved Supplies used to operate a Franchised Business or for offer for sale to clients of a Franchised Business (“**Approved Suppliers List**”). Franchisor reserves the right to revise the Approved Supplies List and the Approved Suppliers List from time to time. Franchisee acknowledges and agrees that Franchisee may incur an increased cost to comply with such changes at Franchisee’s expense.

6.10.1 Recognizing that preservation of the System depends upon product and service uniformity and the maintenance of Franchisor’s trade dress, Franchisee agrees to purchase certain signs, furnishings, supplies, fixtures, equipment and inventory from the Approved Suppliers that Franchisor specifies. Franchisee hereby acknowledges and agrees that Franchisor, any of Franchisor’s Affiliates, or a third party may be one of several, or the only, Approved Supplier of any service or product.

6.10.2 Franchisee must purchase, sell, and use only those services and products that are listed on the Approved Supplies List from suppliers that are on the Approved Suppliers List. Franchisee may not contract for alternate supplies or with alternate suppliers directly. In the event Franchisee would like to offer for sale or use any alternate product, material, or service that is not on the Approved Supplies List, Franchisee must notify Franchisor and obtain Franchisor’s prior written approval. At Franchisor’s request, Franchisee must provide Franchisor, for testing purposes, a sample of the item Franchisee wishes to purchase and other information so that Franchisor can make an informed decision as to whether the product, material, supply, or supplier meets Franchisor’s specifications and quality standards. Franchisee must also provide Franchisor with the name, address, and telephone number of the proposed supplier. Franchisor is not required to approve any particular proposed supply or supplier. Franchisor shall apply the following general criteria in approving or disapproving a proposed supply or suppliers: (1) quality of product or service in relation to Franchisor’s specifications and quality standards; (2) supplier’s customer service; (3) price; and (4) whether Franchisor deems the supply or supplier necessary or desirable for the System as a whole. Franchisor may deny or revoke Franchisor’s approval of suppliers based upon the lack of any of the above items. Upon receipt of written notice of such revocation, Franchisee must cease purchasing products from such supplier. Franchisor shall generally notify Franchisee of its approval or disapproval of a proposed supplier, product, or service within sixty (60) days of receiving all requested information. Franchisee must use products purchased from Approved Suppliers solely in connection with the operation of the Franchised Business. Although suppliers, products, or services may be approved by Franchisor, Franchisor and its Affiliates expressly disclaim all warranties, including warranties of merchantability and fitness for any particular purpose regarding products, services, fixtures, furniture (including without limitation any required computer systems), signs, stationery, suppliers, or other approved items sold to or provided to Franchisee by Franchisor, any of Franchisor’s Affiliates, or any third party, including any Approved Supplier.

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

6.11 Hours of Business. Unless otherwise specifically approved by Franchisor, the Franchised Business must be open for the conduct of business at such times and for the minimum number of hours specified by Franchisor in the Operations Manual, as may be amended from time to time or, if different, for such hours as may be required by the terms of any lease of the Premises; and Franchisee must at all times staff the Franchised Business with such number of employees and operate the business diligently so as to maximize the revenues and profits therefrom.

6.12 Printed Materials. Franchisee must use only business stationery, business cards, marketing materials, advertising materials, printed materials or forms which have been approved in advance by Franchisor. Any translation of such materials must be approved by Franchisor. Any and all supplies or materials purchased, leased or licensed by Franchisee must always meet those standards specified by Franchisor in the Operations Manual or otherwise in writing.

6.13 Identification of Franchised Business. In all advertising displays and materials at the Franchised Business, Franchisee must, in such form and manner as may be specified by Franchisor in the Operations Manual, notify the public that Franchisee is operating the business licensed hereunder as a Franchisee of Franchisor and must identify its business in the manner specified by Franchisor in the Operations Manual.

6.14 Client Complaints. Franchisee must respond promptly to client complaints and take such other steps as may be specified by Franchisor in the Operations Manual or otherwise to ensure positive client relations.

6.15 Third Party Actions. Franchisee must notify Franchisor in writing within five (5) days of any written threat or the actual commencement of any action, suit or proceeding, or of the issuance of any order, writ, injunction, award or decree of any court, agency or other governmental instrumentality which may adversely affect the operation or financial condition of the Franchised Business.

6.16 Inspection of Franchised Business Premises. Franchisee hereby grants to Franchisor and its agents the right to enter upon the Premises, without notice, at any reasonable time for the purpose of conducting inspections of the Premises, Franchisee's Business Records, computer hardware and software, and other business equipment, and Franchisee agrees to render such assistance as may reasonably be requested and to take such steps as may be necessary immediately to correct any deficiencies detected during such an inspection upon the request of

Franchisor or its agents. Any evaluation or inspection conducted by Franchisor is not intended to exercise, and does not constitute, control over Franchisee's day-to-day operation of the Franchised Business or to assume any responsibility for Franchisee's obligations under this Agreement.

6.17 Possible Variation in Certain Standards. Because complete and detailed uniformity under many varying conditions may not be possible or practical, Franchisor specifically reserves the right and privilege to vary standards for any System franchisee based upon the peculiarities of a particular site or circumstance, density of population, business potential, population of trade area, licensing requirements, existing business practices or any other conditions which Franchisor deems to be of importance to the successful operation of such franchisee's business. Franchisee will have no recourse against Franchisor on account of any variation from standard specifications and practices granted to any franchisee and will not be entitled to require Franchisor to grant Franchisee a like or similar variation hereunder.

6.18 Annual Conference and Annual Branch Leadership Conference. As provided herein, Franchisee or Franchisee's representative must attend any annual conference ("**Annual Conference**") of franchisees held by Franchisor. If conducted, Franchisor shall determine its duration, curriculum, and location. Franchisor reserves the right to require Franchisee to pay Franchisor's then-current registration fee up to Two Thousand Dollars (\$2,000) per person, which Franchisee must pay regardless as to whether Franchisee attends such Annual Conference. Franchisee shall be responsible for all other expenses incurred in connection with any such meetings, including the costs of travel, lodging, meals, and payroll expenses. Franchisor reserves the right to use contributions to the Advertising Fund for purposes related to the Annual Conference, including costs related to productions, programs, and materials. The parties understand and agree that Franchisee will be required to be in attendance for no more than three (3) business days for any Annual Conference. Franchisor may periodically conduct an annual branch leadership conference for all branch manager/operations managers, directors, and sales personnel to attend ("**Annual Branch Leadership Conference**"). Any such conference shall last no more than three (3) business days. Franchisor reserves the right to charge a registration fee for such a conference. Franchisee shall be responsible for all other expenses incurred in connection with any such conference, including the costs of travel, lodging, meals, and payroll expenses. Franchisor reserves the right to use contributions to the Advertising Fund for purposes related to the Annual Branch Leadership Conference, including costs related to productions, programs, and materials.

6.19 Intellectual Property Belongs to Franchisor. If Franchisee, Franchisee's employees, or principals develop any new concept, process or improvement in the operation or promotion of the Franchised Business, Franchisee will promptly notify Franchisor and provide Franchisor with all necessary related information, without compensation. Any such concept, process, or improvement will become Franchisor's sole property and Franchisor will be the sole owner of all patents, patent applications, trademarks, copyrights and other intellectual property rights related thereto. Franchisee and Franchisee's principals hereby assign to Franchisor any rights Franchisee may have or acquire therein, including the right to modify such concept, process or improvement, and otherwise waive and/or release all rights of restraint and moral rights therein and thereto. Franchisee and Franchisee's principals agree to assist Franchisor in obtaining and enforcing the intellectual property rights to any such concept, process or improvement in any and all countries and further agree to execute and provide Franchisor with all necessary documentation for obtaining and enforcing such rights. Franchisee and Franchisee's principals

hereby irrevocably designate and appoint Franchisor as Franchisee's agent and attorney-in-fact to execute and file any such documentation and to do all other lawful acts to further the prosecution and issuance of patents or other intellectual property rights related to any such concept, process or improvement. In the event that the foregoing provisions of this Section 6.19 are found to be invalid or otherwise unenforceable, Franchisee and Franchisee's principals hereby grant to Franchisor a worldwide, perpetual, non-exclusive, fully-paid license to use and sublicense the use of the concept, process or improvement to the extent such use or sublicense would, directly or indirectly infringe Franchisee's rights therein.

6.20 Step-In Rights. In addition to Franchisor's right to terminate this Agreement, and not in lieu of such right, or any other rights Franchisor may have against Franchisee, upon a failure to meet any of the requirements of this Section 6 or cure any default within the applicable time period (if any), Franchisor has the right, but not the obligation, to enter upon the Franchised Business premises and exercise complete authority with respect to the operation of the business until such time as Franchisor determines that the default has been cured, and Franchisee is otherwise in compliance with this Agreement. In the event Franchisor exercises the rights described in this Section, Franchisee must reimburse Franchisor for all reasonable costs and overhead, if any, incurred in connection with its operation of Franchisee's business including, without limitation, costs of personnel for supervising and staffing the Franchised Business and their travel and lodging accommodations, plus a fee not to exceed Five Hundred Dollars (\$500) per day. If Franchisor undertakes to operate the business pursuant to this section, Franchisee agrees to indemnify and hold Franchisor (and Franchisor's representative(s) and employees) harmless from and against any fines, claims, suits or proceedings which may arise out of Franchisor's operation of the business.

7. OPERATIONS MANUAL

7.1 Compliance with Operations Manual. In order to protect the reputation and goodwill of the businesses operating under the System and to maintain standards of operation under the Marks, Franchisee must conduct the business operated under the System in accordance with various written instructions, including technical bulletins and confidential manuals (hereinafter and previously referred to collectively as the "**Operations Manual**"), including such amendments thereto, as Franchisor may publish from time to time, all of which Franchisee acknowledges belong solely to Franchisor and are available from Franchisor during the term of this Agreement via Franchisor's intranet website. When any provision in this Agreement requires that Franchisee comply with any standard, specification or requirement of Franchisor, unless otherwise indicated, such standard, specification or requirement will be as set forth in this Agreement or as may, from time to time, be set forth by Franchisor in the Operations Manual. Any required standards exist to protect Franchisor's interests in the System and the Marks and not for the purpose of establishing any control or duty to take control over those matters that are reserved to Franchisee. The Operations Manual also will include guidelines or recommendations in addition to required standards. In some instances, the required standards will include recommendations or guidelines to meet the required standards. Franchisee may follow the recommendations or guidelines or some other suitable alternative, provided Franchisee meets and complies with the required standards. In other instances, no suitable alternative may exist. In order to protect Franchisor's interests in the System and Marks, Franchisor reserves the right to determine if Franchisee is meeting a required standard and whether an alternative is suitable to any recommendations or guidelines.

7.2 Confidential Use. Franchisee must at all times use its best efforts to keep access to the Operations Manual and any other manuals, materials, goods and information created or used by Franchisor and designated for confidential use within the System and the information contained therein as confidential and limit access to employees of Franchisee on a need-to-know basis. Franchisee acknowledges that the unauthorized use or disclosure of Franchisor's confidential information or trade secrets will cause irreparable injury to Franchisor and that damages are not an adequate remedy. Franchisee accordingly covenants that it will not at any time, without Franchisor's prior written consent, disclose, use, permit the use thereof (except as may be required by applicable law or authorized by this Agreement), copy, duplicate, record, transfer, transmit, allow access to or otherwise reproduce such information, in any form or by any means, in whole or in part, or otherwise make the same available to any unauthorized person or source. Any and all information, knowledge and know-how not known about the System and Franchisor's products, services, standards, procedures, techniques and such other information or material as Franchisor may designate as confidential will be deemed confidential for purposes of this Agreement.

7.3 Revisions. Franchisee understands and acknowledges that Franchisor may, from time to time, revise the contents of the Operations Manual to implement new or different requirements for the operation of the Franchised Business, and Franchisee expressly agrees to comply with all such changed requirements which are by their terms mandatory; provided, however that such requirements will also be applied in a reasonably nondiscriminatory manner to comparable businesses operated under the System by other Franchisees. Franchisee acknowledges that Franchisor may provide updates to the Operations Manual electronically over its intranet website. Franchisee agrees, therefore, to periodically check Franchisor's intranet website, at least twice per week, for such updates. The implementation of such requirements may require the expenditure of reasonable sums of money by Franchisee. If Franchisor elects to provide Franchisee with a hard copy of the Operations Manual, Franchisee must at all times ensure that its copy of the Operations Manual is kept on the Franchised Business Premises and kept current and up to date. In the event of any dispute as to the contents thereof, the terms and dates of the master copy thereof maintained by Franchisor at its principal place of business will be controlling.

8. ADVERTISING AND MARKETING

8.1 Advertising Fund. Franchisor or its designee will create, administer, and maintain a general marketing fund ("**Advertising Fund**"). Franchisor will use Advertising Fund contributions to develop, produce and distribute national, regional and/or local advertising and to create advertising materials and public relations programs which promote, in Franchisor's sole judgment, the Marks, any other marks owned by Franchisor or its Affiliates, and/or the products and services offered by System Franchisees. Franchisor has the sole right to determine contributions and expenditures from the Advertising Fund, or any other advertising program, and sole authority to determine, without limitation, the selection of the advertising materials and programs; provided, however, that Franchisor will make a good faith effort to expend Advertising Fund contributions in the general best interests of the System on a national or regional basis. Franchisor may use the Advertising Fund to satisfy any and all costs of maintaining, administering, directing, preparing, and producing advertising, including the cost of preparing and producing Internet (including by using social media platforms), television, radio, magazine and

newspaper advertising campaigns, the cost of direct mail and outdoor billboard advertising; the cost of public relations activities and advertising agencies; the cost of developing and maintaining an Internet website; the cost of developing and maintaining a social media presence; and personnel and other departmental costs for advertising that Franchisor internally administers or prepares. Franchisor also may use the Advertising Fund to procure leads and prospects for potential clients for System franchisees, and to cover costs and expenses associated with the Annual Conference and Branch Leadership Conference, including costs related to productions, programs and materials. Franchisee acknowledges that not all System franchisees will benefit directly or on a pro rata basis from such expenditures. While Franchisor does not anticipate that any part of the Advertising Fund contributions will be used for advertising which is principally a solicitation for franchisees, Franchisor reserves the right to use the Advertising Fund for public relations or recognition of the Amada brand, for the creation, maintenance and search engine optimization of a web site, a portion of which can be used to explain the franchise offering and solicit potential franchisees, and to include a notation in any advertisement indicating “Franchises Available.”

8.1.1 Franchisor may periodically assist franchisees to maintain high quality standards through customer surveys, customer interviews, and other similar initiatives (“**Surveys**”). The cost of such programs can be paid by the Advertising Fund. The cost of these programs may be charged directly to Franchisee if Franchisee’s results from a Survey fall below minimum standards for such Surveys established by Franchisor for the System. Any such fees charged will be contributed to the Advertising Fund.

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

8.1.3 Franchisee agrees that the Advertising Fund may otherwise be used to meet any and all costs incident to such Advertising Fund, including joint or collective advertising campaigns of Franchisor’s direct or indirect parent corporations or subsidiaries thereof or affiliated companies, if any, using the System.

8.1.4 Franchisor may terminate, and resume, the Advertising Fund periodically during the term of this Agreement; however, any decision to terminate or resume the Advertising Fund will apply to all franchisees and Franchisor-owned locations equally. Franchisor will not terminate the Advertising Fund before making arrangements to spend or rebate any balance in the Advertising Fund after payment of all expenses. If Franchisor resumes the Advertising Fund, Franchisor will give Franchisee at least thirty (30) days written notice before Advertising Fees become due again, and will collect Advertising Fund Fees at the original rate in this Agreement.

8.2 Accounting for Advertising Fund. The Advertising Fund will be maintained by Franchisor in a separate bank account which will be designated as a “Trust Account,” and which will not be commingled with any funds of Franchisor. Any interest that may accrue or be earned on the Advertising Fund will be added to and become part of the Advertising Fund. Upon written request, Franchisor will furnish Franchisee with an unaudited summary of Advertising Fund expenditures in a form determined by Franchisor. Franchisor may elect to accumulate monies in

the Advertising Fund for such periods of time as it deems necessary or appropriate, with no obligation to expend all monies received in any fiscal year during such fiscal year.

8.3 Cooperative Advertising and other Marketing Programs. Franchisee must participate in all cooperative advertising and other marketing programs as are from time to time prescribed by Franchisor. The terms and conditions required for participation in any such cooperative advertising program(s) or marketing programs will be as specified in the Operations Manual.

8.4 Local Advertising and Promotion. Franchisee must spend the greater of one percent (1%) of its monthly Gross Billings or One Thousand Dollars (\$1,000) per month on local advertising and promotion (“**Local Advertising and Promotion**”). As set forth in Section 4.8, the fixed payment amount of One Thousand Dollars (\$1,000) per month is subject to an Annual Increase. Franchisee must spend a portion of its Local Advertising and Promotion expenditures on recruiting caregivers for the Franchised Business. Within thirty (30) days of the end of each month, Franchisee must furnish to Franchisor, in a manner approved by Franchisor, an accurate accounting of Franchisee’s Local Advertising and Promotion expenditures for the preceding calendar month just ended. Franchisee’s accounting of Local Advertising and Promotion expenditures must be separated from the accounting for Franchisee’s contributions to the Advertising Fund. Franchisor shall provide Franchisee with guidelines for Local Advertising and Promotion and any deviation from those guidelines by Franchisee requires prior approval from Franchisor. Franchisee may use its own advertising materials, or those produced by an outside agency, so long as Franchisee has received prior written permission from Franchisor and such advertising materials include Franchisor’s website address and the Marks in the form, color, and manner that Franchisor prescribes. If Franchisee proposes to use any advertising materials which Franchisor has not previously approved, Franchisor has the right to condition approval of the proposed advertising upon Franchisee’s agreement to provide other System franchisees, whose Franchised Businesses are located within the circulation area of the proposed advertising, the opportunity to contribute to and participate in the advertising. Franchisee must provide any proposed advertising materials to Franchisor at least fourteen (14) days before Franchisee proposes to use those materials. Franchisor is not contractually obligated to approve or reject any advertising materials submitted to Franchisor within those fourteen (14) days, but Franchisor will attempt to do so. Franchisee may not use the advertising material unless Franchisor provides its approval in writing. Franchisee may not establish a website using or displaying any of the Marks, and Franchisee may not advertise its Franchised Business or the sale of services or products offered by the Franchised Business on the Internet except as the Franchisor permits. Franchisor may host and give access to a separate web page for the Franchised Business on Franchisor’s website(s) as specified below. Any website or electronic materials Franchisee proposes to use must be approved in advance by Franchisor before publication to the site. Franchisee may not advertise or use in advertising or any other form of promotion, Franchisor’s copyright works, trademarks, service marks, or commercial symbols with the appropriate © or ® registration marks or the designation TM or SM where applicable.

8.5 Grand Opening Advertising. In addition to the Local Advertising and Promotion requirements set forth in Section 8.4 above, Franchisee agrees to expend an additional amount of at least One Thousand Five Hundred Dollars (\$1,500) on grand opening promotion and advertising of the Franchised Business within sixty (60) days of receiving the home care license or where no

license is needed, beginning the month of the Opening Date and ending sixty (60) days following the Opening Date.

8.6 Web Site. Franchisor reserves the right, but not the obligation, to establish and maintain a website (“**Amada Website**”), which may promote the Marks, System, and Franchised Businesses operating under the System. Franchisor reserves the sole right to control all aspects of the Amada Website, including its design, content, functionality, links to other websites, legal notices, policies and terms of usage. Franchisor also reserves the right to discontinue operating the Amada Website at any time without notice to Franchisee. Without Franchisor’s advance written approval, Franchisee may not maintain its own website, any similar pages on the Internet (including on social media), its own email address or domain, or otherwise maintain a presence online, nor may Franchisee conduct online or pay-per-click advertising using any public computer network in connection with the Amada Senior Care Business. Franchisor will provide Franchisee a fictitious business name to use in marketing your Designated Territory (“**Territory Name**”) and for use in conjunction with the Amada Website. Franchisee acknowledges that it is not guaranteed a right to use the Territory Name for the duration of the Franchise Agreement or upon renewal and Franchisor reserves the right to modify the Territory Name. Franchisee must adhere to Franchisor’s standards and policies in connection with any website or other Internet presence or advertising that we approve. Franchisor reserves the right to use monies from the Advertising Fund to pay or reimburse the costs associated with the development, maintenance and update of the Web Site. Franchisee must also participate in any System-wide area computer business, intranet system, or extranet implemented by Franchisor as described above. Franchisee acknowledges that Franchisor is the lawful, rightful and sole owner of the Internet domain names: www.Amadahomecare.com, www.Amadafranchise.com, www.Amadahomecarefranchise.com, and any other Internet domain names registered by Franchisor, and unconditionally disclaims any ownership interest in those or any similar Internet domain name. Franchisee agrees not to register any Internet domain name in any class or category that contains words used in or similar to any brand name owned by Franchisor or Franchisor’s Affiliates or any abbreviation, acronym, phonetic variation or visual variation of those words.

8.7 Social Media. Franchisee acknowledges that the use of any social networking websites or webpages, including but not limited to Facebook, Instagram, YouTube, LinkedIn, TikTok and Twitter, which exploits, utilizes, displays, or otherwise makes use of any of the Marks or Franchisor’s intellectual property (“**Social Media Sites**”) is Franchisor’s sole property, and Franchisee shall promptly submit to Franchisor all passwords for such Social Media Site(s) and any changes to a password shall be submitted to Franchisor within three (3) days of the change. Franchisor shall be granted full access to any Social Media Sites. Franchisee shall have no right, title or interest to any webpage on any of Franchisee’s Social Media Sites including, but not limited to, all “fans”, “followers”, “friends” and “contacts” associated therewith which mentions, uses or refers in any way to the Proprietary Marks or Franchisor’s intellectual property even if such webpage is established by Franchisee or otherwise held in Franchisee’s name or by any guarantor. Franchisee acknowledges it is responsible for paying all expenses associated with such Social Media Sites.

Upon expiration, transfer or termination of this Agreement, Franchisee shall immediately take whatever steps are necessary to cancel or dismantle any such social networking account or webpage or transfer the account or webpage and all related information, including all “fans”,

“followers”, “friends” and “contacts” associated with such accounts or webpages, to Franchisor or as Franchisor may otherwise direct. Franchisor reserves the right to hyperlink any Social Media Sites used by Franchisee to any other Internet site related to the System that Franchisor designates. Franchisor also reserves the rights to modify or use any of the content on such Social Media Sites and to authorize third parties to modify or use any of the content on such Social Media Sites, subject to the requirements of the social network service that hosts the applicable Social Media Sites, without payment of any compensation to Franchisee. Franchisee must keep Franchisor advised at all times of the addresses and domain names of any Social Media Sites used by Franchisee. Franchisee acknowledges and agrees that Franchisor has sole ownership of all domain names related to the Social Media Sites used by Franchisee, subject to the requirements of the social network service that hosts the applicable Social Media Sites.

9. MODIFICATIONS.

9.1 Modifications to the System. Franchisor reserves the right to develop other business activities or modify existing business activities in response to changes in the business environment, including those resulting from technological advances, e-commerce, expansion into new markets and other factors that may not presently be anticipated. Franchisor reserves the right to change or modify the Marks, the Franchised Business concept, the Operations Manual, and any proprietary software Franchisor requires Franchisee to use in connection with the Franchised Business. Franchisor may adopt and use new or modified trade names, trademarks, service marks, logos, equipment, software, products, techniques or concepts. Franchisor may add new and different services and products and withdraw services or products or change their names or image; redesign the trade dress, software programs and equipment or fixture standards; or discontinue them as Franchisor considers appropriate. Franchisee must accept and use the changes as if they were part of this Agreement. If changes are related to the Marks, then Franchisee will have one hundred twenty (120) days from the date of notice to implement any such changes under this Section 9.1.

9.2 Modifications not Requiring Significant Changes in Fixtures or Equipment. If any changes or modifications involving services or products would not require the installation of new fixtures or equipment, Franchisor may instruct Franchisee to begin offering the new services or products on a date specified in a supplement to the Operations Manual or other notice. Likewise, Franchisor may direct Franchisee to stop offering the service or product on a date specified in a supplement to the Operations Manual or other notice. Franchisee agrees to comply with these instructions and directions.

9.3 Modifications Requiring Significant Changes in Fixtures or Equipment. If any changes or modifications involving new trademarks, concepts, services or products or items necessitate the addition or removal of fixtures, equipment or signs, Franchisor may instruct Franchisee to adapt the business to the change through a supplement to the Operations Manual. In consultation with Franchisor’s franchisees, Franchisor will establish a schedule for Franchisee to implement the change, which will depend, among other factors, on the amount Franchisee has spent in recent periods on any other changes to the System. Franchisee will have one hundred twenty (120) days from the date of notice to implement any such changes under this Section 9.3.

9.4 Test Marketing. If Franchisor permits Franchisee to participate in any new service or product concept test, Franchisee agrees to do so in compliance with Franchisor's standards and requirements.

9.5 Dual Branding. Franchisor reserves the right to co-brand one or more concepts with the Marks ("**Dual Branding**"). Dual Branding may involve changes to the Marks and to the System. If Dual Branding is implemented, the scope and type of Dual Branding may vary in different markets. If Franchisor elects to conduct Dual Branding in the market in which Franchisee's Franchised Business is located, Franchisor will give Franchisee notice regarding such contemplated Dual Branding. Franchisee will then be required to implement Dual Branding in connection with the Franchised Business within the time period specified in the notice, and Franchisee must at its expense make the modifications necessary to implement the Dual Branding. However, Franchisor is not obligated to offer any Dual Branding opportunity available to Franchisee.

10. BUSINESS RECORDS AND FINANCIAL STATEMENTS

10.1 Maintenance of Business Records. Franchisee must obtain the right to use, maintain and update (including any required replacements) the accounting system prescribed by Franchisor in the Operations Manual, or otherwise. Franchisee must, in a manner satisfactory to Franchisor, maintain original, full and complete Business Records which will accurately reflect all particulars relating to Franchisee's business and such statistical and other information or records as Franchisor may require and keep all such information for not less than seven years, even if this Agreement is no longer in effect. Upon Franchisor's request, from time to time, Franchisee must furnish Franchisor with copies of any or all supply invoices reflecting purchases by the Franchised Business. In addition, Franchisee must compile and provide to Franchisor any statistical or financial information regarding the operation of the business, the products sold by it or data of a similar nature as Franchisor may reasonably request for purposes of evaluating or promoting the business or the System in general. Franchisee acknowledges and agrees that it is Franchisee's responsibility to ensure that Franchisee is in compliance with all laws that are applicable to the proprietary software or other technology used in the operation of the Franchised Business, including all data protection or security laws as well as payment card industry compliance.

10.2 Examination of Business Records. Franchisor and its designated agents, including accountants and auditors, shall have the right to examine and audit such Business Records at all reasonable times at the place(s) where such Business Records are maintained by or for Franchisee to ensure that Franchisee is complying with the terms of this Agreement. Franchisor has the right to have an independent third party audit the Business Records. If the independent third party's examination reveals that any financial information Franchisee reported and any amounts Franchisee paid Franchisor or its Affiliates are less than the amounts Franchisor calculates, Franchisee must immediately pay Franchisor the amount owing in accordance with the corrected report, plus interest as provided in this Agreement. If an independent third party finds a discrepancy of two percent (2%) or more of the amount that Franchisee should have paid or reported or that Franchisee has failed to submit timely reports and/or remittances for any two reporting periods within any twelve (12) month period, Franchisee also must pay and reimburse Franchisor for all expenses connected with the examination. This may include reasonable accounting and legal fees and travel expenses.

Franchisor also may exercise any other remedies Franchisor may have under this Agreement, including the right to terminate this Agreement after providing a thirty (30) day cure period.

10.3 Reports. Upon Franchisor's request, Franchisee shall prepare and furnish Franchisor with signed reports and returns of Gross Billings, bank statements, quarterly unaudited profit and loss statements, use and gross receipt taxes and complete copies of any state or federal income tax returns covering the operation of the Franchised Business and such other reports as Franchisor may reasonably request, all of which Franchisee must certify as true and correct.

10.4 Unaudited Annual Statements. In addition to the foregoing statements, within forty-five (45) days after the close of each fiscal year of Franchisee, Franchisee must furnish to Franchisor financial statements which will include a statement of income and retained earnings, a statement of changes in financial position and a balance sheet of Franchisee, all as of the end of such fiscal year, which must be certified to by Franchisee as being true and correct.

11. COVENANTS NOT TO COMPETE AND MAINTAIN CONFIDENTIALITY

11.1 Franchisee Defined. Unless otherwise specified, the term "**Franchisee**" as used in this Section 11 will include, collectively and individually, all owners, guarantors, officers, directors, members, shareholders, managers, partners, as the case may be, and holders of any ownership interest in Franchisee.

11.2 Confidential Information. For purposes of this Agreement, "**Confidential Information**" means any information that the Franchisor regards as confidential or proprietary and shall include, but is not limited to, the whole or any portion of know-how, knowledge, methods, specifications, processes, procedures and/or improvements relating to the System, the Operations Manual, the methods of site selection, marketing methods, recruiting, service analysis and selection, service methods and skills, prospective and current customer information, employee information, and any other business information that is not generally known to Franchisor's competitors.

11.3 Non-Use and Non-Disclosure of Confidential Information. Franchisee acknowledges and agrees that over the term of this Agreement, Franchisee will receive Confidential Information which Franchisor has developed over time and at great expense. Franchisee acknowledges and agrees that such Confidential Information is not generally known in the industry and is beyond Franchisee's own present skills and experience, and that it would be expensive, time consuming and difficult for Franchisee to develop. Franchisee further acknowledges that Franchisor's Confidential Information provides a competitive advantage and would be valuable to Franchisee in the development of its business. Accordingly, Franchisee acknowledges that it will not, during the term of this Agreement or at any time thereafter, use any Confidential Information for any purpose except to operate the business. Franchisee will not disclose any Confidential Information to any individual, entity or organization, except to any of Franchisee's representatives to the extent necessary for the operation of the business, and only after the representatives are advised of the confidential nature of the information and agree to maintain its confidentiality. The protections granted hereunder will be in addition to and not in lieu of all other protections for such trade secrets and Confidential Information as may otherwise be afforded in law or in equity.

11.4 Non-Compete Covenants. Franchisee acknowledges and agrees that it will receive valuable training, goodwill, and Confidential Information that it otherwise would not receive or have access to but for the rights licensed to it under this Agreement. Franchisee therefore agrees to the following non-competition covenants:

11.4.1 Franchisee covenants that during the term of this Agreement that it will not divert or attempt to divert any business, client or potential client of the Franchised Business to any competitor, by direct or indirect inducement or otherwise, or to do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks or the System.

11.4.2 Franchisee covenants that during the term of this Agreement that it will not either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person or entity, own, manage, operate, maintain, engage in, consult with or have any interest in any business, other than the one authorized by this Agreement or any other agreement between Franchisor and Franchisee that would be considered to be a Competing Business. For purposes of this Section 11.4, a “**Competing Business**” is any business that provides (a) senior placement or referral services; (b) comprehensive care, including medical and/or non-medical services, to home care clients within their homes; (c) employee staffing services to hospitals, skilled nursing facilities, doctors’ offices, assisted living communities, home health or hospice agencies; (d) services administering and/or coordinating care for long-term insurance claims; or (e) any other services or products Franchisor may now or in the future authorize Franchisee to offer or sell in connection with the operation of the Franchised Business.

11.4.3 Franchisee covenants that it will not, for a period of eighteen (18) months after the expiration, non-renewal or termination of this Agreement, regardless of the cause of termination, or within eighteen (18) months of the sale of the Franchised Business or any interest in Franchisee, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person or entity, own, manage, operate, maintain, engage in, consult with or have any interest in any Competing Business:

- a. At the premises of the former Franchised Business;
- b. Within the Designated Territory of the former Franchised Business; or
- c. Within twenty-five (25) miles of any System franchisee’s Designated Territory or any company-owned or Affiliate-owned location.

11.4.4 Franchisee covenants that it will not, for a period of eighteen (18) months after the expiration, non-renewal or termination of this Agreement, regardless of the cause of termination, or within eighteen (18) months of the sale of the business or any interest in Franchisee, solicit business from customers of Franchisee’s former business or from any National Accounts, or contact any of Franchisor’s suppliers or vendors for any competitive business purpose.

11.4.5 Franchisee agrees that the length of time in Sections 11.4.3 and 11.4.4 will be tolled for any period during which Franchisee is in breach of the covenants or any other period during which Franchisor seeks to enforce this Agreement. The parties agree that

each of the foregoing covenants will be construed as independent of any other covenant or provision of this Agreement. In the event any court of competent jurisdiction determines that the geographical limits, time period or line of business defined by this Section 11 is unreasonable, Franchisee and Franchisor agree that such a court of competent jurisdiction may determine an appropriate limitation to accomplish the intent and purpose of this Section, and the parties, and each of them, agree to be bound by such determination.

11.5 Limited Exclusion. The restrictions contained in Section 11.4 will not apply to ownership of less than two percent (2%) of the shares of a company whose shares are listed and traded on a national securities exchange if such shares are owned for investment only, and are not owned by an officer, director, employee or consultant of such publicly-traded company.

11.6 Employees. Franchisee must ensure that all of its principals, office and sales employees, and members of Franchisee's immediate family with access to Franchisor's Confidential Information execute a confidentiality and non-compete agreement in the form substantially similar to the agreement attached as **Exhibit B** to the Franchise Disclosure Document, or as Franchisor otherwise prescribes. Franchisee must furnish Franchisor a copy of each executed agreement.

12. TRANSFER AND ASSIGNMENT

12.1 Transfer by Franchisor. Franchisor shall have the right to transfer all or any part of its rights or obligations herein to any person or legal entity, including to any competitor of Franchisor which agrees to assume Franchisor's obligations hereunder.

12.2 Transfer by Franchisee. Franchisee understands and acknowledges that the rights and duties created by this Agreement are personal to Franchisee and that Franchisor has granted Franchisee the right to operate the business in reliance on many factors, including, without limitation, the individual or collective character, skill, aptitude and business and financial capacity of Franchisee and Franchisee's principals. Accordingly, neither Franchisee nor any person owning any direct or indirect equity interest therein, will, without Franchisor's prior written consent, directly or indirectly sell, assign, transfer, convey, give away, pledge, mortgage or otherwise encumber any interest in this Agreement or any portion or aspect thereof, or any equity or voting interest in Franchisee (any such act or event is referred to as a "**Transfer**"). Any such purported Transfer occurring by operation of law or otherwise, including any assignment by a trustee in bankruptcy, without Franchisor's prior written consent will be a material default of this Agreement. In the event Franchisee proposes to sell the Franchised Business, Franchisor has the right but not the obligation to broker such sale. If Franchisor elects to broker the sale, Franchisee agrees to pay to Franchisor a brokerage fee ("**Brokerage Fee**") equal to up to ten percent (10%) of the sales price of the Franchised Business, including the fair market value of any in-kind consideration.

12.3 Representations as to Ownership. Franchisee represents that as of the execution of this Agreement its equity and voting control is owned as shown in **Attachment D** hereto. If Franchisee, or any approved successor thereof, is a partnership, limited liability company or privately-held corporation, Franchisee shall submit to Franchisor prior to any proposed Transfer of an equity or voting interest, and at any other time upon request, a list of all owners reflecting

their respective present and/or proposed direct or indirect interests in Franchisee, in such form as Franchisor may require.

12.4 Conditions to Franchisor's Consent to Transfer. Franchisee understands and acknowledges the vital importance of the performance of Franchisee to the market position and overall image of Franchisor. Franchisee also recognizes the many subjective factors that comprise the process by which Franchisor selects a suitable franchisee. Franchisor shall not unreasonably withhold its consent to a Transfer by Franchisee of any interest in this Franchise or any equity or voting interest in Franchisee and such consent will remain a subjective determination and will include, but not be limited to, the following conditions:

12.4.1 The transferee must demonstrate to Franchisor's sole satisfaction that it meets all of Franchisor's requirements for becoming a Franchisee, including, without limitation, that it meets Franchisor's financial, entrepreneurial, and managerial and business standards then in effect for similarly situated franchisees, possesses a good moral character, business reputation and satisfactory credit rating, will comply with all instruction and training requirements of Franchisor and has the aptitude and ability to operate the business (as may be evidenced by prior related business experience or otherwise). Transferee must further demonstrate that it has the ability to assume Franchisee's lease for the remaining term of this Agreement.

12.4.2 As of the effective date of the proposed Transfer, all obligations of Franchisee hereunder and under any other agreements between Franchisee and Franchisor are fully satisfied.

12.4.3 Franchisee has satisfied all monetary obligations owed to Franchisor, its Affiliates and its designated suppliers.

12.4.4 Franchisee has been in substantial compliance with the Franchise Agreement and all other agreements between Franchisee and Franchisor, its Affiliates, or its designated suppliers through the Initial Term and any Successor Term of this Agreement;

12.4.5 As of the effective date of the proposed Transfer, all obligations of the transferee to the Franchisor, its Affiliates, and designated suppliers (if any) must be fully satisfied.

12.4.6 As of the effective date of the proposed Transfer, the transferee must have the unconditional right to occupy the Premises.

12.4.7 If the transferee is new to the System and Franchisor provided the lead ("**Lead**"), Franchisee or the proposed transferee must pay to Franchisor a transfer fee ("**Transfer Fee**") equal to one hundred percent (100%) of Franchisor's then-current Initial Franchise Fee. A transferee is a "Lead" if the person or entity contacted Franchisor prior to Franchisee becoming aware of or being introduced to the person or entity. If the transferee is new to the System and Franchisor did not provide a Lead, Franchisee or the proposed transferee must pay to Franchisor a transfer fee equal to fifty percent (50%) of Franchisor's then-current Initial Franchise Fee as determined based on the residential population within the Designated Territory of the Franchised Business. If the transferee is an existing

franchisee of the System, the Transfer Fee will be equal to twenty-five percent (25%) of Franchisor's then-current Initial Franchise Fee as determined based on the residential population within the Designated Territory of the Franchised Business. In either instance, Franchisee must also pay any fees to any third party broker who helped Franchisee find the transferee. Franchisee must pay Franchisor a fee of \$2,500 for approval of transfers of non-controlling ownership interests. Provided, however, the Transfer Fee does not apply to a Transfer to Franchisee's survivor pursuant to Section 12.5 or a Transfer to a corporation, limited liability company or partnership controlled by Franchisee.

12.4.8 If the proposed transferee is going to be involved in the day-to-day operations of the Franchised Business, Franchisor may require the transferee to attend and successfully complete Franchisor's initial training program and pay to Franchisor the then-current training fee to attend such training program.

12.4.9 Franchisee must execute a general release in a form satisfactory to Franchisor, of any and all claims against Franchisor, its parent, subsidiaries, Affiliates and their officers, directors, attorneys, owners and employees, in their corporate and individual capacities, including, without limitation, claims arising under federal, state and local laws, rules and ordinances arising out of, or connected with, the performance of this Agreement.

12.4.10 The transferee must execute Franchisor's then-current form of Franchise Agreement, which may contain terms and conditions substantially different from those in this Agreement for a full initial ten (10) year Initial Term, which will be provided in writing as requested by Franchisee when listing the business for sale.

12.4.11 If Franchisee's Designated Territory is more than twice the size of Franchisor's then current territory size based upon population, the transferee may be required to divide the Designated Territory into two and sign multiple corresponding Franchise Agreements.

12.4.12 The transferee and/or its designated managerial personnel must have completed, to Franchisor's satisfaction, the training then required of comparable franchisees.

12.4.13 The transferee must obtain all licenses and registrations necessary to operate the Franchised Business.

12.4.14 Franchisee and its principals, owners, officers, directors, and employees comply with the post-termination provisions of this Agreement, including the non-competition and non-disclosure covenants.

12.4.15 Franchisee and Transferee agree to perform all maintenance and upgrades required to bring the Franchised Business up to Franchisor's then current standards for a Franchised Business.

12.4.16 Franchisee or transferee must provide Franchisor a copy of the executed purchase agreement relating to the proposed transfer with all supporting documents and

schedules, including transferee's assumption of, and agreement to faithfully perform, all of Franchisee's obligations under this Agreement, for Franchisor's prior written approval.

12.4.17 Franchisee must request that Franchisor provide the prospective transferee with Franchisor's current form of Franchise Disclosure Document.

12.4.18 Franchisor's approval of the transfer will not constitute a waiver of any claims Franchisor may have against the transferring party.

12.4.19 Franchisor will have the right to disclose to any prospective transferee such revenue reports and other financial information concerning Franchisee and Franchisee's business as Franchisee has supplied Franchisor hereunder.

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

12.4.21 Franchisor reserves the right, depending on all of the applicable circumstances, to waive any of the above conditions and qualifications.

12.5 Transfer in the Event of Death or Mental Incompetence. Upon the death or mental incompetence (as reasonably determined by an independent third party such as a licensed doctor) of any person with any direct or indirect interest in Franchisee, the executor, administrator, or personal representative of such person must transfer his interest to a third party approved by Franchisor within six months after the death or incompetence. Such transfers will be subject to the same conditions as set forth in Section 12.4. If the heirs or beneficiaries of any such person are unable to meet the conditions in Section 12.4 hereof, Franchisor may terminate this Agreement.

12.6 Consent to Transfer not a Waiver. Franchisor's consent to a Transfer of any interest in Franchisee will not constitute a waiver of any claims it may have against the transferring party, nor will it be deemed a waiver of Franchisor's right to demand exact compliance with any of the terms of this Agreement by the transferee.

13. DEFAULT AND TERMINATION

13.1 Immediate Termination. Franchisee will be deemed to be in default subject to immediate termination under this Agreement, without prior notice of the default from Franchisor and without an opportunity to cure the default, if any of the following events occur:

13.1.1 Voluntary Bankruptcy. If Franchisee becomes insolvent or makes a general assignment for the benefit of creditors, or if a petition in bankruptcy is filed by or against Franchisee and is not released within sixty (60) days or is consented to by Franchisee, or if Franchisee is adjudicated bankrupt, or if a bill in equity or other proceeding for the appointment of a receiver or custodian for Franchisee or the Franchised Business or assets is filed and consented to by Franchisee, or if a receiver or other custodian (permanent or temporary) of the Franchised Business or a substantial part of the assets is appointed by any court of competent jurisdiction, or if a proceeding for a compromise with creditors under any state or federal law is instituted by or against Franchisee; or

13.1.2 Involuntary Bankruptcy. If a final judgment against Franchisee remains unsatisfied or of record for sixty (60) days or longer (unless a supersedeas bond is filed), or if execution is levied against the Franchised Business or property, or suit to foreclose any lien or mortgage against the Franchisee's Premises or equipment is instituted against Franchisee and not dismissed within sixty (60) days.

13.1.3 Criminal Acts and Other Misconduct. If Franchisee or Franchisee's principals are convicted of or plead guilty or no contest to a felony or take part in any criminal misconduct or other misconduct that negatively impacts the Marks or the operation of the Franchised Business.

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

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

13.1.6 Repeated Breaches. If Franchisor sends Franchisee more than two notices to cure pursuant to Section 13.2 hereof in any twelve (12) month period or more than three (3) notices to cure pursuant to Section 13.2 in any twenty-four (24) month period.

13.1.7 Misuse of the Marks or Confidential Information. If Franchisee or Franchisee's principals materially violate any provision hereof pertaining to Marks or Confidential Information or misuse the Marks or Confidential Information.

13.1.8 Violation of Health Code. If Franchisee violates any health, safety or sanitation law, ordinance or regulation or operate the Franchised Business in a manner that presents a health or safety hazard to customers, or the general public.

13.1.9 Violation of In-term Restrictive Covenant. If Franchisee violates the in-term restrictive covenant contained in Section 11.

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

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

13.1.12 Abandonment. If Franchisee voluntarily or otherwise abandons the Franchised Business. The term "**abandon**" includes any conduct which indicates a desire or intent to discontinue the Franchised Business in accordance with the terms of this Agreement and will apply if Franchisee fails to operate the Franchised Business as a Franchised Business for a period of five (5) or more consecutive days without Franchisor's prior written approval.

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

13.1.14 Insurance. Franchisee fails to maintain insurance or to repay Franchisor for insurance paid for by it, or otherwise fail to adhere to the requirements of Section 16.

13.1.15 Government Regulations. Franchisee fails, within thirty (30) calendar days after notification of non-compliance by federal, state or local government authorities to comply with any law or regulation applicable to the Franchised Business.

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

13.1.17 Anti-Terrorist Activities. Franchisee fails to comply with the provisions of Section 26.

13.1.18 Personal Use of Franchised Business Property. If Franchisee takes for Franchisee's own personal use any assets or property of the Franchised Business, including employee taxes, FICA, insurance or benefits.

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

13.1.20 Breach of Other Agreements. If Franchisee commits any fraud, criminal acts or other misconduct or makes any misrepresentation or omission to Franchisor relating to any other agreement with Franchisor or Franchisor's Affiliates.

13.2 Termination after Failure to Cure. Franchisee will be deemed to be in default under this Agreement and Franchisor has the right to terminate this Agreement and all rights granted under this Agreement if within thirty (30) days after Franchisor sends Franchisee written notification setting out the nature of the default ("**Notice to Cure**"), or within any shorter period expressly set forth in the following clauses as to such default, Franchisee does not correct the default to Franchisor's satisfaction:

13.2.1 Nonpayment. If Franchisee fails to pay as and when due any sums owed to Franchisor, any of Franchisor's Affiliates, or any of Franchisor's designated suppliers or vendors.

13.2.2 Under-reporting or Misreporting of Gross Billings. If any audit reveals that Franchisee has understated Franchisee's royalty or advertising payments, or Franchisee's local advertising expenditures, by more than two percent (2%), or if Franchisee has failed to submit timely reports and/or remittances for any two reporting periods within any twelve (12) month period, as described in Section 10.

13.2.3 Endorsement of Checks. If Franchisee fails to immediately endorse and deliver to Franchisor or another franchisee any payments due to Franchisor or another franchisee from any third party that is erroneously made to Franchisee.

13.2.4 Unauthorized Products or Services. If Franchisee orders, purchases, or offers for sale any unauthorized and unapproved services or products at, from, or through the Franchised Business.

13.2.5 Failure to Open. If Franchisee fails to commence operations of the Franchised Business by the Opening Date as set forth in Section 6.2 of this Agreement.

13.2.6 Licenses, Certifications and Permits. If Franchisee fails to timely procure (as set out in Section 4.6) or maintain any licenses, certifications, or permits necessary for the operation of the Franchised Business.

13.2.7 Primary Contact. If Franchisee does any of the following: (i) at any time during the term of this Agreement, the Franchised Business is not under the direct supervision of its designated Primary Contact; (ii) Franchisee designates a replacement Primary Contact without first providing notice to Franchisor; or (iii) any replacement Primary Contact does not meet Franchisor's then-current Primary Contact standards and requirements.

13.2.8 Unauthorized Transfer. If Franchisee purports to sell, transfer or otherwise dispose of Franchise or any interest in the franchise business in violation of Section 12 hereof.

13.2.9 Failure to Complete Training. If Franchisee fails to complete the initial training program as set forth in Section 6.5

13.2.10 Failure to Comply with this Agreement, other Agreements or Operations Manual. If Franchisee fails to perform or comply with any of the terms or conditions of this Agreement, any ancillary agreements between Franchisee and Franchisor or Franchisor's Affiliates, or the Operations Manual.

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

13.4 Step-In Rights. In addition to Franchisor's right to terminate this Agreement, and not in lieu of such right, or any other rights Franchisor may have against Franchisee, upon a failure to cure any default within the applicable time period (if any), Franchisor has the right, but not the obligation, to enter upon the Premises and exercise complete authority with respect to the operation of the Franchised Business until such time as Franchisor determines that the default has been cured, and Franchisee is otherwise in compliance with this Agreement. In the event Franchisor exercises the rights described in this Section 13.4, Franchisee must reimburse Franchisor for all reasonable costs and overhead, if any, incurred in connection with its operation of Franchisee's business including, without limitations, costs of personnel for supervising and staffing the business and their travel and lodging accommodations, as well as pay a fee of up to Five Hundred Dollars (\$500) per

day. If Franchisor undertakes to operate the Franchised Business pursuant to this Section 13.4, Franchisee agrees to indemnify and hold Franchisor (and Franchisor's representative(s) and employees) harmless from and against any fines, claims, suits or proceedings which may arise out of Franchisor's operation of the business.

13.5 Damages upon Abandonment. Liquidated damages for abandonment will be One Hundred Fifty Thousand (\$150,000) per location to cover Franchisor's cost to maintain one branch manager/operations manager to run the Franchised Business's office and one salesperson to grow and maintain the business. Franchisor will pay Franchisee fifty percent (50%) of the net purchase price (less direct costs such as advertising, broker fees and commissions) achieved by any subsequent sale of the Franchised Business within two (2) years, less all monies due to Franchisor at termination.

14. POST TERM OBLIGATIONS

14.1 Obligations upon Termination or Expiration. Upon the termination or expiration of this Agreement for any reason, Franchisee must immediately:

14.1.1 Cease to be a Franchisee of Franchisor under this Agreement and cease to operate the former Franchised Business under the System. Franchisee must not thereafter, directly or indirectly, represent to the public that the former Franchised Business is or was operated or in any way be connected with the System or hold itself out as a present or former Franchisee of Franchisor;

14.1.2 Immediately vacate the Premises if Franchisor exercises Franchisor's rights pursuant to the Collateral Assignment of Lease attached hereto as **Attachment C**;

14.1.3 Pay all sums owing to Franchisor. Upon termination for any default by Franchisee, such sums will include actual damages, costs and expenses, including, without limitation, reasonable attorneys' fees, incurred by Franchisor as a result of the default;

14.1.4 Return to Franchisor the Operations Manual, Confidential Information, and all trade secrets, confidential materials and other property owned by Franchisor. Franchisee may not retain a copy or record of any of the foregoing; provided, however, that Franchisee may retain its copy of this Agreement, any materials necessary to operate a franchise under an existing Franchise Agreement, any correspondence between the parties and any other document which Franchisee reasonably needs for compliance with any applicable provision of law. Franchisee must also return business cards, brochures, marketing materials and other promotional materials to Franchisor;

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

14.1.6 Provide Franchisor a complete list of Franchisee's employees, clients, and contacts and their respective addresses and any outstanding obligations Franchisee may have to any third parties;

14.1.7 Cease to use in any manner whatsoever, including in Franchisee's business operations and advertising, any methods, procedures, technology or other component of the System in which Franchisor has any right, title or interest. Franchisee agrees that Franchisor or a designated agent may enter upon the Premises at any time to make such changes and take possession of such items at Franchisee's sole risk and expense and without liability for trespass or compensation to Franchisee;

14.1.8 Cease to use the Marks and any other marks and indicia of operation associated with the System including stationary and other printed matter and remove all trade dress, physical characteristics, color combinations and other indications of operation under the System from the Premises. Without limiting the generality of the foregoing, Franchisee agrees that in the event of any termination or expiration of this Agreement, it will remove all signage bearing the Marks, and, upon Franchisor's request, deliver the facia for such signs to Franchisor, and remove any items which are characteristic of the System trade dress from the Premises. Franchisee agrees that Franchisor or a designated agent may enter upon the Premises at any time to make such changes at Franchisee's sole risk and expense and without liability for trespass or compensation to Franchisee; and

14.1.9 Promptly comply with (and continue to comply with) all terms of the Confidentiality, Non-Disclosure and Non-Competition Agreement, and the terms of Sections 11.4.

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

15. DISPUTE RESOLUTION AND CORRESPONDING PROCEDURES.

15.1 Arbitration. Any dispute between Franchisee and Franchisor or their respective Affiliates arising under, out of, in connection with or in relation to this Agreement, the parties' relationship, or Franchisee's Franchised Business must be submitted to binding arbitration in Orange County, California (or Franchisor's then-current headquarters) in accordance with the Federal Arbitration Act and the Commercial Arbitration Rules of the American Arbitration Association ("AAA") then in effect. Any arbitration must be on an individual basis and the parties and the arbitrator will have no authority or power to proceed with any claim as a class action or otherwise to join or consolidate any claim with any other claim or any proceedings involving their parties. In the event a court determines that this limitation on joinder of or class action certification of claims is unenforceable, then this entire commitment to arbitrate will become null and void and the parties must submit all claims to the jurisdiction of the courts. The Federal

Arbitration Act, as amended, will govern the rights and duties of the parties to this Agreement to resolve any disputes by arbitration.

15.1.1 Each party must bear its own costs of arbitration. The arbitrator shall award the prevailing party all reasonable costs and attorneys' fees. The arbitrator will have no authority to determine class action claims and will have no authority to amend or modify the terms of the Agreement. To the extent permitted by applicable law, no issue of fact or law may be given preclusive or collateral estoppel effect in any arbitration, except to the extent such issue may have been determined in another proceeding between the parties.

15.1.2 Judgment upon the award of the arbitrator must be submitted for confirmation to any court having competent jurisdiction. The decision of the arbitrator shall be final and binding on all parties to the dispute; however, the arbitrator may not under any circumstances: (1) stay the effectiveness of any pending termination of this Agreement; (2) assess punitive or exemplary damages, or (3) make any award which extends, modifies or suspends any lawful term of this Agreement or any reasonable standard of business. This Agreement to arbitrate will survive any termination or expiration of this Agreement.

15.2 Exceptions to Arbitration. Notwithstanding Section 15.1, the parties agree that the following claims will not be subject to arbitration:

15.2.1 Any action for declaratory or equitable relief, including, without limitation, seeking preliminary or permanent injunctive relief, specific performance, other relief in the nature of equity to enjoin any harm or threat of harm to such party's tangible or intangible property, brought at any time, including, without limitation, prior to or during the pendency of any arbitration proceedings initiated hereunder;

15.2.2 Any action in ejectment or for possession of any interest in real or personal property; and

15.2.3 Any action involving the Franchisor's Marks and licensing of the Marks.

15.3 Prior Notice of Claims. As a condition precedent to commencing an action for damages or for violation or breach of this Agreement, Franchisee must notify Franchisor within thirty (30) days after the discovery of the violation or breach and grant Franchisor a reasonable opportunity to cure any alleged default. Failure to timely give such notice will preclude any claim for damages.

15.4 Third Party Beneficiaries. Franchisor's officers, directors, shareholders, agents and/or employees are express third party beneficiaries of this Agreement, each having authority to specifically enforce the right to mediate/arbitrate claims asserted against such person(s) by Franchisee. As a condition precedent to commencing an action for damages or for violation or breach of this Agreement, Franchisee must notify Franchisor within thirty (30) days.

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

15.6 Venue. Nothing contained in this Agreement will prevent Franchisor or Franchisee from applying to and obtaining from any court having jurisdiction a writ of attachment, a temporary injunction, preliminary injunction and/or other emergency relief available to safeguard such party's interests. The parties expressly agree to the jurisdiction and venue of any court of general jurisdiction in Orange County, California, and the jurisdiction and venue of the United States District Court presiding over Orange County, California. Franchisee acknowledges that this Agreement has been entered into in the State of California, and that Franchisee is to receive valuable and continuing services emanating from Franchisor's headquarters, including but not limited to assistance, support and the development of the System. In recognition of such services and their origin, Franchisee hereby irrevocably consents to the personal jurisdiction of the state and federal courts of California set forth above.

15.7 Limitation on Actions. The parties further agree that no cause of action arising out of or under this Agreement may be maintained by Franchisee against Franchisor unless brought before the expiration of one year after the act, transaction or occurrence upon which such action is based or the expiration of one year after the complaining party becomes aware of facts or circumstances reasonably indicating that such party may have a claim against the other party hereunder, whichever occurs sooner, and that any action not brought within this period will be barred as a claim, counterclaim, defense or set-off.

15.8 Waiver of Punitive Damages. Franchisee hereby waives to the fullest extent permitted by law, any right to or claim for any punitive, exemplary, incidental, indirect, special or consequential damages (including, without limitation, lost profits) against Franchisor arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agrees that in the event of a dispute, Franchisee's recovery is limited to actual damages. If any other term of this Agreement is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions will continue in full force and effect, including, without limitation, the waiver of any right to claim any consequential damages.

15.9 Jury Trial Waiver. With respect to any proceeding not subject to arbitration, the parties hereby agree to waive trial by jury in any action, proceeding or counterclaim, whether at law or equity, regardless of which party brings suit. This waiver will apply to any matter whatsoever between the parties hereto which arises out of or is related in any way to this Agreement, the performance of either party, and/or Franchisee's purchase from Franchisor of the franchise and/or any goods or services.

16. INSURANCE

16.1 Lines of Insurance. Franchisee must, at its expense and no later than upon commencement of the Franchised Business contemplated by this Agreement, procure and maintain in full force and effect throughout the term of this Agreement insurance policies, in such amounts and on such terms, as prescribed by Franchisor in the Operations Manual, by an insurance company acceptable to Franchisor at all times during the terms of this Agreement. Franchisee must obtain such policies within thirty (30) days after signing this Agreement. Insurance coverage must include professional liability, general liability, non-owned automobile coverage, special form property insurance (including business income and extra expense must be included in an amount), workers compensation, a first-party bond and a third-party bond, employment practices liability that must

include a “3rd Party Endorsement” to respond to client allegations of similar wrongful acts, and all other occurrences against claims of any person, employee, customer, agent or otherwise in an amount per occurrence of not less than such amount set forth in the Operations Manual and adjusted by Franchisor periodically in Franchisor’s sole discretion. Insurance policies must insure Franchisee and Franchisor and their Affiliates, officers, stockholders, directors, and all other parties designated by Franchisor, as additional named insureds against any liability that may accrue against them by reason of the ownership, maintenance or operation by Franchisee of the Franchised Business. The policies must also stipulate that Franchisor shall receive a thirty (30) day prior written notice of cancellation. Original or duplicate copies of all insurance policies, certificates of insurance, or other proof of insurance acceptable to Franchisor, including original endorsements affecting the coverage required by this Section, shall be furnished to Franchisor together with proof of payment within ten (10) days of issuance thereof. Franchisee shall also furnish Franchisor with certificates and endorsements evidencing such insurance coverage within ten (10) days after each of the following events: (i) at all policy renewal periods, no less often than annually, and (ii) at all instances of any change to, addition to, or replacement of any insurance. The certificates and endorsements for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. All certificates and endorsements are subject to approval by Franchisor. Franchisor reserves the right to require complete, certified copies of all required insurance policies at any time in Franchisor’s sole discretion. Franchisee is also required to collect loss history statements (“**Loss Runs**”) from its insurance carrier(s) and remit the Loss Runs to Franchisor upon Franchisee’s annual renewal of insurance.

16.2 Franchisor’s Procurement of Insurance for Franchisee. In the event Franchisee fails to obtain the required insurance and to keep the same in full force and effect, Franchisor may, but shall not be obligated to, purchase insurance on Franchisee’s behalf from an insurance carrier of Franchisor’s choice, and Franchisee shall reimburse Franchisor for the full cost of such insurance, along with a service charge (not to exceed eighteen percent (18%) of the policy premium) (“**Insurance Service Charge**”) to compensate Franchisor for the time and effort expended to secure such insurance, within five (5) days of the date Franchisor delivers an invoice detailing such costs and expenses to Franchisee. Notwithstanding the foregoing, failure of Franchisee to obtain insurance constitutes a material breach of this Agreement entitling Franchisor to terminate this Agreement or exercise any or a combination of the other default remedies set forth in Section 16 of this Agreement. Franchisee shall also procure and pay for all other insurance required by state or federal law, including, without limitation, workers’ compensation and unemployment insurance.

17. FRANCHISEE’S OWNERSHIP AND ORGANIZATION

17.1 Disclosure of Ownership Interests. Franchisee and each of its owners represents, warrants and agrees that **Attachment D** to this Agreement is current, complete and accurate. Franchisee agrees that updates to **Attachment D** to this Agreement shall be furnished promptly to Franchisor, so that the information on **Attachment D** (as so revised and signed by Franchisee) is at all times current, complete and accurate. Each owner of Franchisee must be an individual acting in his or her individual capacity, unless Franchisor waives this requirement.

17.2 Organizational Documents. If Franchisee is, or at any time becomes, a business corporation, partnership, limited liability company or other legal entity, Franchisee and each of its owners represents, warrants and agrees that: (a) Franchisee is duly organized and validly existing

under the laws of the state of its organization; (b) Franchisee has the authority to execute and deliver the Franchise Agreement and all related agreements and to perform its obligations under all such agreements; (c) the articles of incorporation, partnership agreement or other organizational documents recite that the issuance, transfer or pledge of any direct or indirect legal or beneficial ownership interest in Franchisee is restricted by the terms of the Franchise Agreement; and (d) all certificates representing direct or indirect legal or beneficial ownership interests now or hereafter issued bear a legend in conformity with applicable law reciting or referring to such restrictions.

17.3 Personal Guaranty Covenants and Assumption of Obligations. Each owner (regardless of the owner's ownership interest in Franchisee) executing **Attachment D** to this Agreement must sign and irrevocably be bound by the Personal Guarantee included as **Attachment E** to this Agreement.

18. TAXES, PERMITS AND INDEBTEDNESS

18.1 Taxes. Franchisee must promptly pay when due any and all federal, state and local taxes including, without limitation, unemployment and sales taxes, levied or assessed with respect to any services or products furnished, used or licensed pursuant to this Agreement and all accounts or other indebtedness of every kind incurred by Franchisee in the operation of the business licensed hereunder.

18.2 Permits. Franchisee must comply with all federal, state and local laws, rules and regulations and timely obtain any and all permits, certificates and licenses for the full and proper conduct of the business licensed hereunder. Currently, System franchisees are prohibited by Franchisor from participating in Medicare, Medicaid or other governmental payor programs without Franchisor's advanced written permission, which Franchisor has the right to grant or deny for any reason.

18.3 Full and Sole Responsibility for Debts and Obligations. Franchisee hereby expressly covenants and agrees to accept full and sole responsibility for any and all debts and obligations incurred in the operation of the Franchised Business.

19. INDEMNIFICATION AND INDEPENDENT CONTRACTOR

19.1 Indemnification. Franchisee and Franchisee's owners waive all claims against Franchisor for damages to property or injuries to persons arising out of the operation of Franchisee's business. Franchisee must fully protect, indemnify and hold Franchisor and its owners, directors, officers, successors and assigns and its Affiliates harmless from and against any and all claims, demands, damages and liabilities of any nature whatsoever arising in any manner, directly or indirectly, out of or in connection with or incidental to the operation of Franchisee's business (regardless of cause or any concurrent or contributing fault or negligence of Franchisor or its Affiliates) or any breach by Franchisee or Franchisee's failure to comply with the terms and conditions of this Agreement. Franchisor also reserves the right to select its own legal counsel to represent its interests, and Franchisee must reimburse Franchisor for its costs and attorneys' fees immediately upon Franchisor's request as they are incurred. Franchisor waives all claims against Franchisee for damages to property or injuries to persons arising out of the operation of Franchisor's company-owned business. Franchisor must fully protect, indemnify and defend Franchisee and its

Affiliates and hold Franchisee harmless from and against any and all claims, demands, damages and liabilities of any nature whatsoever arising in any manner, directly or indirectly, out of or in connection with or incidental to the operation of Franchisor's business (regardless of cause or any concurrent or contributing fault or negligence of Franchisee) or any breach by Franchisor or Franchisor's failure to comply with the terms and conditions of this Agreement.

19.2 Cost of Enforcement or Defense. If Franchisor is required to hire an attorney or spend any money to enforce this Agreement or to defend against any claim because Franchisee has not performed its obligations under this Agreement, Franchisor will be entitled to recover reasonable attorneys' fees and other expenses in enforcing the obligation or in defending against the claim.

19.3 No Fiduciary Relationship; Independent Contractor Status. In all dealings with third parties including, without limitation, franchisees, employees, suppliers, and clients, Franchisee must disclose in an appropriate manner acceptable to Franchisor that it is an independent entity licensed by Franchisor. Nothing in this Agreement is intended by the parties hereto to create a fiduciary relationship between them nor to constitute Franchisee as a subsidiary, joint venturer, partner, agent or employee of Franchisor for any purpose whatsoever. It is understood and agreed that Franchisee is an independent contractor and is in no way authorized to make any warranty or representation on behalf of Franchisor other than those contained in any disclosure document prepared by Franchisor for use by Franchisee, nor is Franchisee authorized to create any obligation or enter into any contract binding on Franchisor.

20. WRITTEN APPROVALS, WAIVERS, AND AMENDMENT

20.1 Approval Process. Whenever this Agreement requires Franchisor's prior approval, Franchisee must make a timely written request. Unless a different time period is specified in this Agreement, Franchisor will respond with its approval or disapproval within thirty (30) calendar days.

20.2 No Waiver. No failure of Franchisor to exercise any power reserved to it by this Agreement and no custom or practice of the parties at variance with the terms hereof will constitute a waiver of Franchisor's right to demand exact compliance with any of the terms herein. A waiver or approval by Franchisor of any particular default by Franchisee will not be considered a waiver or approval by Franchisor of any preceding or subsequent breach by Franchisee of any term, covenant or condition of this Agreement.

20.3 Amendments. No amendment, change or variance from this Agreement will be binding upon Franchisor or Franchisee except by mutual written agreement. If an amendment of this Agreement is executed at Franchisee's request, any legal fees or preparation cost in connection therewith must be paid by Franchisee.

20.4 Non-uniform Agreements. No warranty or representation is made by Franchisor that all other agreements with System franchisees heretofore or hereafter issued by Franchisor do or will contain terms substantially similar to those contained in this Agreement. Further, Franchisee recognizes and agrees that Franchisor may, due to local business conditions or otherwise, waive or modify comparable provisions of other franchise agreements granted to other

System franchisees in a non-uniform manner, subject, however, to those provisions of this Agreement which require Franchisor to act toward its franchisees and franchise owners on a reasonably nondiscriminatory basis.

21. NOTICES

Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered, delivered by courier, or by registered mail to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other party:

Notices to Franchisor: Tafa Jefferson
Amada Franchise, Inc.
901 Calle Amanecer, Suite 350
San Clemente, CA 92673

With a copy to: Legal Department
Amada Franchise, Inc.
901 Calle Amanecer, Suite 350
San Clemente, CA 92673

Notices to Franchisee: _____

Courtesy Copy to: _____

Any notice shall be by personal delivery, courier delivery or registered mail which shall be deemed to have been given at the date and time of mailing.

22. GOVERNING LAW

22.2 THIS AGREEMENT TAKES EFFECT UPON ITS ACCEPTANCE AND EXECUTION BY FRANCHISOR IN THE STATE OF CALIFORNIA; AND SHALL BE INTERPRETED AND CONSTRUED UNDER THE LAWS THEREOF, WHICH LAWS SHALL PREVAIL IN THE EVENT OF ANY CONFLICT OF LAW.

22.4 FRANCHISEE ACKNOWLEDGES THAT THIS AGREEMENT IS ENTERED INTO IN THE STATE OF CALIFORNIA AND THAT ANY ACTION SOUGHT TO BE BROUGHT BY EITHER PARTY SHALL BE BROUGHT IN ORANGE COUNTY, CALIFORNIA. THE PARTIES DO HEREBY WAIVE ALL QUESTIONS OF PERSONAL JURISDICTION OR VENUE FOR THE PURPOSES OF CARRYING OUT THIS PROVISION.

22.6 NO RIGHT OR REMEDY CONFERRED UPON OR RESERVED TO FRANCHISOR OR FRANCHISEE BY THIS AGREEMENT IS INTENDED TO BE, NOR SHALL BE DEEMED, EXCLUSIVE OF ANY OTHER RIGHT OR REMEDY HEREIN OR BY

LAW OR EQUITY PROVIDED OR PERMITTED, BUT EACH SHALL BE CUMULATIVE OF EVERY OTHER RIGHT OR REMEDY.

22.8 NOTHING HEREIN CONTAINED SHALL BAR FRANCHISOR'S RIGHT TO OBTAIN INJUNCTIVE RELIEF AGAINST THREATENED CONDUCT THAT WILL CAUSE IT LOSS OR DAMAGES, UNDER THE USUAL EQUITY RULES, INCLUDING THE APPLICABLE RULES FOR OBTAINING RESTRAINING ORDERS AND PRELIMINARY INJUNCTIONS.

23. SEVERABILITY AND CONSTRUCTION

23.1 Severability. Should any provision of this Agreement be for any reason held invalid, illegal or unenforceable, such provision will be deemed restricted in application to the extent required to render it valid, and the remainder of this Agreement will in no way be affected and will remain valid and enforceable for all purposes, both parties hereto declaring that they would have executed this Agreement without inclusion of such provision. In the event such total or partial invalidity or unenforceability of any provision of this Agreement exists only with respect to the laws of a particular jurisdiction, this Section 23 will operate upon such provision only to the extent that the laws of such jurisdiction are applicable to such provision. Each party agrees to execute and deliver to the other any further documents which may be reasonably required to effectuate fully the provisions hereof. Franchisee understands and acknowledges that Franchisor will have the right to reduce the scope of any covenant of this Agreement binding upon Franchisee, or any portion hereof, without Franchisee's consent, effective immediately upon receipt by Franchisee of written notice thereof, and Franchisee agrees that it will comply forthwith with any covenant as so modified, which will be fully enforceable.

23.2 Execution in Counterparts. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered will be deemed an original, but such counterparts together will constitute one and the same instrument.

23.3 Headings and Captions. The headings and captions contained herein are for the purposes of convenience and reference only and are not to be construed as part of this Agreement. All terms and words used herein will be construed to include the number and gender as the context of this Agreement may require. The parties agree that each section of this Agreement will be construed independently of any other section or provision of this Agreement.

23.4 Interpretation of Rights and Obligations. The following provisions apply to and govern the interpretation of this Agreement, the parties' rights under this Agreement, and the relationship between the parties.

23.4.1 Franchisor's Rights. Whenever this Agreement provides that Franchisor has a certain right, that right is absolute and the parties intend that Franchisor's exercise of that right will not be subject to any limitation or review. Franchisor has the right to operate, administrate, develop, and change the System in any manner that is not specifically precluded by the provisions of this Agreement, although this right does not modify any express limitations set forth in this Agreement.

23.4.2 Franchisor's Reasonable Business Judgment. Whenever Franchisor reserves discretion in a particular area or where Franchisor agrees to exercise its rights reasonably or in good faith, Franchisor will satisfy its obligations whenever it exercises reasonable business judgment (“**Reasonable Business Judgment**”) in making a decision or exercising a right. Franchisor’s decisions or actions will be deemed to be the result of Reasonable Business Judgment, even if other reasonable or even arguably preferable alternatives are available, if Franchisor’s decisions or actions are intended, in whole or significant part, to promote or benefit the System generally even if the decision or action also promotes Franchisor’s financial or other individual interests. Examples of items that will promote or benefit the System include, without limitation, enhancing the value of the Marks, improving customer service and satisfaction, improving product quality, improving uniformity, enhancing or encouraging modernization and improving the competitive position of the System.

24. ENTIRE AGREEMENT

This Agreement, any Exhibit attached hereto and the documents referred to herein, shall be construed together and constitute the entire, full and complete agreement between Franchisor and any parent company, subsidiary or Affiliate of Franchisor, and Franchisee concerning the subject matter and supersede all prior agreements. No other representation has induced Franchisee to execute this Agreement, and there are no representations, inducements, promises or agreements, oral or otherwise, between the parties not embodied herein, which are of any force or effect with reference to this Agreement or otherwise. No amendment, change or variance from this Agreement shall be binding on either party unless executed in writing by both parties. Nothing in this or in any related agreement, however, is intended to disclaim the representations made in the Franchise Disclosure Document furnished by Franchisor to Franchisee.

25. SPOUSAL CONSENT

Franchisee’s spouse, or if Franchisee is a legal entity, each owner’s spouse, personally and unconditionally guarantees without notice, demand or presentment the payment of all of Franchisee’s monetary obligations under this Agreement as if each spouse were an original party to this Agreement in his or her individual capacity. All such spouses further agree to be bound by the Franchisee’s non-competition and confidentiality covenants as if each were an original party to this Agreement in his or her individual capacity. All such spouses must execute a spousal consent in the form attached hereto as **Attachment H**. In the event of divorce and re-marriage, or subsequent marriage, Franchisee, or if Franchisee is a legal entity, its owners, covenant and agree to provide Franchisor with a properly executed spousal consent, in the form prescribed by Franchisor.

26. ANTI-TERRORIST ACTIVITIES

Franchisee certifies that neither Franchisee, nor Franchisee’s owners, principals, employees or anyone associated with Franchisee is listed in the Annex to Executive Order 13224. (The Annex is available at <https://www.state.gov/executive-order-13224>.) Franchisee agrees not to hire or have any dealings with a person listed in the Annex. Franchisee certifies that Franchisee has no knowledge or information that, if generally known, would result in Franchisee, Franchisee’s

owners, principals, employees, or anyone associated with Franchisee being listed in the Annex to Executive Order 13224. Franchisee agrees to comply with and/or assist Franchisor to the fullest extent possible in Franchisor's efforts to comply with the Anti-Terrorism Laws (as defined below). In connection with such compliance, Franchisee certifies, represents, and warrants that none of Franchisee's property or interests are subject to being "blocked" under any of the Anti-Terrorism Laws and that Franchisee and Franchisee's owners or principals are not otherwise in violation of any of the Anti-Terrorism Laws. Franchisee is solely responsible for ascertaining what actions must be taken by Franchisee to comply with all such Anti-Terrorism Laws, and Franchisee specifically acknowledges and agrees that Franchisee's indemnification responsibilities as provided in Section 19 of this Agreement pertain to Franchisee's obligations under this Section 26. Any misrepresentation by Franchisee under this Section or any violation of the Anti-Terrorism Laws by Franchisee, Franchisee's owners, principals or employees will constitute grounds for immediate termination of this Agreement and any other agreement Franchisee has entered into with Franchisor or one of Franchisor's Affiliates in accordance with the terms of Section 13 of this Agreement. As used herein, "Anti-Terrorism Laws" means Executive Order 13224 issued by the President of the United States, the Terrorism Sanctions Regulations (Title 31, Part 595 of the U.S. Code of Federal Regulations), the Foreign Terrorist Organizations Sanctions Regulations (Title 31, Part 597 of the U.S. Code of Federal Regulations), the Cuban Assets Control Regulations (Title 31, Part 515 of the U.S. Code of Federal Regulations), the USA PATRIOT Act, and all other present and future federal, state and local laws, ordinances, regulations, policies lists and any other requirements of any Governmental Authority (including without limitation, the United States Department of Treasury Office of Foreign Assets Control) addressing or in any way relating to terrorist acts and acts of war.

27. FORCE MAJEURE

Whenever a period of time is provided in this Agreement for either party to do or perform any act or thing, except the payment of monies, neither party shall be liable or responsible for any delays due to strikes, lockouts, casualties, acts of God, war, government regulation or control or other causes beyond the reasonable control of the parties, and in any event said time period for the performance of an obligation hereunder shall be extended for the amount of time of the delay. This clause shall not apply or not result in an extension of the term of this Agreement.

28. CAVEAT

Franchisee acknowledges that it is entering into this Agreement as a result of its own independent investigation and not as a result of any representations about Franchisor made by its shareholders, officers, directors, employees, agents, representatives, independent contractors, or franchisees that are contrary to the terms set forth in this Agreement, or in any disclosure document, prospectus, or other similar document required or permitted to be given to Franchisee pursuant to applicable law.

29. ACKNOWLEDGMENTS

Franchisee acknowledges having received from Franchisor a copy of Franchisor's Disclosure Document, together with a copy of all proposed Exhibits and Agreements relating to the sale of the franchise, at one time and in one document in accordance with all applicable franchise

legislation, at least fourteen (14) days prior to signing this Agreement; or at least fourteen (14) days prior to any payment of any consideration by or on behalf of Franchisee to Franchisor or any of Franchisor's associates for the sale of this franchise.

FRANCHISOR EXPRESSLY DISCLAIMS THE MAKING OF, AND FRANCHISEE ACKNOWLEDGES THAT FRANCHISEE HAS NOT RECEIVED NOR RELIED UPON, ANY WARRANTY OR GUARANTY, EXPRESS OR IMPLIED, AS TO: (A) THE VALIDITY, EXCLUSIVE OWNERSHIP OR ENFORCEABILITY OF ANY MARK; (B) THE VALIDITY OR ENFORCEABILITY OF ANY COPYRIGHT, PATENT OR TRADE SECRET; OR (C) THE REVENUES, PROFITS OR SUCCESS OF THE BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT.

FRANCHISEE ACKNOWLEDGES THAT FRANCHISEE HAS READ THIS AGREEMENT AND FRANCHISOR'S FRANCHISE DISCLOSURE DOCUMENT AND THAT FRANCHISEE HAS NO KNOWLEDGE OF ANY REPRESENTATION BY FRANCHISOR, OR ITS OFFICERS, DIRECTORS, SHAREHOLDERS, EMPLOYEES OR AGENTS THAT ARE CONTRARY TO THE STATEMENTS MADE IN FRANCHISOR'S FRANCHISE DISCLOSURE DOCUMENT OR TO THE TERMS OF THIS AGREEMENT.

30. NO WAIVER OR DISCLAIMER OF RELIANCE IN CERTAIN STATES.

The following provisions applies only to franchisees and franchises that are subject to state franchise registration/disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin:

No statement, questionnaire, or acknowledgement signed or agreed to by 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 Franchisor, any franchise seller, or any other person acting on behalf of Franchisor, any franchise seller, or any other person acting on behalf of Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

[Signatures to Follow]

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement on the date first written above.

FRANCHISOR:

AMADA FRANCHISE, INC.

By:_____

Title:_____

FRANCHISEE:

By:_____

Title:_____

FRANCHISEE:

By:_____

Title:_____

FRANCHISEE:

By:_____

Title:_____

ATTACHMENT A

DESIGNATED TERRITORY, INITIAL FRANCHISE FEE AND TERRITORY DESIGNATION MAP

1. **DESIGNATED TERRITORY.** The Designated Territory granted to Franchisee in Section 1.1 of the Agreement will consist of the following Zip Codes: _____

2. **INITIAL FRANCHISE FEE.** The Initial Franchise Fee payable pursuant to Section 4.1:

Fifty-Five Thousand Dollars (\$55,000) for the right to operate an Amada Senior Care Business within a Designated Territory that has a population of approximately forty thousand (40,000) to fifty thousand (50,000) people who are age 65 and older.

Forty-Nine Thousand Five Hundred Dollars (\$49,500) for the right to operate an Amada Senior Care Business within a Designated Territory that has a population of approximately forty thousand (40,000) to fifty thousand (50,000) people who are age 65 and older (10% discount given to a veteran of the United States Armed Forces).

_____ Dollars (\$_____) for the right to operate an Amada Senior Care Business within a Designated Territory that has a population of approximately forty thousand (40,000) to fifty thousand (50,000) people who are age 65 and older.

No initial franchise fee for the right to operate an Amada Senior Care Business within a Designated Territory is payable because a transfer fee was paid pursuant to Section 12.4.7.

No initial franchise fee for the right to operate an Amada Senior Care Business within a Designated Territory is payable because a Successor Fee was paid pursuant to Section 2.2.1.

TOTAL INITIAL FRANCHISE FEE: \$ _____

3. **TERRITORY DESIGNATION MAP.** The following is for illustrative purposes and describes Franchisee's Designated Territory by map image. Notwithstanding the below map image, the zip codes set forth in Section 1 shall remain the definitive territory for the term of the Franchise Agreement.

ATTACHMENT B
AUTHORIZATION
TO INITIATE DEBIT ENTRIES

_____,
the undersigned franchisee, hereby authorizes Amada Franchise, Inc. to initiate debit entries to its checking account indicated below at the depository identified below, hereinafter referred to as “**Depository**”, to debit to such account the amount of such entry reflecting fees and other amounts that become payable by the undersigned to Amada Franchise, Inc.:

Depository Name: _____

Depository Branch: _____

Depository Address: _____

Depository City, State, and Zip: _____

Routing Number: _____

Account Name: _____

Account Number: _____

For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the undersigned agrees that:

This authorization is to remain in full force and effect until Amada Franchise, Inc. has received advance written notification of its termination from the undersigned in such manner as to afford Amada Franchise, Inc. and Depository reasonable time and opportunity to act upon such notification.

IN WITNESS WHEREOF, this authorization has been executed on _____.

FRANCHISEE:

FRANCHISEE:

By: _____

By: _____

Title: _____

Title: _____

Phone No.: _____

Phone No.: _____

ATTACHMENT C

COLLATERAL ASSIGNMENT OF LEASE

FOR VALUE RECEIVED, the undersigned (“**Assignor**”) hereby assigns, transfers and sets over unto Amada Franchise, Inc., a Delaware corporation, (“**Assignee**”) all of Assignor’s right, title and interest as tenant in, to and under that certain lease, a copy of which is attached hereto as Schedule 1 (“**Lease**”) respecting premises (“**Premises**”) located at _____ . This Agreement is for collateral purposes only and except as specified herein, Assignee will have no liability or obligation of any kind whatsoever arising from or in connection with this Collateral Assignment of the Lease unless Assignee takes possession of the Premises pursuant to the terms hereof and assumes the obligations of Assignor thereunder.

Assignor represents and warrants to Assignee that it has full power and authority to so assign the Lease and its interest therein and that Assignor has not previously, and is not obligated to, assign or transfer any of its interest in the Lease or the Premises.

Upon a default by Assignor under the Lease or under the franchise agreement between Assignee and Assignor (“**Franchise Agreement**”), or in the event of a default by Assignor under any document or instrument securing the Franchise Agreement, Assignee will have the right and is hereby empowered to take possession of the Premises, expel Assignor therefrom, and, in such event, Assignor will have no further right, title or interest in the Lease.

Assignor agrees it will not allow or permit any surrender, termination, amendment or modification of the Lease without the prior written consent of Assignee. Through the initial term of the Franchise Agreement and any successor terms thereto, Assignor agrees that it may elect and exercise all options to extend the term of or renew the Lease not less than thirty (30) days prior to the last day that such option must be exercised, unless Assignee otherwise agrees in writing. Upon failure of Assignee to otherwise agree in writing, and upon failure of Assignor to so elect to extend or renew the Lease as stated herein, Assignor hereby appoints Assignee as its true and lawful attorney-in-fact to exercise such extension or renewal options in the name, place and stead of Assignor for the sole purpose of effecting such extension or renewal.

[SIGNATURES AT END OF EXHIBIT]

CONSENT AND AGREEMENT OF LESSOR

The undersigned Lessor under the aforementioned Lease hereby:

- a. Agrees to notify Assignee in writing of and upon the failure of Assignor to cure any default by Assignor under the Lease;
- b. Agrees that Assignee will have the right, but not the obligation, to cure any default by Assignor under the Lease within thirty (30) days after delivery by Lessor of notice thereof in accordance with Paragraph (a) above;
- c. Consents to the foregoing Collateral Assignment and agrees that if Assignee takes possession of the Premises and confirms to Lessor the assumption of the Lease by Assignee as tenant thereunder, Lessor will recognize Assignee as tenant under the Lease, provided that Assignee cures within such 30-day period the defaults of Assignor under the Lease;
- d. Agrees that Assignee may further assign the Lease or its interest therein or sublet the Premises to a person, firm or corporation who is a System franchisee who is reasonably acceptable to Lessor. In the case of an assignment, Assignee will have no further liability or obligation under the Lease as assignee, tenant or otherwise. In the case of an assignment or sublease, this Consent and Agreement of Lessor will continue to apply with respect to any such subsequent System franchisee.

[SIGNATURES AT END OF EXHIBIT]

IN WITNESS WHEREOF, this Collateral Assignment of the Lease has been executed on

_____.

ASSIGNOR:

Print Name: _____

Title: _____

ASSIGNEE

Print Name: _____

Title: _____

LESSOR

Print Name: _____

Title: _____

ATTACHMENT D

STATEMENT OF FRANCHISEE OWNERSHIP

Franchisee hereby acknowledges that Franchisee is a(n):

individual corporation
 partnership limited liability company
 joint venture other business form _____ (describe)
(check one)

Franchisee hereby warrants and represents that the following persons own, either legally or beneficially, voting control of Franchisee:

NAME	TITLE	PERCENTAGE OWNED
------	-------	------------------

Franchisee acknowledges that Franchisor is relying on the accuracy of the above information, and that the information set forth above is true and correct. (The following persons must sign: each person who owns ten percent (10%) or more of a corporation or limited liability company; each partner; sole proprietor.)

Print Name: _____

Social Security No.: _____

Print Name: _____

Social Security No.: _____

Print Name: _____

Social Security No.: _____

ATTACHMENT E

PERSONAL GUARANTY AND ASSUMPTION OF OBLIGATIONS

THIS GUARANTY AND ASSUMPTION OF OBLIGATIONS (“Guaranty”), dated _____, made by _____, _____, and _____, (collectively, “**Guarantors**”), in favor of Amada Franchise, Inc., a Delaware corporation (“**Franchisor**”).

WHEREAS, the Guarantors, and each of them, desire to guarantee the obligations of _____, a _____ [*corporation / partnership / sole proprietor / limited liability company*] (“**Franchisee**”), under that certain Franchise Agreement by and between Franchisee and Franchisor, of even date herewith (“**Franchise Agreement**”); and

WHEREAS, Franchisor desires to accept such guarantee;

NOW, THEREFORE, in consideration of the covenants and conditions herein set forth, and in order to induce Franchisor to enter into the Franchise Agreement, the Guarantors, and each of them, hereby agree, for the benefit of Franchisee, its successors and assigns, as follows:

1. Guaranty. Guarantors and each of them hereby unconditionally guarantee the punctual payment when due, whether at stated maturity, by acceleration or otherwise, of all obligations of Franchisee now or hereafter existing under the Franchise Agreement, whether for fees, expenses, interest, or otherwise (such obligations being “**Obligations**”), and agree to pay any and all expenses (including attorney fees and expenses) incurred by Franchisor in enforcing any rights under this Guaranty.

2. Guaranty Absolute. Guarantors and each of them guarantee that the Obligations will be paid strictly in accordance with the terms of the Franchise Agreement, regardless of any law, regulation or order now or hereafter in effect in any jurisdiction affecting any of such terms or the rights of Franchisor with respect thereto. The liability of the Guarantors under this Guaranty will be absolute and unconditional irrespective of:

- (i) any lack of validity or enforceability of the Franchise Agreement or any other agreement or instrument relating thereto;
- (ii) any change in the time, manner or place of payment of, or in any other term of, all or any of the Obligations, or any other amendment or waiver of or any consent to departure from the Franchise Agreement;
- (iii) any exchange, release or non-perfection of any collateral, or any release or amendment or waiver of or consent to departure from any other guaranty, for all or any of the Obligations; or
- (iv) any other circumstance which might otherwise constitute a defense available to, or a discharge of, Franchisee or a Guarantor.

This Guaranty will continue to be effective or be reinstated, as the case may be, if at any time any payment of any of the Obligations is rescinded or must otherwise be returned by Franchisor upon

the insolvency, bankruptcy or reorganization of Franchisee or otherwise, all as though such payment had not been made.

3. Waiver. Guarantors hereby waive promptness, diligence, notice of acceptance and any other notice with respect to any of the Obligations and this Guaranty and any requirement that Franchisor protect, secure, perfect or insure any security interest or lien or any property subject thereto or exhaust any right or take any action against Franchisee or any other person or entity or any collateral.

4. Waiver of Subrogation. Notwithstanding anything to the contrary in this Guaranty, Guarantors hereby irrevocably waive all rights they may have at law or in equity, to the extent that such rights may interfere with any claim or demand by Franchisor under the Franchise Agreement or this Guaranty (including, without limitation, any law subrogating the Guarantors to the rights of Franchisor), to seek contribution, indemnification, or any other form of reimbursement from Franchisee, any other Guarantor, or any other person now or hereafter primarily or secondarily liable for any obligations of Franchisee to Franchisor, for any disbursement made by the Guarantors under or in connection with this Guaranty or otherwise. If (i) Guarantors will make payment to Franchisor of all or any part of the Obligations and (ii) all the Obligations will be paid in full, Franchisor will, at Guarantors' request, execute and deliver to Guarantors appropriate documents, without recourse and without representation or warranty, necessary to evidence the transfer by subrogation to Guarantors of an interest in the Obligations resulting from such payment by Guarantors.

5. Amendments, Etc. No amendment or waiver of any provision of this Guaranty nor consent to any departure by the Guarantors therefrom will in any event be effective unless the same will be in writing and signed by Franchisor, and then such waiver or consent will be effective only in the specific instance and for the specific purpose for which given.

6. No Waiver; Remedies. No failure on the part of Franchisor to exercise, and no delay in exercising any right hereunder will operate as a waiver thereof; nor shall any single or partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

7. Continuing Guaranty: Transfer of Franchise Agreement. This Guaranty is a continuing guaranty and will (i) remain in full force and effect until payment in full of the Obligations and all other amounts payable under this Guaranty, (ii) be binding upon the Guarantors, their successors and assigns, and (iii) inure to the benefit of and be enforceable by Franchisor and its successors, transferees and assigns. Without limiting the generality of the foregoing clause (iii), Franchisor may assign or otherwise transfer the Franchise Agreement to any other person or entity, and such other person or entity shall thereupon become vested with all the rights in respect thereof granted to Franchisor herein or otherwise.

8. Governing Law. This Guaranty will be governed by, and construed in accordance with, the laws of the State of California.

IN WITNESS WHEREOF, Guarantors have executed this Guaranty as of the date first above written.

GUARANTOR

Print Name: _____

Percentage of Ownership in Franchisee: _____%

Address: _____

Social Security No.: _____

GUARANTOR

Print Name: _____

Percentage of Ownership in Franchisee: _____%

Address: _____

Social Security No.: _____

GUARANTOR

Print Name: _____

Percentage of Ownership in Franchisee: _____%

Address: _____

Social Security No.: _____

ATTACHMENT F

SPOUSAL CONSENT AND GUARANTY

NOTE: EACH SPOUSE OF FRANCHISEE, OR IF FRANCHISEE IS A LEGAL ENTITY, THE SPOUSE OF EACH OWNER OF FRANCHISEE, MUST SIGN THIS SPOUSAL CONSENT.

The individual(s) listed below represents to Amada Franchise, Inc. (“**Franchisor**”) that each is the spouse of the individual(s) who have signed a Franchise Agreement with the Company.

In consideration of the grant by the Franchisor to Franchisee under the Franchise Agreement, each of the individual spouses listed below agrees, in consideration of benefits received and to be received by each of them, agrees to be bound by the covenants not to compete and maintain confidentiality that are set forth in Section 11 of the Franchise Agreement.

IN WITNESS WHEREOF, this Spousal Consent has been executed as of the dates below.

SPOUSE

_____ Date: _____
Print Name: _____

SPOUSE

_____ Date: _____
Print Name: _____

SPOUSE

_____ Date: _____
Print Name: _____

In consideration of the grant by the Franchisor to Franchisee under the Franchise Agreement, each of the individual spouses listed below agrees, in consideration of benefits received and to be received by each of them, jointly and severally, and for themselves, their heirs, legal representatives and assigns that they, and each of them unconditionally guarantees the full and timely performance by Franchisee of all of Franchisee's obligations under the Franchise Agreement, including, without limitation, any of Franchisee's indebtedness arising under or by virtue of the Franchise Agreement. However, any separate property of spouse is excluded from this Guaranty except where Franchisee seeks to assign assets to a spouse to avoid claims.

IN WITNESS WHEREOF, this Spousal Guaranty has been executed as of the dates below.

SPOUSE

_____ Date: _____
Print Name: _____

SPOUSE

_____ Date: _____
Print Name: _____

SPOUSE

_____ Date: _____
Print Name: _____

ATTACHMENT G

COLLATERAL ASSIGNMENT OF TELEPHONE NUMBERS AND
TELEPHONE LISTINGS AND INTERNET ADDRESSES

THIS ASSIGNMENT is entered into on _____, in accordance with the terms of the Amada Franchise, Inc. Franchise Agreement (“**Franchise Agreement**”) between

 (“**Franchisee**”) and Amada Franchise, Inc. (“**Franchisor**”), executed concurrently with this Assignment, under which Franchisor granted Franchisee the right to own and operate a senior care business (“**Franchise Business**”) located at _____.

FOR VALUE RECEIVED, Franchisee hereby assigns to Franchisor (1) those certain telephone numbers and regular, classified or other telephone directory listings (collectively, the “**Telephone Numbers and Listings**”) and (2) those certain Internet website addresses (“**URLs**”) associated with Franchisor’s trade and service marks and used from time to time in connection with the operation of the Franchise Business at the address provided above. This Assignment is for collateral purposes only and, except as specified herein, Franchisor shall have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment, unless Franchisor shall notify the telephone company and/or the listing agencies with which Franchisee has placed telephone directory listings (all such entities are collectively referred to herein as “**Telephone Company**”) and/or Franchisee’s Internet service provider (“**ISP**”) to effectuate the assignment pursuant to the terms hereof.

Upon termination or expiration of the Franchise Agreement (without extension), Franchisor shall have the right and is hereby empowered to effectuate the assignment of the Telephone Numbers and Listings and the URLs, and, in such event, Franchisee shall have no further right, title or interest in the Telephone Numbers and Listings and the URLs, and shall remain liable to the Telephone Company and the ISP for all past due fees owing to the Telephone Company and the ISP on or before the effective date of the assignment hereunder.

Franchisee agrees and acknowledges that as between Franchisor and Franchisee, upon termination or expiration of the Franchise Agreement, Franchisor shall have the sole right to an interest in the Telephone Numbers and Listings and the URLs, and Franchisee irrevocably appoints Franchisor as Franchisee’s true and lawful attorney-in-fact, which appointment is coupled with an interest, to direct the Telephone Company and the ISP to assign same to Franchisor, and execute such documents and take such actions as may be necessary to effectuate the assignment. Upon such event, Franchisee shall immediately notify the Telephone Company and the ISP to assign the Telephone Numbers and Listings and the URLs to Franchisor. If Franchisee fails to promptly direct the Telephone Company and the ISP to assign the Telephone Numbers and Listings and the URLs to Franchisor, Franchisor shall direct the Telephone Company and the ISP to effectuate the assignment contemplated hereunder to Franchisor. The parties agree that the Telephone Company and the ISP may accept Franchisor’s written direction, the Franchise Agreement or this Assignment as conclusive proof of Franchisor’s exclusive rights in and to the Telephone Numbers and Listings and the URLs upon such termination or expiration and that such assignment shall be made automatically and effective immediately upon Telephone

Company's and ISP's receipt of such notice from Franchisor or Franchisee. The parties further agree that if the Telephone Company or the ISP requires that the parties execute the Telephone Company's or the ISP's assignment forms or other documentation at the time of termination or expiration of the Franchise Agreement, Franchisor's execution of such forms or documentation on behalf of Franchisee shall effectuate Franchisee's consent and agreement to the assignment. The parties agree that at any time after the date hereof they will perform such acts and execute and deliver such documents as may be necessary to assist in or accomplish the assignment described herein upon termination or expiration of the Franchise Agreement.

ASSIGNEE:

ASSIGNOR:

AMADA FRANCHISE, INC.

By: _____

By: _____

Its: _____

Its: _____

ATTACHMENT H

SITE SELECTION ADDENDUM

Amada Franchise, Inc. (“**Franchisor**”) and _____

_____ (“**Franchisee**”), entered into a Franchise Agreement dated _____ for the operation of an Amada franchised business providing and marketing non-medical homemaker, companionship, personal care services, personal technology services, and equipment to the elderly and others who need assistance in daily living, as well as placement services for seniors (“**Franchised Business**”) and desire to supplement its terms, as set forth below. The parties therefore agree as follows:

1. Within ninety (90) days after Franchisee receives notice of approval of the Franchise Agreement, Franchisee must obtain a site, at Franchisee’s expense, for the Franchised Business, which site Franchisor must approve as hereinafter provided. The site will be within the following territory: _____ (“**Site Selection Territory**”).

2. Franchisee’s failure to obtain a site for the business within the time required in Paragraph 1 will constitute a default under the Franchise Agreement and this Site Selection Addendum. Time is of the essence.

3. Prior to Franchisee’s acquisition by lease or purchase of a site for the Franchised Business, Franchisee must submit to Franchisor, in the form Franchisor specifies, such other information or materials as Franchisor may reasonably require, and a letter of intent or other evidence satisfactory to Franchisor which confirms Franchisee’s favorable prospects for obtaining the proposed site. Recognizing that time is of the essence, Franchisee must submit a proposed site, together with the information and materials required by this Paragraph 3, to Franchisor for Franchisor’s approval within ninety (90) days after execution of this Site Selection Addendum. Franchisor will have fifteen (15) days after receipt of such information and materials from Franchisee to approve or disapprove the site as a location for the business. No proposed site will be deemed approved unless Franchisor has expressly approved it in writing.

4. Franchisor will furnish to Franchisee such site selection guidelines, consultation and on-site evaluation as Franchisor deems advisable as part of Franchisor’s evaluation of Franchisee’s request for site approval. Franchisor will not, however, provide on-site evaluation for any proposed site prior to Franchisor’s receipt of the information and materials required by Paragraph 3 hereof. If Franchisor deems on-site evaluation necessary and appropriate, Franchisor will conduct up to two (2) on-site evaluations at Franchisor’s cost. For each additional on-site evaluation (if any), Franchisee must reimburse Franchisor for Franchisor’s reasonable expenses including, without limitation, the costs of travel, lodging, and meals.

5. If Franchisee will be occupying the business premises under a lease, Franchisee must, prior to the execution of the lease, submit the lease to Franchisor for Franchisor’s written approval. Franchisor’s approval of the lease will be conditioned upon Franchisee’s execution of a

Collateral Assignment of Lease in the form Franchisor prescribes and the inclusion of the following terms and conditions:

- a. That the initial term of the office building lease will be for a minimum of one year, together with two one-year renewal terms, for a total of three years;
- b. That the lessor consents to Franchisee's use of such Marks and initial signage as Franchisor may prescribe for the business;
- c. That the use of the premises be restricted solely to the operation of the Franchised Business;
- d. That Franchisee be prohibited from subleasing or assigning all or any part of Franchisee's occupancy rights or extending the term of or renewing the lease without Franchisor's prior written consent;
- e. That the lessor provide to Franchisor copies of any and all notices of default given to Franchisee under the lease;
- f. That Franchisor (or Franchisor's designee) has the right to enter the premises to make modifications necessary to protect the Marks or the System or to cure any default under the Franchise Agreement or under the lease;
- g. That Franchisor (or Franchisor's designee) has the option, upon default, expiration, or termination of the Franchise Agreement, and upon notice to the lessor, to assume all of Franchisee's right under the lease terms, including the right to assign or sublease.

6. Franchisee must furnish Franchisor a copy of any executed lease within ten (10) days after execution thereof.

7. After Franchisor has approved a site for the franchised business in writing and Franchisee has acquired the site pursuant to Paragraph 3 hereof, the site will constitute the Premises referred to in Section 1.3 of the Franchise Agreement.

8. Franchisee hereby acknowledges and agrees that Franchisor's approval of a site does not constitute an assurance, representation or warranty of any kind, express or implied, as to the suitability of the site for the franchised business or for any other purpose. Franchisor's approval of the site indicates only that Franchisor believes the site complies with acceptable minimum criteria established by Franchisor solely for Franchisor's purposes as of the time of the evaluation. Both parties to this Agreement acknowledge the application of criteria that have been effective with respect to other sites and premises may not be predictive of potential for all sites and that, subsequent to Franchisor's approval of a site, demographic and/or economic factors, such as competition from other similar businesses, included in or excluded from Franchisor's criteria

could change thereby altering the potential of a site. Such factors are unpredictable and are beyond Franchisor's control. Franchisor will not be responsible for the failure of a site approved by Franchisor to meet Franchisee's expectations as to revenue or operational criteria. Franchisee further acknowledges and agrees that Franchisee's acceptance of a franchise for the operation of the franchised business at the site is based on Franchisee's own independent investigation of the suitability of the site.

9. This Site Selection Addendum constitutes an integral part of the Franchise Agreement between the parties hereto, and terms of this Site Selection Addendum will be controlling with respect to the subject matter hereof. Except as modified or supplemented by this Site Selection Addendum, the terms of the Franchise Agreement are hereby ratified and confirmed.

[Signatures to Follow]

IN WITNESS WHEREOF, the parties hereto have duly executed this Addendum on the day and year first above written.

FRANCHISOR: Amada Franchise, Inc.

By: _____

Date: _____

Title: _____

FRANCHISEE:

By: _____

Date: _____

Title: _____

FRANCHISEE:

By: _____

Date: _____

Title: _____

FRANCHISEE:

By: _____

Date: _____

Title: _____

ATTACHMENT I

PRIMARY CONTACT ADDENDUM

1. Primary Contact. Franchisor requires that Franchisee’s business at all times be under its designated Primary Contact’s direct supervision. Franchisee represents and warrants to Franchisor that the following person, and only the following person, is the Primary Contact:

<u>NAME</u>	<u>TITLE</u>	<u>ADDRESS</u>
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2. Primary Contact’s Responsibilities. Franchisee’s Primary Contact must meet Franchisor’s standards and requirements, and must have successfully completed the Amada initial training program. Franchisee’s Primary Contact is the individual who has the authority to actively direct Franchisee’s business affairs regarding the business, is responsible for overseeing the general management of the business and has authority to sign all contracts. Prior to there being any change to Franchisee’s designated Primary Contact, Franchisee must provide Franchisor with advance written notice of this change and Franchisor must confirm that Franchisee’s proposed replacement Primary Contact meets Franchisor’s then-current Primary Contact standards and requirements.

3. Default of the Franchise Agreement. Franchisee will be in default of its obligations under the Franchise Agreement if any of the following occur: (i) at any time during the term of the Franchise Agreement Franchisee’s business is not under its designated Contact Person’s direct supervision, (ii) Franchisee designates a replacement Contact Person without first providing Franchisor with notice of this change, or (iii) any replacement Contact Person does not meet Franchisor’s then-current Contact Person standards and requirements. Upon any of these occurrences, Franchisor will have the right, after providing Franchisee with advance written notice of the default and a fifteen (15) day opportunity to cure the default, to terminate the Franchise Agreement.

[Signatures to Follow]

FRANCHISOR: Amada Franchise, Inc.

By: _____

Date: _____

Title: _____

FRANCHISEE:

By: _____

Date: _____

Title: _____

FRANCHISEE:

By: _____

Date: _____

Title: _____

FRANCHISEE:

By: _____

Date: _____

Title: _____

ATTACHMENT J

SKILLED CARE SERVICES ADDENDUM

THIS SKILLED CARE SERVICES ADDENDUM to the Franchise Agreement (“**Agreement**”) is entered into on _____ (“**Addendum Effective Date**”) by and between **Amada Franchise, Inc.**, (“**Franchisor**”) and _____, (“**Franchisee**”). Franchisor and Franchisee may sometimes be referred to in the singular as a “**Party**” or jointly as the “**Parties.**”

WHEREAS, the Franchisor and Franchisee entered into the Agreement on _____ pursuant to which Franchisee acquired the exclusive right to open and operate a Franchised Business within the Designated Area defined in the Agreement.

WHEREAS, Franchisee desires to offer to its clients ancillary services relating to skilled care services, as defined below (“**Skilled Care**”) within the Designated Area defined in the Agreement.

WHEREAS, Franchisee acknowledges that performing Skilled Care requires special skills, training, licensure and, potentially, accreditation for health care facilities and services in the state where the Franchise Business is located (the “**Accrediting Agency**”).

WHEREAS, Franchisor is willing to grant Franchisee the right to provide Skilled Care in connection with the operation of the Franchised Business, subject to the terms of this Addendum.

NOW, THEREFORE, the undersigned, having read this Addendum and understanding its terms, hereby agrees as follows:

1. Skilled Care Defined. For purposes of this Addendum, “**Skilled Care**” means a comprehensive home and community based model of care for clients, ordered by a physician and provided by licensed professional care staff. Examples of skilled care in the home include, but are not limited to, case management, vital signs monitoring, medication management, wound care, enteral nutrition, continence care, lab draws, geriatric assessments, infusion therapy, chemotherapy, ventilator support, memory care, physical therapy, occupational therapy, and speech therapy.

2. Franchisor Approval. Upon satisfaction of the requirements as defined in the Amada Senior Care Skilled Care Services Program, Franchisor hereby grants Franchisee the right to offer Skilled Care in connection with the operation of the Franchised Business, subject to the terms and conditions herein. Franchisee acknowledges and understands that Franchisor reserves the right to revoke such approval for any reason at any time during the term of this Agreement by providing Franchisee thirty (30) days’ written notice. Franchisor reserves the right to no longer provide Skilled Care services and thereby revoke approval for any and all Franchisees then providing Skilled Care, obligating Franchisee to perform all required actions in response to Franchisor’s revoked approval in order to comply with state and federal laws.

3. Franchisee Representations. Franchisee represents that, as of the Addendum Effective Date, Franchisee or its Owners:

- (a) Meet the minimum participation criteria for the Skilled Care Services Program;
- (b) Have contracted with a Franchisor approved third-party consulting firm;
- (c) Do not have any uncured defaults under the Agreement;
- (d) Are in full compliance with all federal, state, and local laws and regulations and have obtained all applicable licenses and permits, including all requirements under the applicable Nurse Practice Act and the Health Insurance Portability and Accountability Act of 1996 (“HIPAA”);
- (e) Have executed a Business Associate Agreement with Franchisor to comply with HIPAA and applicable state law;
- (f) Have not and will not become a Medicare-certified agency billing Medicare for Skilled Care services; and
- (g) Are in full compliance with all federal, state, and local requirements pertaining to personnel and staffing requirements.

4. Requirements to Begin Providing Skilled Care. To have the right to begin to offer Skilled Care subject to this Addendum and the Agreement, Franchisee must provide Franchisor with written proof of all of the following:

- (a) Franchisee has successfully contracted with a Franchisor approved third-party consulting firm that provides comprehensive training and support relating to Skilled Care;
- (b) Franchisee is in full compliance with the Agreement (to the extent documentation is requested);
- (c) Franchisee has obtained all applicable licenses and permits and is in full compliance with all federal, state, and local laws and regulations, including as required by the applicable Nurse Practice Act;
- (d) Franchisee has created policies and procedures necessary to comply with HIPAA and applicable state law;
- (e) Franchisee has obtained and continues to maintain in full force and effect all insurance policies required by the Agreement to provide Skilled Care;
- (f) If applicable, within six (6) months after the Addendum Effective Date, the Franchised Business must have completed all requirements of an Accrediting Agency for accreditation of its Skilled Care services and Franchisee must continue to maintain such accreditation during the term of this Agreement; and

(g) If applicable, Franchisee has complied with all requirements for creating a separate affiliated entity as set forth in Section 8.

5. Requirements Applicable to Resales. If the non-medical or medical business operated pursuant to the Agreement was acquired from an entity already providing Skilled Care and approval is granted by Franchisor; then, in addition to the requirements as detailed in Sections 3 and 4, Franchisee will have the right to continue to provide Skilled Care if,

(a) within one (1) month after acquiring the business Franchisee provides evidence that Franchisee has successfully contracted with an approved third-party consulting firm that provides comprehensive training and support relating to Skilled Care; and

(b) within six (6) months after acquiring the business Franchisee must have completed all requirements of the Accrediting Agency, if applicable, for accreditation of its Skilled Care services as of the date that Franchisee acquired the Franchised Business and Franchisee must continue to maintain such accreditation during the term of this Addendum. If Franchisee fails to comply with the foregoing requirements, upon delivery of written notice to Franchisee, Franchisor has the right to revoke its approval of the right to provide Skilled Care.

6. Franchisee Continuing Obligations. Franchisee acknowledges and agrees that to continue providing Skilled Care it must:

(a) Maintain or renew any health care or employment related permits, licenses, certifications or other indications of authority necessary for providing Skilled Care;

(b) Maintain ongoing support from a Franchisor approved third-party consulting firm;

(c) Maintain documented policies and procedures necessary to comply with HIPAA and applicable state law, including records showing that Franchisee's employees are trained within the mandated time frame pursuant to state or federal law on the content of those policies and procedures or other requisite content;

(d) Be in full compliance, without any uncured defaults, of the Agreement and this Addendum;

(e) Be in full compliance with all federal, state, and local laws and regulations and have obtained all applicable licenses and permits, including all requirements under the applicable Nurse Practice Act; and

(f) Have not become a Medicare-certified agency billing Medicare for Skilled Care services.

(g) If Franchisee, at any time, fails to continue to satisfy the requirements of this Section, Franchisor will have the right to terminate the approval granted to Franchisee to provide Skilled Care, as provided in Section 2 of this Addendum.

7. Limited Support Services. Franchisee acknowledges and agrees that Franchisor does not currently provide operational or marketing support (“**Support Services**”) for Skilled Care, although Franchisor reserves the right to do so in the future at its sole discretion. Franchisee acknowledges that, unless Franchisor offers any Support Services, all Support Services shall be provided by an approved third-party consulting organization that Franchisor approves of in advance. The foregoing notwithstanding, Franchisor may, in its sole discretion, provide Franchisee with marketing templates or materials, for a website, print, radio or television, for use by the Franchisee in connection with providing Skilled Care. However, Franchisee is solely responsible for ensuring that any such marketing material complies with all applicable federal, state, and local laws and regulations.

8. Affiliated Entity. If Franchisee desires or is required by applicable laws to create a separate legal entity to perform Skilled Care services (an “**Affiliated Entity**”), Franchisee agrees that it shall cause the Affiliated Entity to sign the Joinder to Amada Franchise Agreement attached hereto as Exhibit 1, pursuant to which such Affiliated Entity shall agree to be bound by the terms and conditions contained in the Agreement and this Addendum. Franchisee understands and acknowledges that the rights and duties created by the Agreement and this Addendum are personal to Franchisee and that Franchisor has granted Franchisee the right to offer Skilled Care in reliance on many factors, including meeting the minimum participation criteria for the Skilled Care Services Program, the individual or collective character, skill, aptitude and business and financial capacity of Franchisee and Franchisee’s principals. Accordingly, unless otherwise approved by Franchisor in writing, Franchisee and the Affiliated Entity must have the same ownership, which shall be disclosed to Franchisor on Attachment D of the Agreement.

9. Continuation of Franchised Business. In the event the Franchised Business’s ability to offer Skilled Care is in any way suspended, revoked, or terminated by any federal, state, or local governmental agency or Franchisor, the Franchised Business will continue to provide Core Services throughout the remainder of the term of the Agreement; further, pursuant to the applicable section of the Agreement, Operating Principal will continue to exert its best efforts to the supervision and conduct of the Franchised Business.

10. Fees and Reporting. Gross Billings from the performance of Skilled Care services shall be subject to the same fees and payment obligations that apply to the Franchised Business generally; provided, however, that with regard to Gross Billings from Skilled Care services, Franchisee’s contribution to the Advertising Fund shall initially be equal to 0.25% of Gross Billings but may be increased upon thirty (30) days’ notice from Franchisor to no more than 1% of Gross Billings. Despite the foregoing, Gross Billings from Skilled Care services shall be segregated from other Gross Billings within reports provided to Franchisor, as required by the Agreement. The following chart lists Minimum Gross Billings Standards that are applicable to Skilled Care services in the Designated Territory:

Year	Gross Billings*
By the end of your First Year**	\$37,500
By the end of your Second Year	\$75,000
By the end of your Third Year	\$125,000
By the end of your Fourth Year	\$187,500

Year	Gross Billings*
By the end of your Fifth Year	\$225,000
By the end of your Sixth Year	\$300,000
By the end of your Seventh Year	\$300,000
By the end of your Eighth Year	\$300,000
By the end of your Ninth Year	\$300,000
By the end of your Tenth Year	\$300,000

The Minimum Gross Billings Standards that are applicable to Skilled Care services commence upon the signing of this Addendum. Gross Billings obtained from Skilled Care services outside of the Designated Territory including in any Contiguous Area may not be used to meet the Minimum Gross Billings Standards for Skilled Care services. Franchisee acknowledges and agrees that Franchisor may require Franchisee to obtain and use, at Franchisee's sole cost and expense, a separate point-of-sale system for Skilled Care services.

11. Compliance with System. Franchisee agrees, upon request, to provide evidence of compliance with Agreement, this Addendum and Franchisor's System, as it is defined in the Agreement. Franchisee agrees to contract with a third-party Skilled Care consulting firm approved by Franchisor, and to satisfy any other requirements established from time to time by Franchisor that Franchisor believes are necessary for a Franchised Business to continue offering Skilled Care, including but not limited to attending additional training related to Skilled Care as directed by Franchisor and acquiring any and all applicable insurance coverages. Franchisor reserves the right to charge a fee for providing Franchisee continuing educational training programs, seminars, or webinars, which Franchisor provides at its sole discretion.

12. Relationship of the Parties/Indemnification. In all dealings with third parties, including, without limitation, franchisees, employees, suppliers, and clients, Franchisee must disclose in an appropriate manner acceptable to Franchisor that it is an independent entity licensed by Franchisor. Nothing in this Addendum is intended by the parties hereto to create a fiduciary or employment relationship between them nor to constitute Franchisee as a subsidiary, joint venture, partner, agent or employee of Franchisor for any purpose whatsoever. Franchisee must fully protect, indemnify and hold Franchisor and its owners, directors, officers, successors and assigns harmless from and against any and all claims, demands, damages and liabilities of any nature whatsoever arising in any manner, directly or indirectly, out of or in connection with or incidental to the operation of Franchisee's business and the providing of Skilled Care services (regardless of whether or not caused by Franchisee's negligent or willful failure or failure to act).

13. Employees. Franchisee acknowledges and agrees that Franchisee has sole responsibility and authority for Franchisee's labor relations and employment practices, including, among other things, employee selection, hiring, promotion, supervision, termination, recordkeeping, wage and hour requirements including hours worked, rates of pay, benefits, work assigned, discipline, adjustments of grievances and complaints, and working conditions. Franchisee's employees are exclusively under the Franchisee's control. No employee providing Skilled Care will be deemed to be an employee of Franchisor for any purpose whatsoever, and nothing in this Addendum in any way shifts any employee or employment related responsibility from Franchisee to Franchisor. Franchisee is responsible for and assumes liability for compliance

with all applicable federal and state employment practices, pertaining to providing Skilled Care as well as compliance with HIPAA.

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

15. Capitalized Terms. All capitalized terms not defined in this Addendum have the same meaning as in the Agreement.

16. Not Transferrable by Franchisee. The terms of this Addendum are personal to Franchisee and are not transferrable by Franchisee with the sole exception that an Affiliated Entity may obtain these rights by signing herein and complying with each of the Franchisee's obligations.

17. No Further Changes. Except as specifically provided in this Addendum, all of the terms, conditions and provisions of the Agreement will remain in full force and effect as originally written and signed.

[Signatures to Follow]

FRANCHISOR:

AMADA FRANCHISE, INC.
a Delaware corporation

By: _____

Printed Name: _____

Title: _____

Effective Date: _____

FRANCHISEE:

By: _____

Printed Name: _____

Title: _____

Date Signed: _____

Attachment J - Exhibit 1

Joinder to Amada Franchise Agreement

JOINDER TO AMADA FRANCHISE AGREEMENT

This Joinder to Amada Franchise Agreement (this “Joinder”) is executed by the undersigned (the “Affiliated Entity”) pursuant to the terms of that certain Skilled Care Services Addendum, attached as Exhibit J to that certain Amada Franchise Agreement dated _____, by and between Amada Franchise, Inc. and _____ (as such agreement may be amended or supplemented from time to time, the “Franchise Agreement”). Capitalized terms used but not defined herein have the respective meanings ascribed to such terms in the Franchise Agreement. By the execution of this Joinder, the Affiliated Entity signing below agrees as follows:

1. Acknowledgment. The Affiliated Entity acknowledges that such Affiliated Entity is permitted to perform Skilled Care services under the Skilled Care Services Addendum that is attached to and made part of the Franchise Agreement, subject to all of the terms and conditions of the Franchise Agreement.
2. Agreement. The Affiliated Entity (i) agrees that such Affiliated Entity will be bound by and subject to the terms of the Franchise Agreement, and (ii) hereby agrees to be bound by the terms and conditions of the Franchise Agreement with the same force and effect as if the Affiliated Entity were originally a party thereto.
3. Notice. Any notice required or permitted by the Franchise Agreement may be given to the Affiliated Entity at the same address that notice is permitted to be given to Franchisee under the Franchise Agreement.

EXECUTED AND DATED as of _____.

AMADA FRANCHISE, INC.

By: _____

Name: _____

Title: _____

Accepted and Agreed:

AFFILIATED ENTITY:

[_____]

By: _____

Name: _____

Title: _____

ATTACHMENT K

BUSINESS ASSOCIATE AGREEMENT

1. PREAMBLE AND DEFINITIONS.

1.1. Pursuant to the Health Insurance Portability and Accountability Act of 1996, as amended ("HIPAA"), _____ ("Covered Entity") and Amada Franchise, Inc. or any of its corporate affiliates ("Amada" or "Business Associate"), enter into this Business Associate Agreement ("BAA") for the purposes of complying with the Privacy Rule, the Security Rule and the Breach Notification Rule, each as defined at 45 C.F.R. part 160 and part 164, issued by the United States Department of Health and Human Services ("HHS") under the Health Insurance Portability and Accessibility Act of 1996 ("HIPAA"), as amended by the final regulations promulgated pursuant to the Health Information Technology for Economic and Clinical Health (such regulations, "HITECH") Act (Division A, Title XIII and Division B, Title IV of Pub. L. No. 111-5) (which was part of the American Recovery and Reinvestment Act of 2009) and applicable state law, as of the "Effective Date" of the Franchise Agreement.

1.2. The Parties' performance under the Franchise Agreement may require Covered Entity to disclose and/or provide to Amada private and/or protected health and/or medical information as designated under, and governed by, applicable state law and Individually Identifiable Health Information and/or Electronic Protected Health Information as defined in HIPAA and/or HIPAA regulations and may or will require Amada to receive, access, review, maintain, retain, modify, record, store, forward, produce, hold, use, create, disclose, and/or destroy such Protected Health Information ("PHI") (as defined under the HIPAA Rules).

1.3 Pursuant to changes required under the Health Information Technology for Economic and Clinical Health Act of 2009 (the "HITECH Act") and under the American Recovery and Reinvestment Act of 2009 ("ARRA"), this BAA also reflects federal breach notification requirements imposed on a Business Associate when "Unsecured PHI" (as defined under the HIPAA Rules) is acquired by an unauthorized party.

1.4 Unless the context indicates otherwise, the following terms in this BAA shall have the same meaning as those terms in the HIPAA Rules: Breach, Data Aggregation, Designated Record Set, disclosure, Electronic Media, Electronic Protected Health Information (ePHI), Health Care Operations, individual, Minimum Necessary, Notice of Privacy Practices, Required By Law, Secretary, Security Incident, Subcontractor, Unsecured PHI, and use.

2. GENERAL OBLIGATIONS OF BUSINESS ASSOCIATE.

2.1 Business Associate agrees not to use or disclose PHI, other than as permitted or required by this BAA or as Required By Law, or if such use or disclosure does not otherwise cause a Breach of Unsecured PHI.

2.2 Business Associate agrees to use appropriate physical, technical and administrative safeguards and comply with Subpart C of 45 C.F.R. Part 164 with respect to ePHI, to prevent use or disclosure of PHI other than as provided for by the BAA.

2.3 The Business Associate agrees to report without unreasonable delay to Covered Entity any Breach of Unsecured PHI not provided for by the BAA of which it becomes aware of, but in no case later than five calendar days of discovery. Such notice shall include the identification of each individual whose Unsecured PHI has been or is reasonably believed by Business Associate to have been, accessed, acquired, or disclosed in connection with such Breach. In addition, Business Associate shall provide any additional information reasonably requested by Covered Entity for purposes of investigating the Breach and any other available information that Covered Entity is required to include to the individual under 45 C.F.R. § 164.404(c) at the time of notification or promptly thereafter as information becomes available.

2.4 Business Associate agrees, in accordance with 45 C.F.R. §§ 164.502(e)(1)(ii) and 164.308(b)(2), if applicable, to require that any representatives, subcontractors, persons and/or entities (other than entities that are merely conduits) that create, receive, maintain, or transmit PHI on behalf of the Business Associate agree to the same restrictions, conditions, and requirements that apply to the Business Associate with respect to such information.

2.5 Business Associate agrees to make available PHI in a Designated Record Set to the Covered Entity as necessary to satisfy Covered Entity's obligations under 45 C.F.R. § 164.524. Business Associate agrees to make any amendments to PHI in a Designated Record Set as directed or agreed to by the Covered Entity pursuant to 45 C.F.R. § 164.526, or take other measures as necessary to satisfy Covered Entity's obligations under 45 C.F.R. § 164.526.

2.6 Business Associate agrees to account for the following disclosures:

(a) Business Associate agrees to maintain and document disclosures of PHI and Breaches of Unsecured PHI and any information relating to the disclosure of PHI and Breach of Unsecured PHI in a manner as would be required for Covered Entity to respond to a request by an individual or the Secretary for an accounting of PHI disclosures and Breaches of Unsecured PHI.

(b) Business Associate agrees to provide to Covered Entity, or to an individual at Covered Entity's request, information collected to permit Covered Entity to respond to a request by an individual or the Secretary for an accounting of PHI disclosures and Breaches of Unsecured PHI.

3. PERMITTED USES AND DISCLOSURES BY BUSINESS ASSOCIATE.

3.1 General Uses and Disclosures. Business Associate agrees to receive, create, use, or disclose PHI only in a manner that is consistent with this BAA.

3.2 Except as otherwise provided in this BAA, Business Associate may use PHI for its proper management, perform functions and administration or to carry out its legal responsibilities or on behalf of the Covered Entity, as permitted under applicable law or specified in this BAA.

3.3 Business Associate may not use or disclose PHI in a manner that would violate Subpart E of 45 C.F.R. Part 164 if done by the Covered Entity.

3.4 Business Associate may use or disclose PHI as Required By Law, including to report violations of law to appropriate federal and state authorities, consistent with 45 C.F.R. § 164.502(j)(1).

4. OBLIGATIONS OF COVERED ENTITY.

4.1 Covered Entity agrees that it will comply with HIPAA, as amended, including all regulations implementing HIPAA, the Privacy Rule as interpreted under applicable regulations and guidance of general application published by HHS, including all amendments thereto for which compliance is required, as amended by the HITECH Act, ARRA, and the HIPAA Rules, and any state-specific laws protecting the privacy and confidentiality of various types of health information.

4.2 Covered Entity will use appropriate safeguards to protect the privacy, security, and integrity of PHI and train its employees on the policies and procedures necessary to comply with HIPAA including all regulations implementing HIPAA.

4.3 Covered Entity will obtain all consents, permission or authorizations necessary and/or required by law for Covered Entity prior to furnishing Business Associate PHI in order to fulfill their obligations under the BAA.

4.4 Covered Entity will provide Business Associate with the Notice of Privacy Practices that Covered Entity produces in accordance with the Privacy Rule, and any changes or limitations to such notice under 45 C.F.R. § 164.520, to the extent that such changes or limitations may affect Business Associate's use or disclosure of PHI.

4.5 Covered Entity will notify Business Associate of any restriction to the use or disclosure of PHI that Covered Entity has agreed to or is required to abide by under 45 C.F.R. § 164.522, to the extent that such restriction may affect Business Associate's use or disclosure of PHI under this BAA.

4.6 Covered Entity will notify Business Associate of any changes in or revocation of permission by an individual to use or disclose PHI, if such change or revocation may affect Business Associate's permitted or required uses and disclosures of PHI under this BAA.

4.7 Upon any suspected or actual breach, unauthorized disclosure of the PHI or breach of the BAA, Covered Entity will meet and confer in good faith with Business Associate before notifying affected individuals, government agencies, and/or commencing any legal action.

5. TERM AND TERMINATION.

5.1 This BAA shall terminate upon the earlier of either the discharge of Business Associate's obligations under the Franchise Agreement, when all of the PHI provided by Covered Entity to Business Associate, or created or received by Business Associate on behalf of Covered Entity, is destroyed or returned to Covered Entity, or, if it is infeasible to return or destroy PHI,

protections are extended to such information or if either party terminates for cause as authorized under Section 5.2.

5.2 Upon either party's knowledge of material breach by the other party, the non-breaching party shall provide an opportunity for the breaching party to cure the breach or end the violation; or terminate the BAA. If the breaching party does not cure the breach or end the violation within a reasonable timeframe not to exceed 14 days from the notification of the breach, or if a material term of the BAA has been breached and a cure is not possible, the non-breaching party may terminate this BAA, upon written notice to the other party.

5.3 Covered Entity acknowledges that due to the relationship with Business Associate, it will not be feasible for Business Associate to return or destroy PHI after the termination of the Franchise Agreement. Business Associate will continue to extend the protections of this Agreement to PHI and limit further uses and disclosures of such PHI for so long as the Business Associate maintains such PHI.

6. **MISCELLANEOUS.**

6.1 The parties agree to take such action as is necessary to amend this BAA to comply with the requirements of the Privacy Rule, HIPAA, ARRA, the HITECH Act, the HIPAA Rules, and any other applicable law.

6.2 This BAA shall be interpreted in the following manner:

(a) Any ambiguity shall be resolved in favor of a meaning that permits Business Associate to comply with the HIPAA Rules.

(b) Any inconsistency between the BAA's provisions and the HIPAA Rules, including all amendments, as interpreted by the HHS, a court, or another regulatory agency with authority over the Parties, shall be interpreted according to the interpretation of the HHS, the court, or the regulatory agency.

(c) Any provision of this BAA that differs from those required by the HIPAA Rules, but is nonetheless permitted by the HIPAA Rules, shall be adhered to as stated in this BAA.

6.3 This BAA constitutes the entire agreement between the parties related to the subject matter of this BAA, except to the extent that the Franchise Agreement imposes more stringent requirements related to the use and protection of PHI upon Business Associate. This BAA may not be modified unless done so in writing and signed by a duly authorized representative of both parties. If any provision of this BAA, or part thereof, is found to be invalid, the remaining provisions shall remain in effect.

6.4 This BAA will be binding on the successors and assigns of the Covered Entity and the Business Associate. However, this BAA may not be assigned, in whole or in part, without the written consent of the other party. Any attempted assignment in violation of this provision shall be null and void.

6.5 Except as otherwise provided in the BAA, there are no third-party beneficiaries to the BAA. Business Associate's obligations are to the Covered Entity only.

6.6 This BAA may be executed in two or more counterparts, each of which shall be deemed an original.

IN WITNESS WHEREOF, the parties hereto have executed this BAA as of the below date.

FRANCHISOR:

AMADA FRANCHISE, INC.
a Delaware corporation

By: _____

Printed Name: _____

Title: _____

Effective Date: _____

FRANCHISEE (COVERED ENTITY):

By: _____

Printed Name: _____

Title if an entity: _____

Date Signed: _____

ATTACHMENT L

STAFFING SERVICES ADDENDUM

THIS STAFFING SERVICES ADDENDUM to the Franchise Agreement (“**Agreement**”) is entered into on _____ (“**Addendum Effective Date**”) by and between **Amada Franchise, Inc.**, (“**Franchisor**”) and _____, (“**Franchisee**”). Franchisor and Franchisee may sometimes be referred to in the singular as a “**Party**” or jointly as the “**Parties**.”

WHEREAS, the Franchisor and Franchisee entered into the Agreement on _____ pursuant to which Franchisee acquired the exclusive right to open and operate a Franchised Business within the Designated Area defined in the Agreement.

WHEREAS, Franchisee desires to offer to its clients staffing services, as defined below (“**Staffing Services**”) within the Designated Area defined in the Agreement.

WHEREAS, Franchisor is willing to grant Franchisee the right to provide Staffing Services in connection with the operation of the Franchised Business, subject to the terms of this Addendum.

NOW, THEREFORE, the undersigned, having read this Addendum and understanding its terms, hereby agrees as follows:

1. Staffing Services Defined. For purposes of this Addendum, “**Staffing Services**” means providing hospitals, skilled nursing facilities, doctors’ offices, assisted living communities, and home health and hospice agencies and other approved healthcare related entities with caregivers, registered nurses, licensed practical nurses, nurse practitioners, home health aides, medical assistants, medical secretary/receptionists, occupational health nurses, phlebotomists, physician assistants, certified nurse assistants, physical therapists, occupational therapists, speech therapists, case managers and other approved healthcare practitioners, provided that Franchisee must sign and comply with the Skilled Care Services Addendum to provide staffing involving skilled care services. Staffing may only be provided for the healthcare and senior care industries.

2. Franchisor Approval. Franchisor hereby grants Franchisee the right to offer Staffing Services in connection with the operation of the Franchised Business, subject to the terms and conditions herein. Franchisee acknowledges and understands that Franchisor reserves the right to revoke such approval for any reason at any time during the term of this Agreement by providing Franchisee thirty (30) days’ written notice. Franchisor reserves the right to no longer provide Staffing Services and thereby revoke approval for any and all Franchisees then providing Staffing Services, obligating Franchisee to perform all required actions in response to Franchisor’s revoked approval in order to comply with state and federal laws.

3. Requirements to Begin Providing Staffing Services. Franchisee represents that, as of the Addendum Effective Date, Franchisee or its Owners meet the following participation criteria for providing Staffing Services and is willing upon request to provide Franchisor with written proof of the following:

- (a) Franchisee must have achieved \$83,000 in revenue for at least one month in the prior six-month period;
- (b) Franchisee must have no outstanding amounts or royalties due under the Agreement;
- (c) Franchisee must not have any uncured defaults under the Agreement;
- (d) Franchisee must have executed a Business Associate Agreement with Franchisor to comply with the Health Insurance Portability and Accountability Act of 1996 (“HIPAA”) and applicable state law;
- (e) Franchisee must have created policies and procedures necessary to comply with HIPAA and applicable state law;
- (f) Franchisee must have obtained and continue to maintain in full force and effect all insurance policies required by the Agreement to provide Staffing Services;
- (g) Franchisee must be in full compliance with all federal, state, and local requirements pertaining to personnel and staffing requirements;
- (h) If applicable, Franchisee has complied with all requirements for creating a separate affiliated entity as set forth in Section 6.

4. Requirements Applicable to Resales. If the non-medical or medical business operated pursuant to the Agreement was acquired from an entity already providing Staffing Services, then the requirement of Section 3(a) may be waived, upon Franchisor’s written approval.

5. Franchisee Continuing Obligations. Franchisee acknowledges and agrees that to continue providing Staffing Services it must:

- (a) Maintain or renew any health care or employment related permits, licenses, certifications or other indications of authority necessary for providing Staffing Services;
- (b) Maintain documented policies and procedures necessary to comply with HIPAA and applicable state law, including records showing that Franchisee’s employees are trained within the mandated time frame pursuant to state or federal law on the content of those policies and procedures or other requisite content;
- (c) Be in full compliance, without any uncured defaults, of the Agreement, this Addendum and the Skilled Care Services addendum if applicable;
- (d) Be in full compliance with all federal, state, and local laws and regulations including wage orders, wage and hour requirements and any applicable employment or labor law; and
- (e) Have not used independent contractors for Staffing Services.

If Franchisee, at any time, fails to continue to satisfy the requirements of this Section, Franchisor will have the right to terminate the approval granted to Franchisee to provide Skilled Care, as provided in Section 2 of this Addendum.

6. Affiliated Entity. If Franchisee desires or is required by applicable laws to create a separate legal entity to perform Staffing Services (an “**Affiliated Entity**”), Franchisee agrees that it shall cause the Affiliated Entity to sign the Joinder to Amada Franchise Agreement attached hereto as Exhibit 1, pursuant to which such Affiliated Entity shall agree to be bound by the terms and conditions contained in the Agreement and this Addendum. Franchisee understands and acknowledges that the rights and duties created by the Agreement and this Addendum are personal to Franchisee and that Franchisor has granted Franchisee the right to offer Staffing Services in reliance on many factors, including meeting the minimum participation criteria for the Staffing Services Program, the individual or collective character, skill, aptitude and business and financial capacity of Franchisee and Franchisee’s principals. Accordingly, unless otherwise approved by Franchisor in writing, Franchisee and the Affiliated Entity must have the same ownership, which shall be disclosed to Franchisor on Attachment D of the Agreement.

7. Continuation of Franchised Business. Non-medical senior care services will remain the primary focus of Franchised Business. In the event the Franchised Business’s ability to offer Staffing Services is in any way suspended, revoked, or terminated by any federal, state, or local governmental agency or Franchisor, the Franchised Business will continue to provide non-medical senior care services throughout the remainder of the term of the Agreement; further, pursuant to the applicable section of the Agreement, Operating Principal will continue to exert its best efforts to the supervision and conduct of the Franchised Business.

8. Fees and Reporting. Gross Billings from the performance of Staffing Services shall be subject to the same fees and payment obligations that apply to the Franchised Business generally. Gross Billings from Staffing Services shall be segregated from other Gross Billings within reports provided to Franchisor, as required by the Agreement. In addition, Franchisee acknowledges and agrees that Franchisor may require Franchisee to obtain and use, at Franchisee’s sole cost and expense, a separate point-of-sale system for Staffing Services. Franchisee recognizes and acknowledges that Gross Billings obtained from Staffing Services may not be used to meet the Minimum Gross Billings Standards set forth in the Agreement.

9. Compliance with System. Franchisee agrees, upon request, to provide evidence of compliance with Agreement, this Addendum and Franchisor’s System, as it is defined in the Agreement. Franchisee agrees to satisfy any other requirements established from time to time by Franchisor that Franchisor believes are necessary for a Franchised Business to continue offering Staffing Services, including but not limited to attending additional training related to Staffing Services as directed by Franchisor and acquiring any and all applicable insurance coverages. Franchisor reserves the right to charge a fee for providing Franchisee continuing educational training programs, seminars, or webinars, which Franchisor provides at its sole discretion.

10. Relationship of the Parties/Indemnification. In all dealings with third parties, including, without limitation, franchisees, employees, suppliers, and clients, Franchisee must disclose in an appropriate manner acceptable to Franchisor that it is an independent entity licensed by Franchisor. Nothing in this Addendum is intended by the parties hereto to create a fiduciary or

employment relationship between them nor to constitute Franchisee as a subsidiary, joint venture, partner, agent or employee of Franchisor for any purpose whatsoever. Franchisee must fully protect, indemnify and hold Franchisor and its owners, directors, officers, successors and assigns harmless from all claims, demands, damages and liabilities arising out of the providing of Staffing Services (regardless of whether or not caused by Franchisee's negligent or willful failure or failure to act).

11. Employees. Franchisee acknowledges and agrees that Franchisee has sole responsibility and authority for Franchisee's labor relations and employment practices, including, among other things, employee selection, hiring, promotion, supervision, termination, recordkeeping, wage and hour requirements including hours worked, rates of pay, benefits, work assigned, discipline, adjustments of grievances and complaints, and working conditions. Franchisee's employees are exclusively under the Franchisee's control. No employee providing Staffing Services will be deemed to be an employee of Franchisor for any purpose whatsoever, and nothing in this Addendum in any way shifts any employee or employment related responsibility from Franchisee to Franchisor. Franchisee is responsible for and assumes liability for compliance with all applicable federal and state employment practices, pertaining to providing Staffing Services as well as compliance with HIPAA.

12. Intellectual Property Belongs to Franchisor. If Franchisee, Franchisee's employees, or principals develop any new concept, process, manual or improvement in the operation or promotion of the Franchised Business, including the offering of Staffing Services, Franchisee will promptly notify Franchisor and provide Franchisor with all necessary related information, without compensation. Any such concept, process, or improvement will become Franchisor's sole property and Franchisor will be the sole owner of all patents, patent applications, trademarks, copyrights and other intellectual property rights related thereto.

13. Capitalized Terms. All capitalized terms not defined in this Addendum have the same meaning as in the Agreement.

14. Not Transferrable by Franchisee. The terms of this Addendum are personal to Franchisee and are not transferrable by Franchisee with the sole exception that an Affiliated Entity may obtain these rights by signing the Joinder and complying with each of the Franchisee's obligations.

15. No Further Changes. Except as specifically provided in this Addendum, all of the terms, conditions and provisions of the Agreement will remain in full force and effect as originally written and signed.

[Signatures to Follow]

FRANCHISOR:

AMADA FRANCHISE, INC.
a Delaware corporation

By: _____

Printed Name: _____

Title: _____

Effective Date: _____

FRANCHISEE:

By: _____

Printed Name: _____

Title: _____

Date Signed: _____

Attachment L - Exhibit 1
Joinder to Amada Franchise Agreement

JOINDER TO AMADA FRANCHISE AGREEMENT

This Joinder to Amada Franchise Agreement (this “Joinder”) is executed by the undersigned (the “Affiliated Entity”) pursuant to the terms of that certain Staffing Services Addendum, attached as Exhibit L to that certain Amada Franchise Agreement dated _____, by and between Amada Franchise, Inc. and _____ (as such agreement may be amended or supplemented from time to time, the “Franchise Agreement”). Capitalized terms used but not defined herein have the respective meanings ascribed to such terms in the Franchise Agreement. By the execution of this Joinder, the Affiliated Entity signing below agrees as follows:

1. Acknowledgment. The Affiliated Entity acknowledges that such Affiliated Entity is permitted to perform Staffing Services under the Staffing Services Addendum that is attached to and made part of the Franchise Agreement, subject to all of the terms and conditions of the Franchise Agreement.

2. Agreement. The Affiliated Entity (i) agrees that such Affiliated Entity will be bound by and subject to the terms of the Franchise Agreement, and (ii) hereby agrees to be bound by the terms and conditions of the Franchise Agreement with the same force and effect as if the Affiliated Entity were originally a party thereto.

3. Notice. Any notice required or permitted by the Franchise Agreement may be given to the Affiliated Entity at the same address that notice is permitted to be given to Franchisee under the Franchise Agreement.

EXECUTED AND DATED as of _____.

AMADA FRANCHISE, INC.

By: _____

Name: _____

Title: _____

Accepted and Agreed:

AFFILIATED ENTITY:

By: _____

Name: _____

Title: _____

EXHIBIT B

DEVELOPMENT AGREEMENT

This DEVELOPMENT AGREEMENT (this “**Agreement**”) is made and entered into on _____, (“**Effective Date**”), by and between Amada Franchise, Inc., a Delaware corporation (“**Franchisor**”) and _____ (“**Developer**”) (collectively, Franchisor and Developer are referred to hereinafter as the “**Parties**”).

RECITALS

WHEREAS, Franchisor and Developer (or its Controlled Affiliate, as defined below) are signing or have signed a Franchise Agreement dated as of _____, 20__ (the “**Existing Agreement**”) under which Developer (or its Controlled Affiliate) operates or will operate an Amada Senior Care business (the “**First Developer Business**”) in or at _____.

WHEREAS, Franchisor and Developer are signing this Agreement to provide Developer the right and obligation to develop a number of Amada Senior Care businesses within a specified geographic area set forth on **Exhibit A** (the “**Territory**”) over a certain period of time.

WHEREAS, Franchisor is willing to grant Developer these development rights if Developer complies with the terms and conditions set forth in this Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual agreements, covenants and undertakings herein contained and other valuable consideration, the adequacy of which is acknowledged by all Parties, the Parties hereby covenant, promise, and agree as follows:

1. **Recitals.** The above Recitals are hereby incorporated into and made part of this Agreement. All capitalized terms used but not defined in this Agreement shall have the meanings set forth in the Existing Agreement.

2. **Development Rights.** Subject to Developer’s (and its affiliates’) compliance with this Agreement, the Existing Agreement, and all other franchise and other agreements between Franchisor (or its affiliate) and Developer (or its affiliate) (collectively, the “**Related Agreements**”), Developer hereby grants Developer and/or any of Developer’s approved Controlled Affiliates (defined below) the right, and Developer assumes the obligation, to sign Franchise Agreements (defined in Section 6) to develop and operate the number of Amada Senior Care businesses identified on **Exhibit B** (including the First Developer Business, collectively, the “**Developer Businesses**”) according to a development schedule identified on **Exhibit B** (the “**Development Schedule**”), and within the Territory identified on **Exhibit A**. “**Controlled Affiliate**” means any corporation, limited liability company or other entity of which Developer owns ninety percent (80%) or more of the total authorized ownership interests. Developer understands and acknowledges that in accepting the Territory referenced in **Exhibit A**, Franchisor does not in any way endorse, warrant or guarantee either directly or indirectly the suitability of such site or the success of the Franchise Business to be operated by Developer.

3. **No Amada Senior Care Businesses in Territory.** If Developer is complying with this Agreement, and Developer and its affiliates are fully complying with all of the Related Agreements, then during the term of this Agreement only, neither Franchisor nor its affiliates will operate, or authorize any

other party to operate, an Amada Senior Care business the physical premises of which is located within the Territory, except for franchises Franchisor grants to Developer and its approved Controlled Affiliates. Notwithstanding the foregoing, Franchisor or its affiliates may service, or authorize one or more third parties to service, clients located in any part of the Territory which is not, at the time Franchisor, its affiliate or the authorized third party begins providing services to the client, part of the designated territory of the Existing Agreement or any other Franchise Agreement signed pursuant to this Agreement (a “**Non-Designated Area**”). If Franchisor, its affiliate, or any other third party performs services for any client located in a Non-Designated Area, and Developer (or an approved Controlled Affiliate) subsequently signs a Franchise Agreement with a designated territory covering such Non-Designated Area, Franchisor, its affiliate or the third party, as applicable, may continue to provide services and products to such clients in the Non-Designated Area (each, a “**Legacy Client**”), until such time as the Legacy Client discontinues services. After a Legacy Client discontinues services, Franchisor, its affiliate, or the third party, as applicable, shall not resume servicing the Legacy Client without permission from Developer or the Controlled Affiliate, as applicable. Franchisor (and any affiliates Franchisor might have from time to time) shall at all times have the right to engage in any other activities Franchisor or they deem appropriate that are not expressly prohibited by this Agreement, whenever and wherever Franchisor or they desire, including, without limitation, those which Franchisor now reserves in Section 1.6 of the Existing Agreement. Upon expiration or termination of this Agreement, Franchisor (and its affiliates) may operate, and authorize any other parties to operate, Amada Senior Care businesses the physical premises of which are located within the Territory and engage, and allow others to engage, in any other activities Franchisor desires within and outside the Territory without any restrictions, subject only to Developer’s (or its Controlled Affiliate’s) rights under then existing franchise agreements with Franchisor.

4. Development Fee. Simultaneously with signing this Agreement, Developer must pay Franchisor a development fee (the “**Development Fee**”) equal to _____ Dollars (\$ _____), which is equal to Twenty-Seven Thousand Five Hundred Dollars (\$27,500) multiplied by the number of Amada Senior Care businesses to be developed under this Agreement (excluding the First Developer Business). The Development Fee is fully earned by Franchisor when Franchisor and Developer sign this Agreement and is non-refundable, even if Developer does not comply with the Development Schedule, although Franchisor will apply the Development Fee as provided in Section 6.

5. Development Obligations. To maintain its rights under this Agreement, Developer (and/or approved Controlled Affiliates) must, for each Developer Business: (a) sign a Franchise Agreement on or before the applicable date set forth on the Development Schedule (the “**FA Signing Deadline**”); and (b) open and begin operating the Developer Business in accordance with the applicable Franchise Agreement on or before the applicable date set forth on the Development Schedule (the “**Business Opening Deadline**”). Time is of the essence under this Agreement. If Developer wants to request a ninety (90)-day extension of the FA Signing Deadline and/or Business Opening Deadline for any Developer Business, Developer must submit a written request and a Two Thousand Five Hundred Dollars (\$2,500) extension fee to Franchisor before the applicable deadline. If Franchisor grants the extension, the extension fee will be non-refundable. If Franchisor denies the extension, Franchisor will refund the extension fee. Nothing in this Section 5 requires Franchisor to grant any extension.

6. Form of Franchise Agreement. The franchise agreement and related documents that Developer (or its Controlled Affiliate) signs for each Developer Business will be the form of franchise agreement and any ancillary agreements that Franchisor then customarily uses in granting franchises for Amada Senior Care businesses (collectively, the “**Franchise Agreement**”), any or all of the terms of which may differ substantially from the Existing Agreement. Franchisor will apply Twenty-Seven Thousand Five Hundred Dollars (\$27,500) of the Development Fee, as applicable, towards the initial franchise fee owed

under each Franchise Agreement. To retain Developer's rights under this Agreement, each Developer Business must operate continuously throughout the term of this Agreement.

7. No Sublicensing Rights or Rights to Use Marks. This Agreement does not grant Developer any right to license others to operate Amada Senior Care businesses. Only Developer (and its approved Controlled Affiliates) may develop Amada Senior Care businesses pursuant to this Agreement and only under Franchise Agreements with Franchisor. This Agreement does not grant Developer any right to use, or authorize others to use, the Marks in any manner. Developer's right to use the Marks arises only under Franchise Agreements with Franchisor. Franchisor's affiliate owns all rights to the Marks, and Developer's unauthorized use of the Marks is an infringement of Franchisor's and its affiliate's rights and a breach of this Agreement.

8. Grant of Franchises. Developer or its approved Controlled Affiliate (and Developer's or its owners) must sign a separate Franchise Agreement for each Developer Business developed pursuant to this Agreement. If Developer or its Controlled Affiliate (and Developer's or its owners) do not sign a separate Franchise Agreement within the time periods set forth in the Development Schedule, or do not open and begin operating the Developer Business under that Franchise Agreement within the time periods set forth in the Development Schedule, then Franchisor may terminate this Agreement according to Section 11. Except for the obligation to open the Developer Businesses on or before the Business Opening Deadlines, after Developer (or its Controlled Affiliate) signs the Franchise Agreement and related documents, their terms and conditions will control the development and operation of the Developer Business.

9. Confidentiality and Non-Competition. Section 11 of the Existing Agreement, entitled "Covenants Not to Compete and Maintain Confidentiality" is incorporated by reference in this Agreement as if fully restated within the text of this Agreement. Developer agrees to comply, and ensure that the Developer Owners (defined below) comply, with the provisions of Section 11 of the Existing Agreement applicable to Franchisee. "**Developer Owner**" means any individual or entity holding a direct or indirect ownership interest (whether of record, beneficially or otherwise) in Developer.

10. Term and Termination. The term of this Agreement begins on the Effective Date and ends on the date when the final Franchise Agreement under the Development Schedule has been signed or this Agreement otherwise is terminated under Section 11, whichever occurs first.

11. Termination. Without limiting Franchisor's termination and other rights under any other Related Agreement or applicable law, Franchisor may terminate this Agreement, effective upon delivery of written notice of termination to Developer, if:

- a. Developer or any of the Developer Owners breaches any provision of this Agreement, including, without limitation, any failure to comply with the Development Schedule;
- b. Developer or any of its Controlled Affiliates breaches any Related Agreement, if such breach would allow Franchisor to terminate the Related Agreement;
- c. any order, judgment or decree is entered adjudicating Developer bankrupt or insolvent;
- d. there is any entry in any proceeding against the Developer of any order, judgment or decree, which requires the dissolution of Developer, where such order, judgment or decree remains unstayed and in effect for more than thirty (30) days;

e. Developer or any of the Developer Owners has made or makes any material misrepresentation or omission in acquiring the rights under this Agreement or operating the business under this Agreement; or

f. Developer or any of the Developer Owners either (i) engages in any dishonest, unethical or illegal conduct which, in Franchisor's reasonable opinion, adversely affects or might adversely affect the reputation of Developer's business, the reputation of other Amada Senior Care businesses or the goodwill associated with the Marks, or (ii) is convicted by a trial court of or pleads no contest to a felony.

12. Termination of Other Rights. In addition to and without limiting Franchisor's other rights and remedies under this Agreement, any other Related Agreement and applicable law, upon the occurrence of any of the events that give rise to Franchisor's right to terminate this Agreement under Section 11, Franchisor may, at its sole option and upon delivery of written notice to Developer, elect to take any or all of the following actions without terminating this Agreement:

a. Temporarily suspend or permanently terminate Developer's right to develop new Amada Senior Care businesses in any geographic area that is part of the Territory, in which event (i) Developer's rights and the restrictions on Franchisor and its affiliates under Section 3 of this Agreement shall no longer apply in that geographic area, and (ii) Developer (and its affiliates) may operate, and authorize any other parties to operate, Amada Senior Care businesses the physical premises of which are located within that geographic area and engage, and allow others to engage, in any other activities Franchisor desires within that geographic area without any restrictions, subject only to Developer's (or its Controlled Affiliate's) rights under then existing franchise agreements with Franchisor; and/or

b. Reduce the number of remaining Developer Businesses to be developed under the Development Schedule, in which event Developer shall comply with the reduced Development Schedule that Franchisor provides in its written notice. For the avoidance of doubt, upon Franchisor's exercise of its rights under this Section 12(b), Franchisor is not required to refund any portion of the Development Fee paid with respect to the Developer Businesses that Developer is no longer permitted or required to develop, nor required to apply any of that portion of the Development Fee towards the initial franchise fee payable under Franchise Agreements that Developer (or its Controlled Affiliate) signs thereafter.

Franchisor's exercise of its rights under this Section 12 will not be a defense to Developer to Franchisor's enforcement of any other provision of this Agreement or any other Related Agreement, or, except as provided in Section 12(b), waive or release Developer from any of its other obligations under this Agreement or any Related Agreement. Franchisor's exercise of these rights will not be Franchisor's sole or exclusive remedy for Developer's default.

13. Transfer by Franchisor. Developer represents that it has not signed this Agreement in reliance on any affiliate's, owner's, officer's or employee's remaining with Franchisor in that capacity. Franchisor may change its ownership or form and/or assign this Agreement without Developer's consent or any other restriction. This Agreement will inure to the benefit of any transferee or other legal successor to Franchisor's interest in it. After Franchisor's assignment of this Agreement to a third party who expressly assumes Franchisor's obligations under this Agreement, Franchisor no longer will have any performance or other obligations under this Agreement. Such an assignment shall constitute a release of Franchisor and novation with respect to this Agreement, and the assignee shall be liable to Developer as if it had been an original party to this Agreement.

14. Transfer by Developer. Developer acknowledges that the rights and duties this Agreement creates are personal in nature with respect to Developer and the Developer Owners and that Franchisor has granted the rights in reliance upon Franchisor's perceptions of the skills, qualifications, business ability and financial capacity of Developer and the Developer Owners. Therefore, Developer and the Developer Owners agree that neither Developer nor any of the Developer Owners may transfer this Agreement or any ownership interests in Developer (whether directly or indirectly) without Franchisor's prior written consent, which consent may be given or withheld in Franchisor's sole discretion. For purposes of this Section 14, a sale of stock, or any ownership interest in Developer, or a merger or other combination of Developer shall be considered a transfer of an ownership interest in Developer and prohibited hereunder.

15. Incorporation of Other Terms. Sections 15, 19 and 22 of the Existing Agreement, entitled "Dispute Resolution and Corresponding Procedures," "Indemnification and Independent Contractor" and "Governing Law," respectively, are incorporated by reference in this Agreement and will govern all aspects of Franchisor's relationship and the construction of this Agreement as if fully restated within the text of this Agreement. Developer agrees to comply, and ensure that the Developer Owners comply, with the provisions of Sections 15, 19 and 22 of the Existing Agreement applicable to Franchisee.

16. No Waiver. Franchisor may waive a provision of this Agreement only in writing executed by an authorized representative. No party shall rely upon any oral representations as to a waiver of any provision of this Agreement. No waiver by a party of a breach by another party of any provision of this Agreement shall operate or be construed as a waiver of any subsequent breach by the breaching party.

17. Independent Contractor. This Agreement does not constitute Developer as an agent, legal representative, joint venture, partner, or employee of Franchisor for any purpose whatsoever, and it is understood between the Parties hereto that Developer shall be an independent contractor and is in no way authorized to make any contract, agreement, warranty, or representation on behalf of Franchisor. The Parties agree that this Agreement does not create a fiduciary relationship between them.

18. Severance and Reformation. In case any one or more of the provisions or restrictions contained in this Agreement, or any part thereof, shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provisions or restrictions of this Agreement. In case any one or more of the provisions or restrictions contained in this Agreement shall, for any reason, be held to be unreasonable, improper, overbroad or unenforceable in any manner, it is agreed that they are divisible and separable and should be valid and enforceable to the extent allowed by law.

19. Entire Agreement. No change, addition, deletion or amendment of this Agreement shall be valid or binding upon either party unless in writing and signed by the Parties. Insofar as matters within the scope of this Agreement are concerned, this Agreement, together with the Existing Agreement, is the entire agreement between the Parties and replaces and supersedes all prior agreements and understandings pertaining to the matters addressed in this Agreement. There are no oral or other agreements or understandings between the Parties affecting this Agreement. Notwithstanding the foregoing, nothing in this Agreement shall disclaim or require Developer to waive reliance on any representation that Franchisor made in the most recent disclosure document (including its exhibits and amendments) that Franchisor delivered to Developer or its representative.

20. Counterparts. This Agreement may be executed in any number of counterparts, all of which shall be deemed to constitute one and the same instrument, and each counterpart shall be deemed an original.

21. Further Assurance. Each of the Parties will, upon reasonable request of the other, sign any additional documents necessary or advisable to fully implement the terms and conditions of this Agreement.

22. No Waiver or Disclaimer of Reliance in Certain States. The following provision applies only to franchisees and franchises that are subject to state franchise registration/disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin:

No statement, questionnaire, or acknowledgement signed or agreed to by Developer 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 Franchisor, any franchise seller, or any other person acting on behalf of Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Parties hereto affix their signatures and execute this Amendment as of the Effective Date.

FRANCHISOR:

AMADA FRANCHISE, INC.
a Delaware corporation

By: _____

Printed Name: _____

Title: _____

DEVELOPER:

[DEVELOPER NAME]
a _____

By: _____

Printed Name: _____

Title: _____

EXHIBIT A TO DEVELOPMENT AGREEMENT

TERRITORY

1. The Territory is defined as consisting of the following zip codes: _____

2. The following is for illustrative purposes and describes the Territory by map image. In the event of any conflict between the map image below and the zip codes listed in Section 1 above, the zip codes in Section 1 will control:

[Insert map]

FRANCHISOR:

AMADA FRANCHISE, INC.
a Delaware corporation

By: _____

Printed Name: _____

Title: _____

DEVELOPER:

[DEVELOPER NAME]
a _____

By: _____

Printed Name: _____

Title: _____

EXHIBIT B TO DEVELOPMENT AGREEMENT

DEVELOPMENT SCHEDULE

Developer or its Controlled Affiliates must sign Franchise Agreements for Amada Senior Care businesses on or before the dates listed in the FA Signing Deadline column below, and must develop, open and begin operating the Developer Businesses pursuant to the Existing Agreement and those other Franchise Agreements on or before the dates listed in the Cumulative Number of Developer Businesses Open and Operating by the Business Opening Deadline column below.

FA Signing Deadline	Business Opening Deadline	Cumulative Number of Developer Businesses Open and Operating by the Business Opening Deadline
Effective Date (for Existing Agreement)		1

Note: If Franchisor agrees in writing to an extension of the FA Signing Deadline and/or Business Opening Deadline for a particular Developer Business pursuant to Section 5, then the extended deadline(s) shall be substituted for the deadline(s) specified in this table.

[SIGNATURE PAGE FOLLOWS]

FRANCHISOR:

AMADA FRANCHISE, INC.
a Delaware corporation

By: _____

Printed Name: _____

Title: _____

DEVELOPER:

[DEVELOPER NAME]
a _____

By: _____

Printed Name: _____

Title: _____

EXHIBIT C

CONFIDENTIALITY, NON-DISCLOSURE AND NON-COMPETITION AGREEMENT

WHEREAS, the undersigned is an officer, director, member, manager, key employee, partner or owner of an interest in the equity or voting interests of _____, the Franchisee under, and signatory to, that certain Franchise Agreement dated _____ (“**Franchise Agreement**”) entered into with Amada Franchise, Inc. (“**Franchisor**”) granting Franchisee the right to own and operate an Amada franchised business (“**Franchised Business**”) on the terms and conditions stated in the Franchise Agreement.

WHEREAS, the undersigned acknowledges that, in order to induce Franchisor to enter into the Franchise Agreement, Franchisee must cause certain persons owning an interest in Franchise or who are associated with Franchisee in an executive or similar capacity, to sign this Confidentiality, Non-Disclosure and Non-Competition Agreement (“**Agreement**”) for the benefit of Franchisor.

NOW, THEREFORE, the undersigned, having read this Agreement and understanding its terms, hereby agrees as follows:

1. Nondisclosure of Confidential Information.

a. The undersigned agrees not to disclose, duplicate, sell, reveal, divulge, publish, furnish or communicate, either directly or indirectly, any Confidential Information (as defined below) to any other person, firm or entity, unless authorized in writing by Franchisor.

b. The undersigned agrees not to use any Confidential Information for his or her own personal gain or to further the purposes of others, whether or not the Confidential Information has been conceived, originated, discovered or developed, in whole or in part, by the undersigned or represents the undersigned’s work product. To the extent the undersigned has assisted in the preparation of any information which Franchisor considers to be Confidential Information or has prepared or created such information by himself or herself, the undersigned hereby assigns any rights that he or she may have in such information as creator to Franchisor, including all ideas made or conceived by the undersigned.

c. The undersigned understands and agrees that the use, publication or duplication of the Confidential Information for any purpose not authorized by this Agreement constitutes an unfair method of competition by the undersigned.

d. The provisions of this paragraph 1 shall survive the expiration or termination of all contracts between Franchisor and Franchisee.

e. The provisions concerning non-disclosure of Confidential Information shall not apply if disclosure of Confidential Information is legally compelled in a judicial or administrative proceeding, provided the undersigned shall have used its best efforts, and shall have afforded Franchisor the opportunity, to obtain an appropriate protective order or other assurance satisfactory to Franchisor of confidential treatment for the information required to be disclosed.

f. The term “**Confidential Information**” shall have the same meaning assigned to it in the Franchise Agreement. A copy of the relevant sections of the Franchise Agreement is attached to this Agreement as Schedule 1.

2. Return of Proprietary Materials.

Upon expiration or termination of the Franchise Agreement, the undersigned shall surrender to Franchisee, or, if directed by Franchisor, directly to Franchisor, all materials in the possession of the undersigned relating to or concerning any Confidential Information. The undersigned understands and agrees that such materials shall be and remain the sole property of Company.

3. Agreements Regarding Competition.

a. For purposes of this Paragraph 3 the term “**Competing Business**” shall mean a business that provides either or both (a) senior placement or referral services; (b) comprehensive care, including medical services, to private duty clients within their home; (c) employee staffing services to hospitals, skilled nursing facilities, doctors’ offices, assisted living communities, home health or hospice agencies; (d) services administering and/or coordinating care for long-term insurance claims; or (e) any other services or products Franchisor may now or in the future authorize Franchisee to offer or sell in connection with the operation of the Franchised Business.

b. For as long as the Franchise Agreement shall remain in effect, the undersigned agrees that he or she shall neither directly nor indirectly, whether individually, or through, on behalf of, as a member of, or in conjunction with any person, persons, partnership, corporation, or other legal entity, operate, advise on the development or operation of, be employed in a managerial or sales capacity by, or have any interest as an owner of any business, other than as a Franchisee of the Franchisor, that would be considered to be a Competing Business located anywhere in the world, provided, however, the restrictions stated in this paragraph shall not apply to the undersigned after eighteen (18) months from the date that the undersigned ceases to be an officer, director, member, manager, key employee, partner or owner of an interest in the equity or voting interests in Franchisee.

c. For a period of eighteen (18) months after expiration or termination of the Franchise Agreement, or an event of transfer as defined in the Franchise Agreement, whichever occurs first, the undersigned agrees that it, he or she shall neither directly nor indirectly, whether individually, or through, on behalf of, as a member of, or in conjunction with any person, persons, partnership, corporation, or other legal entity, operate, advise on the development or operation of, be employed in a managerial or sales capacity by, or have any interest as an owner of any business, other than as a Franchisee of the Franchisor, that would be considered to be a Competing Business within twenty-five (25) miles of any franchise or corporate-owned Amada location or territory under a development agreement.

d. This Agreement does not prohibit the undersigned from owning five percent (5%) or less of the voting stock of a company that is in a Competing Business and whose shares are publicly traded on a national exchange.

e. The parties understand and agree that the undersigned may engage in any activities not expressly prohibited by this Agreement. However, in connection with permitted activities, the undersigned shall not (i) use the Confidential Information or any of the Marks (as that term is defined in the Franchise Agreement); (ii) engage in any conduct or activity which suggests or implies that Franchisor endorses, or authorizes, the undersigned’s activities; or (iii) induce any person to engage in conduct prohibited by this Agreement.

4. Interference.

The undersigned agrees not to, directly or indirectly, for itself or on behalf of any other person, divert, or attempt to divert, any business or customer of any Franchised Business to any competitor by direct or indirect inducement or perform any act which directly or indirectly could, or may, injure or prejudice the goodwill and reputation of the Marks or the Franchisor's system.

5. Irreparable Harm to Franchisor.

a. The undersigned understands and agrees that Franchisor will suffer irreparable injury not capable of precise measurement in monetary damages if it discloses or misuses any Confidential Information, or if the undersigned breaches the covenants contained in this Agreement. Accordingly, in the event of a breach of this Agreement by the undersigned, the undersigned consents to entry of interim relief, including, without limitation, the entry of a temporary restraining order, preliminary injunction, permanent injunction, writ of attachment, appointment of a receiver, and any other equitable relief which the court deems necessary in order to prevent irreparable injury, all without the requirement that bond be posted.

b. The undersigned agrees that the award of equitable remedies to Franchisor in the event of such breach is reasonable and necessary for the protection of the business and goodwill of Company.

6. Survival.

The agreements made by the undersigned shall survive the expiration or termination of all contracts between Franchisor and Franchisee.

7. Validity; Conformity With Applicable Law.

a. Wherever possible, each provision of this Agreement shall be interpreted in a manner as to be valid under applicable law, but if any provision of this Agreement shall be invalid or prohibited thereunder, the provision shall be ineffective only to the extent of the prohibition or invalidity without invalidating the remainder of this Agreement.

b. The parties agree that the laws of the state having jurisdiction over the undersigned shall govern any dispute concerning or involving the construction, interpretation, validity or enforcement of the provisions of this Agreement regarding competition, but only with respect to the subjects covered in Paragraph 3.

8. Miscellaneous.

a. Any waiver granted to the undersigned by Franchisor excusing or reducing any obligation or restriction imposed under this Agreement shall be evidenced by a writing signed by Franchisor in order to be effective and shall only be effective to the extent specifically allowed in such writing. No waiver granted by Franchisor shall constitute a continuing waiver. Any waiver granted by Franchisor shall be without prejudice to any other rights Franchisor may have. The rights and remedies granted to Franchisor are cumulative. No delay on the part of Franchisor in exercising any right or remedy shall preclude Franchisor from fully exercising such right or remedy or any other right or remedy.

b. This Agreement sets forth the entire agreement made by the undersigned pertaining to the subject matter hereof, fully superseding any and all prior agreements or understandings that may exist between the undersigned and the Franchisor pertaining to such subject matter. No amendment, change, modification or variance to or from the terms and conditions contained in this Agreement shall be binding on the undersigned unless it is contained in a writing and duly signed by the undersigned and Franchisor.

c. This Agreement shall be binding on the undersigned's heirs, executors, successors and assigns as though originally signed by such persons.

d. The parties agree that all capitalized terms in this Agreement shall have the same meaning assigned to them in any Franchise Agreement between Franchisor and Franchisee, and incorporate such definitions into this Agreement.

IN WITNESS WHEREOF, the undersigned has entered into this Agreement as of the date shown above the undersigned's signature.

DATED: _____

Signature of Individual

Print Name of Individual

EXHIBIT D

STATE ADDENDA

The following modifications are to the Amada Franchise, Inc. Franchise Disclosure Document and may supersede, to the extent then required by valid applicable state law, certain portions of the Franchise Agreement dated _____, and Statement of Franchisee.

NO WAIVER OR DISCLAIMER OF RELIANCE IN CERTAIN STATES.

The following provisions applies only to franchisees and franchises that are subject to state franchise registration/disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin:

No statement, questionnaire, or acknowledgement signed or agreed to by 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 Franchisor, any franchise seller, or any other person acting on behalf of Franchisor, any franchise seller, or any other person acting on behalf of Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

It is agreed that this state law addendum supersedes any inconsistent portion of the Franchise Agreement dated _____, and of the Franchise Disclosure Document.

DATED: _____.

FRANCHISOR:

FRANCHISEE:

Amada Franchise, Inc.

By: _____

By: _____

Title: _____

Title: _____

CALIFORNIA

CALIFORNIA CORPORATIONS CODE, SECTION 31125 REQUIRES US TO GIVE YOU A DISCLOSURE DOCUMENT APPROVED BY THE COMMISSIONER OF FINANCIAL PROTECTION & INNOVATION BEFORE WE ASK YOU TO CONSIDER A MATERIAL MODIFICATION OF YOUR FRANCHISE AGREEMENT.

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

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THE WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION at www.dfpi.ca.gov.

1. Item 1 is amended by the addition of the following language under the heading “Regulations”:

g. California Regulations: You may need to comply with the “Home Care Services Consumer Protection Act” of California, which provides for the licensure and regulation of home care organizations, as defined, by the State Department of Social Services, and the registration of home care aides.

2. Item 3 is amended by the addition of the following language:

Neither we, our affiliates, nor any person identified in Item 2 of the Franchise Disclosure Document is subject to any currently effective order of any national securities association or nation securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.

3. Item 17 is amended by the addition of the following language to the original language:

A. The following language is added as a second section before the chart/columns.

You must sign a general release of claims if you renew or transfer your franchise. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). Business and Professions Code Section 20010 Voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043). The Franchise Agreement requires Franchisee to execute a General Release of Claims upon renewal or transfer of the Franchise Agreement.

B. California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination, transfer, or non-renewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, and the law applies, the law will control.

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

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

E. The Franchise Agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

4. Item 19 is amended by the addition of the following language to the original language:

“The earnings claims figures do not reflect the costs of sales, operating expenses or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your franchised business. Franchisees or former franchisees, listed in the offering circular, may be one source of this information.

5. No statement, questionnaire, or acknowledgement signed or agreed to by 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 Franchisor, any franchise seller, or any other person acting on behalf of Franchisor, any franchise seller, or any other person acting on behalf of Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

It is agreed that this state law addendum supersedes any inconsistent portion of the Franchise Agreement dated _____, and of the Franchise Disclosure Document.

DATED: _____.

FRANCHISOR:

FRANCHISEE:

Amada Franchise, Inc.

By: _____

By: _____

Title: _____

Title: _____

ILLINOIS

Illinois law shall apply to and govern the Franchise Agreement(s) and Development Agreement.

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.

Franchisees' rights upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

In conformance with section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act **or any other law of Illinois** is void.

ILLINOIS PROHIBITS THE CORPORATE PRACTICE OF MEDICINE. UNLICENSED INDIVIDUALS AND ENTITIES ARE PROHIBITED FROM OWNING, OPERATING AND MAINTAINING AN ESTABLISHMENT FOR THE STUDY, DIAGNOSIS AND TREATMENT OF HUMAN AILMENTS AND INJURIES, WHETHER PHYSICAL OR MENTAL. See Medical Corporation Act, 805 ILCS 15/2, 5 (West 2016); Medical Practice Act of 1987, 225 ILCS 60/ (West 2016); and Prohibition Against Fee Splitting at 225 ILCS 60/22.2 (West 2016).

IF YOU ARE NOT LICENSED/CERTIFIED IN ILLINOIS TO PROVIDE SOME OF THE SERVICES DESCRIBED IN THE DISCLOSURE DOCUMENT, YOU MAY HAVE TO NEGOTIATE THE TERMS OF A MANAGEMENT AGREEMENT WITH LICENSED MEDICAL PROFESSIONALS WHO WILL PROVIDE SERVICES THAT YOU ARE NOT QUALIFIED TO PROVIDE IN A BUSINESS OF THIS NATURE.

See: <https://www.newlifestyles.com/resources/state-licensing/illinois> **for general information about placement options for seniors in Illinois.**

See: <http://www.dph.illinois.gov/topics-services/health-care-regulation/facilities/home-health> **for info on Home Health state certification and licensure requirements, costs and process.**

See: <http://www.idph.state.il.us/about/hfpb/conprocess.htm> and <https://www2.illinois.gov/sites/hfsrb/CONProgram/Pages/default.aspx> **for information regarding the nature of, and application process for the Illinois Certification of Need Program.**

FRANCHISOR RESERVES THE RIGHT TO ESTABLISH, IDENTIFY AND SERVICE "NATIONAL ACCOUNTS" WITHIN YOUR TERRITORY. YOU ARE REQUIRED TO PARTICIPATE IN SERVICING NATIONAL ACCOUNTS. IF YOU ELECT NOT TO PARTICIPATE OR ARE DEEMED TO BE "UNABLE TO FULLY SERVICE" A NATIONAL ACCOUNT – THE FRANCHISOR, ITS AFFILIATE(S) OR ANOTHER FRANCHISEE MAY PROVIDE PRODUCTS AND SERVICES TO A "NATIONAL ACCOUNT" IN YOUR TERRITORY WITH NO COMPENSATION PAID TO YOU.

The collection of the initial franchise (and development) fees will be deferred until the franchisor has fulfilled all its initial pre-opening obligations under the franchise agreement and if applicable, development agreement, and the franchisee has commenced doing business.

It is agreed that this state law addendum supersedes any inconsistent portion of the Franchise Agreement dated _____, and of the Franchise Disclosure Document.

DATED: _____.

FRANCHISOR:

Amada Franchise, Inc.

By: _____

Title: _____

FRANCHISEE:

By: _____

Title: _____

MARYLAND

The Franchise Agreement and Development Agreement are each amended to state that “All representations requiring prospective franchisees to assent to a release, estoppel or waiver of any liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.”

Item 17 of the Franchise Disclosure Document and sections of the Franchise Agreement are amended to state that you may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration & Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

Item 17 of the Franchise Disclosure Document and sections of the Franchise Agreement are amended to state that California law generally applies, except for the Federal Arbitration Act, other federal law, and claims arising under the Maryland Franchise Registration and Disclosure Law.

Item 17 of the Franchise Disclosure Document and sections of the Franchise Agreement are amended to state that the release in the General Release shall not apply to liability under the Maryland Franchise Registration and Disclosure Law.

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

All representations requiring prospective franchisees to assent to a release, estoppel or waiver of any liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

It is agreed that this state law addendum supersedes any inconsistent portion of the Franchise Agreement dated _____, and of the Franchise Disclosure Document.

DATED: _____.

FRANCHISOR:

FRANCHISEE:

Amada Franchise, Inc.

By: _____

By: _____

Title: _____

Title: _____

MINNESOTA

1. The first Risk Factor is amended by the addition of the following language at the end thereof:

“MINNESOTA STATUTE SECTION 80C.21 AND MINNESOTA RULE PART 2860.4400J PROHIBIT FRANCHISOR FROM REQUIRING LITIGATION TO BE CONDUCTED OUTSIDE MINNESOTA. IN ADDITION, NOTHING IN THE FRANCHISE DISCLOSURE DOCUMENT OR AGREEMENTS CAN ABROGATE OR REDUCE ANY OF YOUR RIGHTS AS PROVIDED FOR IN MINNESOTA STATUTES, CHAPTER 80C, OR YOUR RIGHTS TO ANY PROCEDURE, FORUM OR REMEDY PROVIDED FOR BY THE LAWS OF THE JURISDICTION.”

2. The following language is added to the end of Item 13:

“The Minnesota Department of Commerce requires that the Company indemnify Minnesota franchisees against liability to third parties resulting from claims by third parties that the franchisee’s use of the Company’s trademark infringes trademark rights of the third party. The Company does not indemnify against the consequences of the franchisee’s use of the Company’s trademark except in accordance with the requirements and tender the defense of the claim to the Company. If the Company accepts the tender of defense, the Company has the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim.”

3. The following language is inserted as the first sentence in the “Summary” section of Item 17(c) entitled Requirements for you to Renew or Extend:

“You must have complied, and continue to comply, with all provisions of all agreements and must execute our then-current form of Franchise Agreement and sign general releases of all claims against us, provided however, that such general releases shall not apply to any claims arising under the Minnesota Franchise Law.”

4. All franchise contracts or agreements, and any other device or practice of a Company other than those classifications of franchises specifically recognized by the Commissioner will conform to the following provisions. It is an unfair and inequitable practice for any Company to:

A. Terminate or cancel a franchise without first giving written notice setting forth all the reasons for the termination or cancellation to the franchisee at least ninety (90) days in advance of termination or cancellation, and the franchisee fails to correct the reasons stated for termination or cancellation in the notice within sixty (60) days of receipt of the notice. However, the notice will be effective immediately upon receipt where the alleged grounds for termination or cancellation are:

- (i) Voluntary abandonment of the franchise relationship by the franchisee;
- (ii) The conviction of the franchisee of an offense directly related to the business conducted pursuant to the franchise; or
- (iii) Failure to cure a default under the Franchise Agreement which materially impairs the goodwill associated with the Company’s trade name, trademark, service mark, logotype or other commercial symbol after the franchisee has received written notice to cure at least twenty-four (24) hours in advance thereof;

B. Terminate or cancel a franchise except for good cause. “Good cause” means failure by the franchisee to substantially comply with the material and reasonable franchise requirements imposed upon him by the Company including, but not limited to:

- (i) The bankruptcy or insolvency of the franchisee;
- (ii) Assignment for the benefit of creditors or similar disposition of the assets of the franchised business;
- (iii) Voluntary abandonment of the franchised business;
- (iv) Conviction or a plea of guilty or no contest to a charge of violating any law relating to the franchised business; or
- (v) Any act by or conduct of the franchisee which materially impairs the goodwill associated with the Company’s trademark, trade name, service mark, logotype or other commercial symbol; or

C. Except for failure to renew a franchise for good cause as defined in Section 2 above, and the franchisee has failed to correct reasons for termination as stated in Section 1 above, no person may fail to renew a franchise unless:

- (i) The franchisee has been given written notice of the intention not to renew at least one hundred eighty (180) days in advance of the expiration of the franchise; and
- (ii) The franchisee has been given an opportunity to operate the franchise over a sufficient period of time to enable the franchisee to recover the fair market value of the franchise as a growing concern, as determined and measured from the date of the failure to renew. No Company may refuse to renew a franchise if the refusal is for the purpose of converting the franchisee’s business premises to an operation that will be owned by the Company for its own account.

D. Unreasonably withhold consent to an assignment, transfer, or sale of the franchise whenever the franchisee to be substituted meets the present qualifications and standards required of the franchisees of the particular Company.

5. Requirements for you to renew or extend: “Minnesota Rules, 1989, Department of Commerce, Chapter 2860, Section 4400D prohibits a Company from requiring a Franchisee to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statutes 1973 Supplement, section 80C.01 to 80C.22; provided, that this part shall not bar the voluntary settlement of disputes.”

6. Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J might prohibit us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial or requiring you to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or Franchise Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes 1984, Chapter 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction. Those provisions also provide that no condition, stipulation or provision in the Franchise Agreement will in any way abrogate or reduce any of your rights under the Minnesota Franchises Law, including, if applicable, the right to submit matters to the jurisdiction of the courts of Minnesota.

7. Franchisee cannot consent to the Franchisor obtaining injunctive relief. Franchisor may seek injunctive relief.

It is agreed that this state law addendum supersedes any inconsistent portion of the Franchise Agreement dated _____, and of the Franchise Disclosure Document.

DATED: _____.

FRANCHISOR:

Amada Franchise, Inc.

By: _____

Title: _____

FRANCHISEE:

By: _____

Title: _____

NEW YORK

1. The following information is added to the cover page of the Franchise Disclosure Document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT K OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NYS DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NEW YORK 10005.

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

2. The following is added at the end of Item 3:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of Item 4:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

4. The following is added to the end of Item 5:

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

5. The following is added to the end of the "Summary" sections of Item 17(c), titled "**Requirements for franchisee to renew or extend**," and Item 17(m), entitled "**Conditions for franchisor approval of transfer**":

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

6. The following language replaces the "Summary" section of Item 17(d), titled "**Termination by franchisee**":

You may terminate the agreement on any grounds available by law.

7. The following is added to the end of the "Summary" section of Item 17(j), titled "**Assignment of contract by franchisor**":

However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor's obligations under the Franchise Agreement.

8. The following is added to the end of the "Summary" sections of Item 17(v), titled "**Choice of forum**", and Item 17(w), titled "**Choice of law**":

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

It is agreed that this state law addendum supersedes any inconsistent portion of the Franchise Agreement dated _____, and of the Franchise Disclosure Document.

DATED: _____.

FRANCHISOR:

Amada Franchise, Inc.

By: _____

Title: _____

FRANCHISEE:

By: _____

Title: _____

NORTH DAKOTA

This addendum amends the Franchise Disclosure Document and all agreements used in North Dakota or by a North Dakota resident.

Item 17(c) of the Franchise Disclosure Document and Section 2 of the Franchise Agreement requiring that you sign a general release, estoppel or waiver as a condition of renewal and or assignment, may not be enforceable as they relate to releases of the North Dakota Franchise Investment Law.

Item 17(i) of the Franchise Disclosure Document, Section 13 and 14 of the Franchise Agreement requiring you to consent to termination or liquidated damages may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Item 17(r) of the Franchise Disclosure Document and Section 11 of the Franchise Agreement containing covenants restricting competition contrary to Section 9-08-06 of the North Dakota Century Code may not be enforceable under Section 51-19-09 of the North Dakota Franchise Law.

Item 17(u) of the Franchise Disclosure Document and Section 15 of the Franchise Agreement requiring resolution of disputes to be outside North Dakota may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Item 17(v) of the Franchise Disclosure Document and Section 15 of the Franchise Agreement providing that franchisees must consent to the jurisdiction of courts in either California may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Item 17(w) of the Franchise Disclosure Document and Section 22 of the Franchise Agreement providing that the agreements shall be construed according to the laws of the State of California may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Section 15 of the Franchise Agreement requiring you to consent to a limitation of claims within one year may not be enforceable under Section 51-19-09 and the statute of limitations under North Dakota Law will apply.

Section 15 of the Franchise Agreement requiring you to consent to a waiver of trial by jury, may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Section 15 of the Franchise Agreement requiring you to consent to a waiver of exemplary and punitive damages, may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

It is agreed that this state law addendum supersedes any inconsistent portion of the Franchise Agreement dated _____, and of the Franchise Disclosure Document.

DATED: _____.

FRANCHISOR:

Amada Franchise, Inc.

By: _____

Title: _____

FRANCHISEE:

By: _____

Title: _____

VIRGINIA

The Franchise Agreement is amended to include the following statement:

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

The Area Development Agreement is amended to include the following statement:

“The Virginia State Corporation Commission’s Division of Securities and Retail Franchising requires us to defer payment of the development fee owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the development agreement.”

The Risk Factor is amended by the addition of the following language at the end thereof:

6. Estimated Initial Investment. The franchisee will be required to make an estimated initial investment ranging from \$95,400 to \$251,600. This amount exceeds the franchisor’s stockholder’s equity as of December 31, 2021, which is \$(1,404,636).

Item 5 of this Franchise Disclosure Document is amended by the addition of the following language at the end thereof:

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.

It is agreed that this state law addendum supersedes any inconsistent portion of the Franchise Agreement dated _____, and of the Franchise Disclosure Document.

DATED: _____.

FRANCHISOR:

FRANCHISEE:

Amada Franchise, Inc.

By: _____

By: _____

Title: _____

Title: _____

WASHINGTON RIDER TO THE FRANCHISE AGREEMENT, DEVELOPMENT AGREEMENT, STATEMENT OF FRANCHISEE, AND RELATED AGREEMENTS

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

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

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

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

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

The collection of the initial franchise fee will be deferred until the franchisor has fulfilled its initial pre-opening obligations and the franchisee is open for business.

The undersigned does hereby acknowledge receipt of this addendum.

DATED: _____.

FRANCHISOR:

Amada Franchise, Inc.

By: _____

Title: _____

FRANCHISEE:

By: _____

Title: _____

EXHIBIT E

NOTE: THIS STATEMENT OF FRANCHISEE SHALL NOT BE COMPLETED OR SIGNED BY YOU, AND WILL NOT APPLY, IF THE OFFER OR SALE OF THE AMADA FRANCHISE IS SUBJECT TO THE STATE FRANCHISE REGISTRATION/DISCLOSURE LAWS IN THE STATES OF CALIFORNIA, HAWAII, ILLINOIS, INDIANA, MARYLAND, MICHIGAN, MINNESOTA, NEW YORK, NORTH DAKOTA, RHODE ISLAND, SOUTH DAKOTA, VIRGINIA, WASHINGTON, OR WISCONSIN.

STATEMENT OF FRANCHISEE
[Note: Dates and Answers Must be Completed in the
Prospective Franchisee's Own Handwriting]

In order to make sure that no misunderstanding exists between you, the Franchisee, and us, Amada Franchise, Inc. (also called "**Amada**" or the "**FRANCHISOR**" or "**we**") and to make sure that no violations of law might have occurred, and understanding that we are relying on the statements you make in this document, you represent and warrant as follows:

A. The following dates are true and correct:

Date	Initials	
1. _____, 20____	_____	The date on which I received a Franchise Disclosure Document regarding the Amada Franchise.
2. _____, 20____	_____	The date of my first face-to-face meeting with Franchise Salesperson to discuss a possible purchase of an Amada Franchise.
3. _____, 20____	_____	The date on which I received a completed copy (other than signatures) of the Franchise Agreement which I later signed.
4. _____, 20____	_____	The date on which I signed the Franchise Agreement.
5. _____, 20____	_____	The earliest date on which I delivered cash, check or other consideration to the Franchise Salesperson or an officer of Amada Franchise, Inc.

B. Representations.

1. The individuals signing for me constitute all of the executive officers, partners, shareholders, investors and/or principals. Each of such individuals has reviewed the Franchise Disclosure Document and all exhibits and carefully read, discussed, understands and agrees to the Franchise Agreement, each attached written Addendum and any personal guaranties.

2. I have had an opportunity to consult with an independent professional advisor, such as an attorney or accountant, prior to signing any binding documents or paying any sums, and Amada has strongly recommended that I obtain such independent advice. I have also been strongly advised by Amada to discuss

my proposed purchase of an Amada Franchise with any existing Amada franchisees prior to signing any binding documents or paying any sums and Amada has supplied me with a list of all existing franchisees.

3. I acknowledge and understand that the Affiliate-owned Amada Senior Care Business referenced in the Franchise Disclosure Document operates in a territory in Orange County, California which is approximately six to nine times larger than the typical Designated Territory granted to an Amada franchisee and that, as a result, the revenue potential from the territory granted to Amada's Affiliate is significantly higher than the revenue potential in any Designated Territory that may be granted to me in connection with an Amada Franchise.

4. I acknowledge and understand that if my Designated Territory crosses into multiple states, it may result in additional legal, licensing and compliance, marketing, software, insurance, and workers' compensation expenses, among others, and that it may delay the opening of my Amada Franchise or my ability to service the entire Designated Territory.

5. I understand that a) entry into any business venture necessarily involves some unavoidable risk or loss or failure; b) the purchase of an Amada Franchise or any other franchise is a speculative investment; c) investment beyond that outlined in the Franchise Disclosure Document may be required to succeed; d) there exists no guaranty against possible loss or failure in this or any other business; and e) the most important factors in the success of any Amada Franchise, including the one to be operated by me, are my personal business skills, which include marketing, sales, and management, and require sound judgment and extremely hard work.

If there are any matters inconsistent with the statements in this document or if anyone has suggested that you sign this document without all of its statements being true, correct and complete, immediately inform Amada (Phone: (866) 887-4029) and our President.

You understand and agree that we do not furnish, or authorize our salespersons, brokers or others to furnish any oral or written information concerning actual or potential sales, costs, income, expenses, profits, cash flow, tax effects or otherwise (or information from which such items might be ascertained), from franchise or non-franchised units, that no such results can be assured or estimated, and that actual results will vary from unit to unit.

You understand and agree to all of the foregoing and represent and warrant that all of the above statements are true, correct and complete. All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under applicable law.

[Signature Page to Follow]

PROSPECTIVE FRANCHISEE:

FRANCHISE SALESPERSON:

_____ Date

_____ Date

(Printed Name)

(Printed Name)

REVIEWED BY FRANCHISOR:

By: _____

_____ Date

(Printed Name)

Its: _____

SPECIAL NOTE FOR RESIDENTS OF THE STATE OF MARYLAND AND FRANCHISED BUSINESSES LOCATED IN MARYLAND: All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

EXHIBIT F
AMADA FRANCHISE, INC.
FINANCIAL STATEMENTS



Consent of Independent Auditors

Moss Adams LLP agrees to the inclusion in the Franchise Disclosure Document issued by Amada Franchise, Inc. (the "Franchisor") on April 20, 2023, as it may be amended, of our report dated April 18, 2023, relating to the consolidated financial statements of the Franchisor, which are comprised of the consolidated balance sheets as of December 31, 2022 and 2021, and the related consolidated statements of operations, changes in stockholders' deficit, and cash flows for the years then ended.

Moss Adams LLP

Irvine, California
April 18, 2023



Report of Independent Auditors and
Consolidated Financial Statements

Amada Franchise, Inc.

December 31, 2022, 2021, and 2020

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Report of Independent Auditors

The Board of Directors and Stockholders
Amada Franchise, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of Amada Franchise, Inc. (and its subsidiary), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the related consolidated statements of operations, changes in stockholders' deficit, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Amada Franchise, Inc. (and its subsidiary) as of December 31, 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 audit 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 Amada Franchise, Inc. (and its subsidiary) and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Matter

The consolidated financial statements of Amada Franchise, Inc. (and its subsidiary) for the year ended December 31, 2020, were audited by another auditor, who expressed an unmodified opinion on those statements on March 30, 2022.

Emphasis of Matter – Adoption of Accounting Standards Codification Topic 842, Leases

As discussed in Note 1 to the consolidated financial statements, on January 1, 2022, Amada Franchise, Inc. adopted Financial Accounting Standards Board Accounting Standards Codification Topic 842, *Leases*, using the modified retrospective method. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 Amada Franchise, Inc. (and its subsidiary)'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Amada Franchise, Inc. (and its subsidiary)'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.



Irvine, California
April 18, 2023

Consolidated Financial Statements

Amada Franchise, Inc.
Consolidated Balance Sheets
December 31, 2022, 2021, and 2020

	<u>2022</u>	<u>2021</u>	<u>2020</u>
ASSETS			
CURRENT ASSETS			
Cash	\$ 1,337,414	\$ 707,192	\$ 907,881
Accounts receivable	1,574,282	1,354,542	1,374,783
Due from shareholders	70,138	60,000	60,000
Prepaid expenses and other current assets	363,980	189,162	163,336
Income taxes receivable	-	85,243	-
Deposits	104,685	37,839	18,224
Total current assets	<u>3,450,499</u>	<u>2,433,978</u>	<u>2,524,224</u>
DEFERRED FRANCHISE FEE COMMISSIONS	1,268,215	1,378,754	1,324,837
PROPERTY AND EQUIPMENT, net	308,915	281,903	360,711
RIGHT-OF-USE OPERATING LEASE ASSET	660,163	-	-
GOODWILL AND LOAN COSTS, net	1,411,479	1,643,158	1,874,829
TRADEMARKS	1,500,000	-	-
DEFERRED INCOME TAX ASSETS	40,837	65,789	-
	<u>\$ 8,640,108</u>	<u>\$ 5,803,582</u>	<u>\$ 6,084,601</u>
LIABILITIES AND STOCKHOLDERS' DEFICIT			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities	\$ 1,037,903	\$ 991,128	\$ 878,066
Retainers	213,691	231,322	152,202
Current portion – long-term debt	228,193	207,872	202,920
Current portion – lease liability	305,821	-	-
Income taxes payable	2,908	-	24,452
Total current liabilities	<u>1,788,516</u>	<u>1,430,322</u>	<u>1,257,640</u>
LONG-TERM DEBT, net of current portion	3,393,789	2,121,369	2,334,780
LEASE LIABILITY, net of current portion	393,054	-	-
DEFERRED FRANCHISE FEE REVENUE	3,425,443	3,656,527	3,465,498
DEFERRED INCOME TAXES PAYABLE	-	-	35,660
Total long-term liabilities	<u>7,212,286</u>	<u>5,777,896</u>	<u>5,835,938</u>
Total liabilities	<u>9,000,802</u>	<u>7,208,218</u>	<u>7,093,578</u>
STOCKHOLDERS' DEFICIT			
Common stock	6,246	10,000	10,000
Series A Preferred Stock	4	-	-
Additional paid-in capital	1,017,250	13,500	13,500
Accumulated deficit	(1,384,194)	(1,428,136)	(1,032,477)
Total stockholders' deficit	<u>(360,694)</u>	<u>(1,404,636)</u>	<u>(1,008,977)</u>
	<u>\$ 8,640,108</u>	<u>\$ 5,803,582</u>	<u>\$ 6,084,601</u>

See accompanying notes.

Amada Franchise, Inc.
Consolidated Statements of Operations
Years Ended December 31, 2022, 2021, and 2020

	<u>2022</u>	<u>2021</u>	<u>2020</u>
REVENUES			
Initial franchise fees	\$ 1,184,834	\$ 714,671	\$ 754,548
Royalty fees	7,744,457	6,476,724	5,402,631
Software bundle fees	417,933	387,013	395,690
General marketing fund fees	1,565,808	1,342,293	1,105,407
Other franchise revenue	499,978	489,473	207,532
Home care and placement fees	6,113,628	7,278,884	5,744,389
Total revenue	<u>17,526,638</u>	<u>16,689,058</u>	<u>13,610,197</u>
DIRECT OPERATING EXPENSES			
Commissions and related expenses	705,802	587,839	217,762
Home care and placement expenses	4,234,992	4,934,726	4,110,392
Marketing	1,672,047	1,338,566	1,279,976
Software, dues, and subscriptions	234,893	366,499	404,376
Total direct operating expenses	<u>6,847,734</u>	<u>7,227,630</u>	<u>6,012,506</u>
INDIRECT OPERATING EXPENSES			
Personnel expenses	4,699,250	4,811,788	5,074,133
Professional fees	2,615,648	2,364,873	1,045,811
Franchisee training	559,881	396,500	110,217
Travel and entertainment	478,965	368,834	205,216
Insurance	394,847	416,876	130,704
Marketing	393,681	374,453	292,262
Occupancy	375,819	263,605	303,376
Office general and administrative	221,272	187,539	203,155
Amortization expense	231,679	231,671	231,672
Software, dues, and subscriptions	159,919	135,640	53,823
Automobile expense	127,423	193,592	129,504
Computer and internet expenses	109,763	151,370	60,977
Depreciation expense	95,751	78,808	39,150
Bad debts	-	2,078	10,383
Total indirect operating expenses	<u>10,463,898</u>	<u>9,977,627</u>	<u>7,890,383</u>
Operating income (loss)	<u>215,006</u>	<u>(516,199)</u>	<u>(292,692)</u>
OTHER INCOME AND (EXPENSE)			
CARES Act – COVID grants	22,249	67,298	1,062,651
Insurance proceeds – litigation	423,874	75,824	275,000
Litigation/settlement expenses	(300,062)	(81,388)	(18,700)
Interest expense	(223,920)	(154,341)	(164,222)
Other	13,661	3,518	-
Net income (loss) before income taxes	150,808	(605,288)	862,037
INCOME TAX PROVISION (BENEFIT)	<u>106,866</u>	<u>(209,629)</u>	<u>137,352</u>
Net income (loss)	<u>\$ 43,942</u>	<u>\$ (395,659)</u>	<u>\$ 724,685</u>

See accompanying notes.

Amada Franchise, Inc.
Consolidated Statements of Changes in Stockholders' Deficit
December 31, 2022, 2021, and 2020

	Common Stock		Preferred Stock		Additional Paid-in Capital	Retained Earnings (Accumulated Deficit)	Total Stockholders' Equity (Deficit)
	Shares	Amount	Shares	Amount			
BALANCE, December 31, 2019	1,000,000	\$ 10,000	-	\$ -	\$ 13,500	\$ (1,757,162)	\$ (1,733,662)
Net income	-	-	-	-	-	724,685	724,685
BALANCE, December 31, 2020	1,000,000	10,000	-	-	13,500	(1,032,477)	(1,008,977)
Net loss	-	-	-	-	-	(395,659)	(395,659)
BALANCE, December 31, 2021	1,000,000	10,000	-	-	13,500	(1,428,136)	(1,404,636)
Redemption of common stock	(375,439)	(3,754)	-	-	(20,146,246)	-	(20,150,000)
Issuance of Series A Preferred Shares	-	-	392,982	4	21,149,996	-	21,150,000
Net income	-	-	-	-	-	43,942	43,942
BALANCE, December 31, 2022	<u>624,561</u>	<u>\$ 6,246</u>	<u>392,982</u>	<u>\$ 4</u>	<u>\$ 1,017,250</u>	<u>\$ (1,384,194)</u>	<u>\$ (360,694)</u>

See accompanying notes.

Amada Franchise, Inc.
Consolidated Statements of Cash Flows
Years Ended December 31, 2022, 2021, and 2020

	<u>2022</u>	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income (loss)	\$ 43,942	\$ (395,659)	\$ 724,685
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities			
Non-cash adjustments			
Amortization	231,679	231,671	231,672
Depreciation	95,751	78,808	39,150
Deferred income taxes	24,952	(101,449)	41,234
Changes in operating assets and liabilities			
Accounts receivable	(219,740)	20,241	(254,299)
Due from shareholders	(10,138)	-	-
Miscellaneous receivables	85,243	(85,243)	(8,553)
Prepaid expenses	(174,818)	(25,826)	(19,506)
Deposits	(66,846)	(19,615)	13,952
Deferred franchise fee commissions	110,539	(53,917)	(192,174)
Operating lease right-of-use assets and lease liabilities, net	38,712	-	-
Accounts payable	46,775	113,062	(60,158)
Retainers	(17,631)	79,120	50,883
Income taxes payable	2,908	(24,452)	10,513
Deferred franchise fee revenue	(231,084)	191,029	513,912
Net cash (used in) provided by operating activities	<u>(39,756)</u>	<u>7,770</u>	<u>1,091,311</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition, net of cash	(1,500,000)	-	-
Purchase of property and equipment	(122,763)	-	(360,372)
Net cash used in investing activities	<u>(1,622,763)</u>	<u>-</u>	<u>(360,372)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long-term debt	(207,259)	(208,459)	(528,616)
Redemption of common stock	(20,150,000)	-	-
Issuance of Series A Preferred Share	21,150,000	-	-
Proceeds from long-term debt	1,500,000	-	347,964
Net cash provided by (used in) financing activities	<u>2,292,741</u>	<u>(208,459)</u>	<u>(180,652)</u>
Net increase (decrease) in cash	630,222	(200,689)	550,287
Total cash beginning of period	<u>707,192</u>	<u>907,881</u>	<u>357,594</u>
Total cash end of period	<u>\$ 1,337,414</u>	<u>\$ 707,192</u>	<u>\$ 907,881</u>
OTHER DISCLOSURES			
Interest paid for period	<u>\$ 157,265</u>	<u>\$ 132,274</u>	<u>\$ 161,363</u>
Income tax paid for period	<u>\$ 3,863</u>	<u>\$ 44,812</u>	<u>\$ 10,760</u>

See accompanying notes.

Amada Franchise, Inc.

Notes to Consolidated Financial Statements

Note 1 – Organization and Significant Accounting Policies

Company activities – Amada Franchise, Inc. (the “Company”) was incorporated January 27, 2012, in the state of Wyoming to market and sell the franchise model of senior care; develop, locate, assist, and provide training for franchisees in the senior care industry under the name “Amada Senior Care”; provide the structure for franchise advertising and marketing, legal and accounting compliance, information technology and human resources; and provide health care services to the senior care franchise model. The Company’s wholly owned subsidiary, Amada OC, Inc., was incorporated in California on November 8, 2018, to operate a corporate location that was acquired from a franchisee on February 15, 2019. All intercompany balances and transactions are eliminated in consolidation. The Company redomiciled to the state of Delaware on April 27, 2022. The Amada Senior Care system currently has 161 total territories; 160 are franchises and one is Company-owned, with 150 open and operating, and 11 not yet opened, in a total of 41 states.

COVID-19 and CARES Act – The global crisis resulting from the spread of the novel coronavirus (COVID-19), along with government and consumer responses to the pandemic, had, and continues to have, an impact on the Company’s operations. The Company’s operating results substantially depend upon the sales volumes, profitability, and financial stability of the Company’s franchise-owned home health care businesses. The Company cannot currently estimate the duration of the impact of the COVID-19 pandemic on its business; neither is it able to predict how the pandemic will evolve nor how various government entities will respond to its evolution. The potential impacts of the COVID-19 pandemic on the Company’s business are uncertain and may be difficult to assess or predict, as the disruption is currently expected to be temporary; there is uncertainty around the duration.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”) was signed into law. The CARES Act, among other things, included provisions relating to refundable payroll tax credits, deferment of employer-side social security payments, and technical corrections to tax depreciation methods for qualified improvement property. The CARES Act also appropriated funds for the Small Business Administration (SBA) Paycheck Protection Program (PPP) loans that are forgivable in certain situations to promote continued employment, as well as Economic Injury Disaster Loans (EIDL) to provide liquidity to small businesses harmed by COVID-19.

In 2020, the Company qualified and applied for PPP funds in the amount of \$874,400 and an EIDL advance of \$10,000. The Company was given SBA Debt Relief deferment of two months and payment of six months of loan payments of \$157,266. The Company accounted for the PPP loans as an in-substance grant as they concluded that they met all the criteria under the PPP program to receive forgiveness. The loans were forgiven in September 2021.

Under the Paid Leave Credit administered by the Internal Revenue Service, qualified sick and family leave wages qualified for a credit of \$22,249, \$49,298, and \$20,985 during the years ended December 31, 2022, 2021, and 2020, respectively.

Basis of accounting – The consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). References to “ASC” and “ASU” included hereinafter refer to the Accounting Standards Codification and Accounting Standards Update established by the Financial Accounting Standards Board (FASB) as the source of authoritative U.S. GAAP.

Amada Franchise, Inc.

Notes to Consolidated Financial Statements

Use of estimates – The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash – For purposes of the consolidated statements of cash flows, cash includes the general checking accounts held by the Company. From time to time, cash balances may exceed federally insured limits of \$250,000. The Company believes the associated credit risk to be minimal.

Accounts receivable – Accounts receivable primarily consist of amounts due from franchisees for royalties and amounts due from customers related to home care services that are provided. The Company grants credit to its customers in the normal course of business. Accounts receivable are recorded at the invoiced amount and do not bear interest. The Company may create payment plans for customers with significant past-due balances. The Company's policy is to establish a reserve for doubtful accounts based upon factors surrounding the credit risk of specific customers, historical trends, and other information. There was no allowance for doubtful accounts based upon management's assessment of collectability as of December 31, 2022, 2021, and 2020.

Revenue Recognition

The Company analyzes each contract for separate performance obligations existing over the term of the contract and recognizes revenue as those performance obligations are satisfied. The Company determines revenue recognition through the following steps:

- Identification of the contract, or contracts, with a customer;
- Identification of the performance obligations in the contract;
- Determination of the transaction price;
- Allocation of the transaction price to the performance obligations in the contract; and
- Recognition of revenue when, or as, the Company satisfies a performance obligation.

As part of its assessment of each franchise contract, the Company evaluates certain factors including the customer's ability to pay, or credit risk. For each contract, the Company considers the promise to fulfill services, each of which is distinct, to be the identified performance obligations. Franchise agreements, when granted, give the right to operate an Amada Senior Care Business within an exclusive territory ("Designated Territory") that has a population of approximately 40,000 to 50,000 people aged 65 or older. Initial franchise fees are due and payable when a contract is signed. The terms of the franchise agreements are typically for 10 years with a right to extend for additional 10-year terms subject to certain conditions.

Amada Franchise, Inc.

Notes to Consolidated Financial Statements

The Company has the following revenue streams:

Initial franchise fees – Initial franchise fees are recognized as revenue as the performance obligations of the contract are satisfied. As part of each agreement, the Company identified one performance obligation that requires the Company to provide a combination of the following:

- *Intellectual Property (IP)* – Licenses grant a non-exclusive right to establish and operate a staffing and home care services business under the trademarks and systems established as part of the Amada license during the term of the agreement.
- *Marketing services* – These are ongoing local and national advertising programs that are implemented throughout the course of the contract term.
- *Continuing consulting services* – These include the review of office space and equipment and vendor selection.

The Company determined that the services noted above represent a set of integrated or highly interrelated tasks/services and are, therefore, accounted for as a single-performance obligation of providing the franchise license and will recognize the franchise and renewal fee over the term of the franchise and renewal periods, respectively.

In addition, the Company has also determined the following performance obligation is included in the Initial franchise fee but is distinct from the above performance obligation:

- *Pre-opening services* – These provide primarily training programs, operating manuals, assistance in site selection, and setting up franchisee records. The revenue associated with this performance obligation is recognized at the point in time at which all pre-opening services have been rendered by the Company.

Royalty fees – The Company receives monthly royalty payments based on a percentage of each franchisee's net billings. The franchisee is required to meet a certain minimum revenue level for the payment of these royalty fees in any given month, effective two years after the opening date. The Company records revenue monthly.

Home care and placement fees – The Company receives home care and placement fees for services provided by Amada OC, Inc. The Company has agreements with third-party payors that provide for payments to the Company at amounts different from its standard charges. Home care and placement fee revenue is recognized as services are provided and is reported at the estimated net realizable amounts due from patients, third-party payors, and others for services rendered. Accordingly, the revenues reported in the Company's consolidated financial statements are recorded at the amount that is expected to be received.

Software bundle fees – The Company receives monthly fees for the use of software licenses based on \$345 per month and records revenue monthly.

Transfer fees – Franchise agreements include transfer options and require the franchisee to pay a transfer fee. The revenue for transfer fees is recognized when collected.

Amada Franchise, Inc.
Notes to Consolidated Financial Statements

Commissions that are earned on the sale of franchises are also recognized into expense over time as the above performance obligations are completed over the term of the franchise and renewal periods.

Deferred franchise fee commissions were \$1,268,215, \$1,378,754, and \$1,324,837 as of December 31, 2022, 2021, and 2020, respectively.

Contract Balances

The beginning and ending contract balances were as follows:

	December 31, 2022	December 31, 2021	December 31, 2020	January 1, 2020
Accounts receivable	\$ 1,574,282	\$ 1,354,542	\$ 1,374,783	\$ 1,120,484
Deferred franchise fee revenue	\$ 3,425,443	\$ 3,656,527	\$ 3,465,498	\$ 2,951,586

Revenue recognized for the years ended December 31, 2022, 2021, and 2020, that was included in the deferred franchise fee revenue balance at the beginning of the year was \$1,017,473, \$660,515, and \$489,889, respectively.

General marketing fund (GMF) fees – General marketing fund fees represent fees earned from each of the franchisees in accordance with the franchise disclosure document and the franchise agreement. These are based on 1% of franchisee net billings to contribute to the local franchise and to the national brand advertising activities directed by the franchisor. These fees are typically due on a monthly basis over the course of the contract term. The GMF funds received from the franchisees are recognized as revenue over time at the greater of the actual GMF fees earned or the contract monthly minimum each month and marketing expenses are recognized when incurred in the Company’s consolidated statements of operations. GMF income was \$1,565,808, \$1,342,293, and \$1,105,407 for the years ended December 31, 2022, 2021, and 2020, respectively, and is included within the consolidated statements of operations. GMF expense was \$1,672,047, \$1,338,566, and \$1,279,976 for the years ended December 31, 2022, 2021, and 2020, respectively, and is included in marketing within direct operating expenses in the consolidated statements of operations.

Software, manual, furniture, and vehicles, net – Software, manual, furniture, and vehicles are recorded at historical cost, less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives, three to seven years.

For property that is sold or retired, its cost and accumulated depreciation are removed from the consolidated balance sheet during the period of the disposition and any gain or loss on disposition is credited or charged to operations. Repair and maintenance costs are charged to expense as incurred.

The Company evaluates its property for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized when estimated undiscounted future cash flows expected to result from the use of the asset and its eventual disposition are less than its carrying amount. Management does not believe any impairment of its property existed as of December 31, 2022, 2021, and 2020.

Amada Franchise, Inc.

Notes to Consolidated Financial Statements

Intellectual property – The Company owns valuable intellectual property including trade names, trademarks, service marks, logos, copyrights, trade symbols, and other proprietary information, which are of material importance to the Company’s business. Depending on the jurisdiction, trademarks generally are valid as long as they are used or registered. During 2022, the Company purchased trademarks in the amount of \$1,500,000 from a related party.

Long-lived assets – The Company evaluates the carrying value of long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset, or related group of assets, may not be recoverable. When such circumstances arise, the Company records impairment losses on long-lived assets to the extent that undiscounted cash flows estimated to be generated by those assets are less than the carrying amount of those assets. No impairment was identified or recorded for the years ended December 31, 2022, 2021, and 2020.

Goodwill – Goodwill represents the excess of consideration paid over the fair value of the acquired net assets. The Company accounts for goodwill under FASB goodwill alternative, which permits a private company to amortize goodwill on a straight-line basis over a period of ten years, or less if the private company demonstrates that another useful life is more appropriate. The Company records any intangible asset that is capable of being separated or divided from the acquired entity and sold, transferred, licensed, rented, or exchanged (regardless of whether there is an intent to do so). Based upon management’s understanding of the nature of these assets, there are no assets that meet the criteria to be considered separately identifiable. The Company has elected to amortize goodwill over a period of ten years.

Leases – For the years ended December 31, 2021 and 2020, the Company followed ASC 840, *Leases*. Under that guidance, the Company classified leases as either operating or capital. Capital leases resulted in the recognition of the assets and liabilities, whereas operating leases did not. The Company adopted FASB ASU 2016-02, *Leases (Topic 842)*, as of January 1, 2022, using the modified retrospective transition approach. The Company elected the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allowed the Company to carry forward the historical lease classification. The Company has elected the short-term lease recognition exemption for all applicable classes of underlying assets. Leases with an initial term of 12 months or less, that do not include an option to purchase the underlying asset that we are reasonably certain to exercise, are not recorded on the balance sheet. The adoption of this standard did not have a significant impact on previously recognized rent expense. Management reviews contracts in order to identify leases and properly classify leases as either operating or financing. The Company is a lessee under noncancelable operating leases of equipment and franchisor offices. Operating right-of-use (ROU) liabilities are recognized based on the net present value of lease payments over the lease term at the commencement date of the lease and are reduced by payments made on each lease on a straight-line basis. Generally, the Company cannot determine the interest rate implicit in the lease because it does not have access to the lessor’s estimated residual value or the amount of the lessor’s deferred initial direct costs. Therefore, the Company elected the practical expedient to use a risk-free rate for a period comparable to the lease term. Leases with an initial term of 12 months or less are not recorded on the consolidated balance sheet; rather, rent expense for these leases is recognized on a straight-line basis over the lease term, or when incurred if a month-to-month lease. The Company has elected the practical expedient of not separating lease components from non-lease components for its equipment and franchisor office leases.

Amada Franchise, Inc.

Notes to Consolidated Financial Statements

Direct operating expenses – Direct operating expenses include commissions expenses, home care and placement fee expenses, marketing, and software expenses. Direct operating expenses are variable costs and will increase with sales volume.

Selling, general, and administrative – The indirect operating expenses primarily consist of selling, general, and administrative expenses which include all corporate and administrative functions that support existing operations and provide infrastructure to facilitate future growth. The components of these costs include management salaries and related benefits including workers' compensation, travel, information systems, training, corporate rent, legal, professional and consulting fees, and advertising fees, which are expensed as incurred. Labor costs include direct hourly and management wages, bonuses, taxes, and benefits for employees. General marketing expense was \$393,681, \$374,453, and \$292,262 for the years ended December 31, 2022, 2021, and 2020, respectively.

Income taxes – Income taxes are accounted for under the asset and liability method, which requires recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the consolidated financial statements. Under this method, deferred tax assets and liabilities are determined based on the difference between the consolidated financial statements and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date.

Net deferred tax assets are recorded to the extent the Company believes these assets will more likely than not be realized. In making such a determination, the Company considered all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax-planning strategies, and results of recent operations. In the event the Company were to determine that the Company would be able to realize deferred income tax assets in the future in excess of their net recorded amount, the Company would make an adjustment to the deferred tax asset valuation allowance, which would reduce the provision for income taxes.

Recently issued accounting pronouncements – In March 2016 FASB issued ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326)*, which requires a financial asset measured at amortized cost to be presented at the net amount expected to be collected along with other confirming changes. This update is effective for fiscal years beginning after December 15, 2022, with early adoption permitted. Management is currently evaluating the impact of the provisions of ASU 2016-13 on the consolidated financial statements.

Fair value of financial instruments – None of the Company's debt instruments are held for trading purposes. The Company estimates that the fair value of all financial instruments as of December 31, 2022, 2021, and 2020, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying consolidated balance sheets. The estimated fair value amounts have been determined by the Company using available market information and appropriate valuation methodologies. Considerable judgment is necessarily required in interpreting market data to develop the estimates of fair value. Therefore, the estimates are not necessarily indicative of the amounts that the Company could realize in a market exchange.

Reclassifications – Certain accounts in the prior-year consolidated financial statements have been reclassified for comparative purposes to confirm with the presentation in the current-year consolidated financial statements.

Amada Franchise, Inc.
Notes to Consolidated Financial Statements

Subsequent events – Subsequent events are events or transactions that occur after the consolidated balance sheet date but before the consolidated financial statements are issued. The Company recognizes in the consolidated financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the consolidated balance sheet date, including the estimates inherent in the process of preparing the consolidated financial statements. The Company’s consolidated financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the consolidated balance sheets but arose after the consolidated balance sheet date and before the consolidated financial statements are available to be issued. Subsequent events have been evaluated through April 18, 2023, which is the date the consolidated financial statements were available to be issued.

Note 2 – Property and Equipment, net

Property and equipment, net consisted of the following:

<u>2022</u>	<u>Life in Years</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Asset</u>
Leasehold improvements	3	\$ 38,846	\$ (6,855)	\$ 31,991
Furniture and equipment	5–7	126,651	(49,552)	77,099
Vehicles	3	413,290	(213,465)	199,825
		<u>\$ 578,787</u>	<u>\$ (269,872)</u>	<u>\$ 308,915</u>
<u>2021</u>	<u>Life in Years</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Asset</u>
Furniture and equipment	5–7	\$ 42,734	\$ (32,730)	\$ 10,004
Vehicles	3	413,290	(141,391)	271,899
		<u>\$ 456,024</u>	<u>\$ (174,121)</u>	<u>\$ 281,903</u>
<u>2020</u>	<u>Life in Years</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Asset</u>
Furniture and equipment	5–7	\$ 42,734	\$ (25,535)	\$ 17,199
Vehicles	3	413,290	(69,778)	343,512
		<u>\$ 456,024</u>	<u>\$ (95,313)</u>	<u>\$ 360,711</u>

Depreciation charged to operations during the years ended December 31, 2022, 2021, and 2020, was \$95,751, \$78,808, and \$39,150, respectively.

Amada Franchise, Inc.
Notes to Consolidated Financial Statements

Note 3 – Goodwill and Loan Costs, net

Goodwill and loan costs, net consisted of the following:

<u>2022</u>	<u>Life in Years</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Asset</u>
Goodwill	10	\$ 2,230,717	\$ (874,421)	\$ 1,356,296
Loan costs	10	<u>86,000</u>	<u>(30,817)</u>	<u>55,183</u>
		<u>\$ 2,316,717</u>	<u>\$ (905,238)</u>	<u>\$ 1,411,479</u>
<u>2021</u>	<u>Life in Years</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Asset</u>
Goodwill	10	\$ 2,230,717	\$ (650,626)	\$ 1,580,091
Loan costs	10	<u>86,000</u>	<u>(22,933)</u>	<u>63,067</u>
		<u>\$ 2,316,717</u>	<u>\$ (673,559)</u>	<u>\$ 1,643,158</u>
<u>2020</u>	<u>Life in Years</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Asset</u>
Goodwill	10	\$ 2,230,717	\$ (427,554)	\$ 1,803,163
Loan costs	10	<u>86,000</u>	<u>(14,334)</u>	<u>71,666</u>
		<u>\$ 2,316,717</u>	<u>\$ (441,888)</u>	<u>\$ 1,874,829</u>

Amortization charged to operations during the years ended December 31, 2022, 2021, and 2020, was \$231,679, \$231,671, and \$231,672, respectively.

Amada Franchise, Inc.
Notes to Consolidated Financial Statements

Note 4 – Long-Term Debt Payable

Long-term debt consisted of the following:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
8.00% promissory note payable to a related party. Due March 2024.	\$ 1,500,000	\$ -	\$ -
2.9% contract payable to a financial institution, secured by automobile. Due December 2025.	66,714	87,698	107,965
Prime plus 2.75% contract payable to a financial institution with SBA underwriting, secured by assets of Amada OC, Inc. and personal guarantees of 20% shareholders. Due August 2029.	1,815,268	2,001,543	2,189,735
3.75% contract payable to Small Business Administration (SBA) secured by assets of Amada Franchise, Inc. and personal guarantees of 20% shareholders. Due May 2050.	<u>240,000</u>	<u>240,000</u>	<u>240,000</u>
	3,621,982	2,329,241	2,537,700
Less: installments due within one year	<u>228,193</u>	<u>207,872</u>	<u>202,920</u>
	<u>\$ 3,393,789</u>	<u>\$ 2,121,369</u>	<u>\$ 2,334,780</u>

Future installments of long-term debts are as follows:

Years Ending December 31,	
2023	\$ 228,193
2024	1,746,281
2025	245,332
2026	263,538
2027	285,841
Thereafter	<u>852,797</u>
	<u>\$ 3,621,982</u>

Amada Franchise, Inc.
Notes to Consolidated Financial Statements

Note 5 – Income Taxes

Components of income tax expense (benefit) for the years ended December 31 are as follows:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Current			
Federal	\$ 49,137	\$ (966)	\$ -
State	<u>32,777</u>	<u>(64,882)</u>	<u>96,118</u>
Total current tax (benefit) expense	81,914	(65,848)	96,118
Deferred			
Federal	7,278	(125,271)	41,234
State	<u>17,674</u>	<u>(18,510)</u>	<u>-</u>
Total deferred tax (benefit) expense	<u>24,952</u>	<u>(143,781)</u>	<u>41,234</u>
Total tax expense (benefit)	<u>\$ 106,866</u>	<u>\$ (209,629)</u>	<u>\$ 137,352</u>

Total deferred tax assets and liabilities as of December 31 are as follows:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Deferred tax assets			
Net operating losses	\$ 2,849	\$ 96,014	\$ -
State income taxes	14,083	937	85,369
Section 163j limitation	-	2,996	-
Accrued commission	1,959	-	-
Accrued expenses	22,663	-	-
Accrued vacation	20,618	20,159	-
Intangible basis	<u>56,804</u>	<u>-</u>	<u>-</u>
Total deferred tax assets	<u>118,976</u>	<u>120,106</u>	<u>85,369</u>
Deferred tax liabilities			
Software, manuals, furniture basis	(78,139)	(52,984)	(121,029)
Intangible basis	<u>-</u>	<u>(1,333)</u>	<u>-</u>
Total deferred tax liabilities	<u>(78,139)</u>	<u>(54,317)</u>	<u>(121,029)</u>
Net deferred tax assets (liabilities)	<u>\$ 40,837</u>	<u>\$ 65,789</u>	<u>\$ (35,660)</u>

Amada Franchise, Inc. Notes to Consolidated Financial Statements

Note 6 – Stockholders’ Deficit

Common stock – The Company is authorized to issue 1,100,000 shares of Common Stock, \$0.00001 par value per share (“Common Stock”). As of December 31, 2022, 2021, and 2020, there were 624,561, 1,000,000, and 1,000,000 shares of Common Stock issued and outstanding, respectively.

Series A Preferred Stock – During 2022, the Company authorized the issuance of up to 392,984 shares of a new series of Preferred Stock, \$0.00001 par value per share (“Preferred Stock”). As of December 31, 2022, there were 392,982 shares of Preferred Stock issued and outstanding.

The Preferred Stock may be eligible for a dividend at the discretion of the Board of Directors, per the terms and conditions of the Articles of Incorporation, if the Company were to declare, pay, or set aside any dividends on shares of any other class or series of capital stock of the Company (other than accruing dividends). No dividends have been accrued as of December 31, 2022.

Each share of Preferred Stock shall be convertible, at the option of the holder, at any time and from time to time, and without the payment of additional consideration by the holder thereof, into such number of fully paid and nonassessable shares of the Common Stock as is determined by dividing the Original Issue Price (as defined below) by the Conversion Price (as defined below) in effect at the time of conversion. The “Conversion Price” with respect to the applicable shares of Series A Preferred Stock, shall initially be equal to the Original Issue Price of the Preferred Stock. Such initial Conversion Price, and the rate at which shares of Preferred Stock may be converted into shares of Common Stock, shall be subject to adjustment as set forth in the applicable stock purchase agreement. There have been no changes to the conversion price as of December 31, 2022.

The “Original Issue Price” shall mean \$57.00 per share, subject to appropriate adjustments in the event of any stock dividend, stock split, combination, or other similar recapitalization with respect to the Preferred Stock.

In the event of any Deemed Liquidation Event, the Company shall send a written notice to each holder of the Preferred Stock no later than the 90th day after the event advising such holders of their right and the requirements to be met to secure such right, to require the redemption of such shares of the Preferred Stock, and if the Requisite Holders so request in a written instrument delivered to the Company no later than 120 days after the event, the Company shall use the consideration received by the Company for the event net of any retained liabilities associated with the assets sold or technology licensed, together with any other assets of the Company available for distribution to its stockholders (“the Available Proceeds”), on the 150th day after the event, to redeem all outstanding shares of Preferred Stock at a price per share equal to the applicable Liquidation Amount as defined in the Articles of Incorporation. In the event that the Available Proceeds are not sufficient to redeem all outstanding shares, the Company shall redeem a pro rata portion of each holder’s shares of Preferred Stock to the fullest extent of the Available Proceeds. Prior to the distribution or redemption, the Company shall not expend or dissipate the consideration received for the event, except to discharge expenses incurred in connection with the event or in the ordinary course of the business. There has been no Deemed Liquidation Event as of December 31, 2022.

Amada Franchise, Inc.
Notes to Consolidated Financial Statements

Note 7 – Related Parties

The Company has certain proprietary software that the franchisees use known as Transparent. Transparent is owned and distributed by On First Sound, LLC, which is a limited liability company whose majority shareholders are two officers for Amada Franchise, Inc. On First Sound, LLC also supplies telephone services to the franchisees. These services are no longer provided, and a limited fee is paid to continue back up services only beginning January 1, 2021. For the years ended December 31, 2022, 2021, and 2020, the Company incurred costs of \$0, \$8,483, and \$118,167, respectively, with \$0, \$0, and \$3,472 due as of December 31, 2022, 2021, and 2020, respectively.

Note 8 – Lease Agreements

On February 15, 2019, the Company assumed a real property lease agreement for franchisor offices in conjunction with the franchisee acquisition as described in Note 1. The effective start date was October 1, 2015. The agreement is for a term of 60 months. The lease was extended in February 2022 for an additional 37 months and expires on March 31, 2025.

On August 25, 2022, the Company entered into an equipment lease. The effective start date was September 1, 2022. The agreement is for a term of 36 months and expires on August 31, 2025.

The components of lease cost and other information related to leases as of and for the year ended December 31, was as follows:

Lease Cost

Operating lease cost	\$ 291,310
Short-term lease cost	53,151
Variable lease cost	<u>31,358</u>
Total lease cost	<u>\$ 375,819</u>

Other Information

Operating cash flows from operating leases	\$ 252,598
Right-of-use assets obtained in exchange for new operating lease liabilities	\$ 29,719
Weighted-average remaining lease term – operating leases (years)	2.26
Weighted-average discount rate – operating leases	1.13%

Maturities of lease liabilities under noncancelable leases are as follows:

For the Years Ending December 31,	
2023	\$ 308,022
2024	321,054
2025	<u>85,219</u>
	<u>\$ 714,295</u>

Amada Franchise, Inc.
Notes to Consolidated Financial Statements

Note 9 – Contingencies

The Company is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the Company carries commercial insurance. There have been no significant reductions in coverage from the prior year, and settlements, if any, have not exceeded coverage.

The Company recorded insurance proceeds as litigation revenue for the years ended December 31, 2022, 2021, and 2020, of \$423,874, \$75,824, and \$275,000, respectively, and litigation/settlement expenses of \$300,062, \$81,388, and \$18,700, respectively, in connection with legal settlements that have been entered into (see Note 1).

In the matter of *Juarez v. Amada Senior Care, Inc., et al.*, Los Angeles Superior Court, Case No. 20STCV18642, the Company intends to appeal the confirmation of the arbitration award. The Company believes the arbitration award may be vacated in part or whole and so a loss cannot be reasonably estimated or inferred.

EXHIBIT G
OPERATIONS MANUAL TABLE OF CONTENTS

AMADA FRANCHISE, INC

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EXHIBIT H

CURRENT FRANCHISEES AS OF DECEMBER 31, 2022

ALABAMA

Amada – Auburn / Montgomery
1280 Moores Mill Rd., Suite G
Auburn, AL 36830
Phone: 334-509-5500
Owner: Kinnon Fisher

Amada – Birmingham
1025 Montgomery Hwy, Suite 220
Birmingham, AL 35216
Phone: 205-208-9466
Owner: Len Everts

ARKANSAS

Amada – Little Rock
7101 W. 12th Street, Suite 303
Little Rock, AR 72204
Phone: 501-525 3373
Owner: Kimberly Kinder

ARIZONA

Amada – Chandler
1660 S. Alma School Rd., Suite 223
Mesa, AZ 85210
Phone: 480-999-5250
Owners: Kimberly Perkins & Kris Patmos

Amada – Mesa
1660 S. Alma School Rd., Suite 223
Mesa, AZ 85210
Phone: 480-999-5250
Owners: Kimberly Perkins & Kris Patmos

Amada – Phoenix
1660 S. Alma School Rd., Suite 223
Mesa, AZ 85210
Phone: 480-999-5250
Owners: Kimberly Perkins & Kris Patmos

Amada – North Phoenix
21436 North 20th Ave, Suite 202
Phoenix, AZ 85027
Phone: 623-227-2100
Owners: Christian Carlson, Melissa Carlson &
Dean Ralph “D.R.” Salerno

Amada – Surprise-Sun City
21436 North 20th Avenue, Suite 202
Phoenix, AZ 85027
Phone: 623-227-2100
Owners: Christian Carlson, Melissa Carlson &
Dean Ralph “D.R.” Salerno

Amada – Tucson
7070 North Oracle Rd., Suite 120
Tucson, AZ 85704
Phone: 520-222-8262
Owners: Chris Ram, Christina Ram & Michael
Robirds

CALIFORNIA

Amada – Corona
4740 Green River Rd., Suite 105
Corona, CA 92880
Phone: 951-667-1747
Owner: Peter Shen

Amada – Del Mar
2124 S. El Camino Real, Suite 205
Oceanside, CA 92054
Phone: 760-828-4150
Owners: Jonathan & Cherie Burrough

Amada – East Bay Sacramento
803 2nd Street, Suite C-1
Davis, CA 95618
Phone: 866-252-2001
Owners: Angelo Oliva & Jean Gelpi

Amada – Fallbrook-Valley Center
2124 S. El Camino Real, Suite 205
Oceanside, CA 92054
Phone: 760-828-4150
Owners: Jonathan & Cherie Burrough

Amada –Pasadena
87 E. Green Street, Suite 301
Pasadena, CA 91105
Phone: 818-350-2915
Owner: Richard Babcock

Amada – North Los Angeles
1577 E. Chevy Chase Drive, Suite 310
Glendale, CA 91206
Phone: 818-350-2915
Owner: Richard Babcock

Amada – North Orange County 1
2400 E. Katella Ave Suite 800
Anaheim, CA 92806
Phone: 714-912-6822
Owner: Dean Ralph “D.R.” Salerno

Amada – North Orange County 2
2400 E. Katella Ave Suite 800
Anaheim, CA 92806
Phone: 714-912-6822
Owner: Dean Ralph “D.R.” Salerno

Amada – North Orange County 3
2400 E. Katella Ave Suite 800
Anaheim, CA 92806
Phone: 714-912-6822
Owner: Dean Ralph “D.R.” Salerno

Amada – North Orange County 4
2400 E. Katella Ave Suite 800
Anaheim, CA 92806
Phone: 714-912-6822
Owner: Dean Ralph “D.R.” Salerno

Amada – North San Diego
2124 S. El Camino Real, Suite 205
Oceanside, CA 92054
Phone: 760-828-4150
Owners: Jonathan & Cherie Burrough

Amada – Rancho Cucamonga
9431 Haven Ave., Suite 232
Rancho Cucamonga, CA 91730
Phone: 909-440-1005
Owners: Leonard & Maria L. Navarra

Amada – Roseville
13405 Folsom Blvd., Suite 700
Folsom, CA 95630
Phone: 916-945-3515
Owner: Naveen Vaid

Amada – San Diego Central
16766 Bernardo Center Drive, Suite 101
San Diego, CA 92128
Phone: 858-866-9005
Owners: John & Melissa Boodhansingh

Amada – San Diego South
16766 Bernardo Center Drive, Suite 101
San Diego, CA 92128
Phone: 858-866-9005
Owners: John & Melissa Boodhansingh

Amada – San Fernando Valley
21900 Burbank Blvd., Suite 300
Woodland Hills, CA 91367
Phone: 818-650-1002
Owners: Rick Hagins, Michelle Hagins, Terry Frizzell & Francis Frizzell

Amada – Santa Rosa
2135 Armory Drive, Suite 100
Santa Rosa, CA 95401
Phone: 707-387-0733
Owners: Michael & Angela Lynch

Amada – Sonoma County
4415 Sonoma Hwy 12, Suite G
Santa Rosa, CA 95409
Phone: 707-387-0733
Owners: Michael & Angela Lynch

Amada – South Bay Los Angeles
3812 Sepulveda Blvd., Suite 200
Torrance, CA 90505
Phone: 310-953-0440
Owners: Andre & Cyndi Pegus

Amada – Temecula
27720 Jefferson Ave., Suite 100 E
Temecula, CA 92590
Phone: 951-758-8800
Owners: Dave Russell & Keri Bierman

Amada – Ventura County
1965 Yosemite Ave., Suite 120
Simi Valley, CA 93063
Phone: 805-332-4099
Owner: Craig Michayluk & Evangeline Ward-Michayluk

COLORADO

Amada – Monument / Colorado Springs
755 North Hwy 105, Unit D
Palmer Lake, CO 80133
Phone: 719-377-9120
Owner: Ken Jensen

Amada – Northern Colorado
2850 McClelland Dr. Suite 1900
Fort Collins, CO 80525
Phone: 970-237-5747
Owners: Jeff Culler, Josh Zuieback, Solar Martinez & Lisa Olsen

Amada – Northwest Denver
8704 Yates Dr. Suite 205
Westminster, CO 80031
Phone: 720-239-1337
Owners: Jeff Culler, Josh Zuieback, Solar Martinez & Lisa Olsen

DELAWARE

Amada – Delaware
1 Ashford Drive
Lewes, DE 19958
Phone: 302-272-9500
Owners: Dow Juliano & Renee Juliano

FLORIDA

Amada – Jacksonville
8833 Perimeter Park Blvd., Suite 404
Jacksonville, FL 32216
Phone: 904-512-7747
Owners: Tom Nicholson & Neeta Nicholson

Amada – Naples
9220 Bonita Beach Rd. S.E., Suite 225
Bonita Springs, FL 34135
Phone: 239-676-1635
Owner: Jeff Castillo

Amada – The Villages
1321 Citizens Blvd Suite C
Leesburg, FL 34748
Phone: 352-702-3727
Owners: Cesar Pumariega & Kelli Staab

Amada – Winter Garden
9100 Conroy Windermere Road, Suite 200
Windermere, FL 34786
Phone: 407-378-6998
Owners: Dell & Veronica Gray

GEORGIA

Amada – Lake Lanier
4321 South Lee Street, Suite 400
Buford, GA 30518
Phone: 678-565-6500
Owners: Anthony & Ilona Crossley

Amada – Marietta
2470 Windy Hill Rd., Suite 300
Marietta, GA 30067
Phone: 770-545-6198
Owners: Alan & Lisa Waters

Amada – North Atlanta
2470 Windy Hill Rd., Suite 300
Marietta, GA 30067
Phone: 770-545-6198
Owners: Alan & Lisa Waters

Amada – Southwest Atlanta
3400 Chapel Hill Rd Suite 303
Douglasville, GA 30135
Phone: 678-905-7400
Owner: Kimberly Cotto

IDAHO

Amada – Boise
1889 Wildwood Street
Boise, ID 83713
Phone: 208-900-6141
Owners: Dave Bean & Mark Nelson

ILLINOIS

Amada – Barrington
557 N. Hough Street, Suite B
Barrington, IL 60010
Phone: 847-503-0028
Owner: Dan Clifford

Amada – City of Chicago
1030 W. North Ave., Suite 402
Chicago, IL 60642
Phone: 312-971-9292
Owners: Adam & Jennifer Busch

Amada – Geneva
128 James St., 1st Floor
Geneva, IL 60134
Phone: 630-828-5155
Owners: Alison Johnson & David Harmon

Amada – North Side of Chicago
1030 W. North Ave., Suite 402
Chicago, IL 60642
Phone: 312-971-9292
Owners: Adam & Jennifer Busch

Amada – Northern Illinois
1099 North Corporate Circle, Suite J
Grayslake, IL 60030
Phone: 847-610-9300
Owner: Dave Johnson

Amada –North Shore / North Chicago
5550 W. Touhy Avenue, Suite 300
Skokie, IL 60076
Phone: 847-324-9450
Owner: Jennifer Novy

Amada – Orland Park
15020 S. Ravinia Ave., Suite 20
Orland Park, IL 60642
Phone: 708-467-1266
Owners: Robert Storey & Greg Farley

Amada – Plainfield
440 W. Boughton Road, Suite G
Bolingbrook, IL 60440
Phone:
Owners: Lisa & Chad Capista

Amada – Schaumburg
440 W. Boughton Road, Suite G
Bolingbrook, IL 60440
Phone:
Owners: Lisa & Chad Capista

Amada – Western Suburbs
5550 W. Touhy Avenue, Suite 300
Skokie, IL 60076
Phone: 847-324-9450
Owner: Jennifer Novy

INDIANA

Amada – Carmel
8444 Castlewood Dr., Suite 500
Indianapolis, IN 46250
Phone: 317-960-4171
Owners: Kevin & Belinda Schluchter

Amada – Northwest Indiana
1504 North Main St., Unit C
Crown Point, IN 46307
Phone: 219-213-3517
Owners: Robert Storey & Gregory Farley

Amada – South Indianapolis
8444 Castlewood Dr., Suite 500
Indianapolis, IN 46250
Phone: 317-960-4171
Owners: Kevin & Belinda Schluchter

IOWA

Amada – Cedar Rapids
454 First Ave.
Coralville, IA 52241
Phone: 319-382-3761
Owners: Laura & Benjamin Hartson

KANSAS

Amada – Johnson County
8101 College Blvd., Suite 100
Overland Park, KS 66210
Phone: 913-802-2533
Owner: Mike Fleming

Amada – Wichita
3450 N. Rock Rd., Bldg. 600, Suite 603-B
Wichita, KS 67226
Phone: 316-448-3350
Owner: Asa Shuey

KENTUCKY

Amada – Lexington
107 Frazier Court, Suite 2B
Georgetown, KY 40324
Phone: 859-963-1842
Owners: James Bernoski & Laural Strong

Amada – Louisville
10200 Forest Greene Blvd., Suite 112
Louisville, KY 40223
Phone: 502-233-2700
Owners: James Bernoski & Dean Ralph “D.R.”
Salerno

MAINE

Amada – Central Maine
615 Congress Street, Suite 219
Portland, ME 04101
Phone: 207-305-2233
Owners: Peter Light & Scott Lane

Amada – Southern Maine
18 Ocean Street, Suite 3
South Portland, ME 04106
Phone: 207-305-2233
Owners: Peter Light & Scott Lane

MARYLAND

Amada – Annapolis
134 Holiday Court, Suite 306
Annapolis, MD 21401
Phone: 443-569-0799
Owner: Dan Homa

Amada – Bethesda
5100 Buckeystown Pike, Suite 250
Frederick, MD 21701
Phone: 301-850-1725
Owner: Rich Frizzell

Amada – Mid-Maryland
5100 Buckeystown Pike, Suite 250
Frederick, MD 21701
Phone: 301-850-1725
Owner: Rich Frizzell

Amada – Silver Spring
11810 Grand Park Ave Suite 500
North Bethesda, MD 20852
Phone: 301-701-3511
Owner: Raquel Micit

MASSACHUSETTS

Amada – Boston MetroWest
990 Washington Street, Suite 210
Dedham, MA 02026
Phone: 617-229-6567
Owners: Robert Appel & Daniel Appel

Amada –South Shore
4 Court St., Suite 205
Plymouth, MA 02360
Phone: 508-809-4055
Owners: Philip Rice & Beth Rice

Amada – Westborough
22 Summer Street
Westborough, MA 01581
Phone: 508-219-7100
Owners: Kevin McLaughlin & Christine Cotter

MICHIGAN

Amada – Farmington Hills
34505 W. 12 Mile Rd., Suite 155
Farmington Hills, MI 48331
Phone: 248-237-6377
Owners: Gregory Hines Sr. & Kevin Manuel

Amada – Sterling Heights
200 East Big Beaver Road
Troy, MI 48083
Phone: 586-330-0502
Owner: Angela Anderson

MINNESOTA

Amada – Minneapolis-St. Paul
11204 86th Ave. N.
Maple Grove, MN 55369
Phone: 612-470-0105
Owner: Crystal Larson

Amada – Twin Cities
1405 Lilac Drive North, Suite 121
Golden Valley, MN 55422
Phone: 763-307-9138
Owner: Greg Getchell

Amada – Southwest Twin Cities
1405 Lilac Drive North, Suite 121
Golden Valley, MN 55422
Phone: 763-307-9138
Owners: Greg Getchell & Joseph Castle

MISSISSIPPI

Amada – Jackson
1867 Crane Ridge Dr., Suite 220-A
Jackson, MS 39216
Phone: 601-864-3752
Owner: John Merrell

MISSOURI

Amada – St. Louis
10097 Manchester Rd. Suite 208
Warson Woods, MO 63122
Phone: 314-626-3905
Owner: Chris Fowler

Amada – Columbia
601 W. Nifong Blvd., Suite 5B
Columbia, MO 65203
Phone: 573-818-2918
Owners: Chris Fowler

Amada – Springfield
4145 S. McCann Court, Suite H
Springfield, MO 65804
Phone: 417-210-7300
Owners: Christopher Kerr & Timothy Swearingin

NEBRASKA

Amada – Omaha
8031 West Center Road, Suite 215
Omaha, NE 68124
Phone: 402-281-0921
Owner: Ken Jenson

NEVADA

Amada – Las Vegas
4175 S. Riley Street, Suite 203
Las Vegas, NV 89147
Phone: 702-998-3996
Owners: David & Stacey Stoddard

Amada – Reno
985 Damonte Ranch Pkwy, Suite 320
Reno, NV 89521
Phone: 775-432-6022
Owner: Ryan Hart

NEW HAMPSHIRE

Amada – Manchester-Concord
116 South River Rd. Unit E-7C
Bedford, NH 03110
Phone: 603-865-7999
Owners: Dina & Andrew Bilsbury

Amada – South New Hampshire
116 South River Rd. Unit E-7C
Bedford, NH 03110
Phone: 603-865-7999
Owners: Dina & Andrew Bilsbury

NEW JERSEY

Amada – Bergen County
17 Arcadian Avenue Suite 207
Paramus, NJ 07652
Phone: 201-431-7575
Owners: Kevin Outerbridge & Logan Outerbridge

Amada – Central New Jersey
17 Arcadian Avenue, Suite 207
Paramus, NJ 07652
Phone: 201-431-7575
Owners: Kevin Outerbridge, Logan Outerbridge,
Oscar Farnacio, & Wayne Morgan

Amada: Middlesex-Monmouth
4255 US 9 North Suite 5C
Freehold, NJ 07728
Phone: 732-400-5434
Owner: Wayne Espiritu

Amada –Morristown / Cranford
123 N. Union Ave. Suite 305
Cranford, NJ 07016
Phone: 908-458-9100
Owner: Mark Merriman

Amada – South Jersey
3223 Route 38, Suite 202
Mount Laurel, NJ 08054
Phone: 856-312-3760
Owners: Masood & Tehmeena Farooki

Amada – Toms River
918 Lacey Road, Suite 3A
Forked River, NJ 08731
Phone: 732-627-1114
Owners: Karen & Michael DeSimone

Amada – Westfield / Morristown
123 N. Union Ave. Suite 305
Cranford, NJ 07016
Phone: 973-510-2592
Owner: Mark Merriman

NORTH CAROLINA

Amada – Charlotte
10135 Hickorywood Hill Ave.
Huntersville, NC 28078
Phone: 980-580-6100
Owners: Brad Smith & Gwen Smith

Amada – Eastern North Carolina
3701 Sunset Ave., Suite B
Rocky Mount, NC 27804
Phone: 252-231-2864
Owner: Tracy Eidson

Amada – Greensboro
806 Green Valley Road, Suite 200
Greensboro, NC 27408
Phone:
Owners: Quinton & Kristin Kocher

Amada – Raleigh
3701 Sunset Avenue, Suite B
Rocky Mount, NC 27804
Phone: 252-231-2864
Owner: Tracy Eidson

Amada – South Charlotte
10135 Hickorywood Hill Ave.
Huntersville, NC 28078
Phone: 980-580-6100
Owners: Brad Smith & Gwen Smith

OHIO

Amada – Cincinnati Metro
10778 Montgomery Rd
Cincinnati, OH 45242
Phone: 513-712-4849
Owner: Paul Tobillo

Amada – Columbus
440 Polaris Parkway, Suite 110
Westerville, OH 43082
Phone: 614-721-0070
Owner: Dwight Smith

Amada – Toledo
27475 Holiday Lane, Suite 7
Perrysburg, OH 43551
Phone: 419-574-9104
Owners: Christopher Gutman & Dwight Smith

Amada – Westlake
27500 Detroit Ave., Suite 202
Westlake, OH 44145
Phone: 440-578-7400
Owner: Bob Mikolich

OKLAHOMA

Amada – Broken Arrow
2608 West Kenosha, Suite 101
Brown Arrow, OK 74012
Phone: 918-615-9191
Owner: Joseph Hilliard

Amada – Norman
3750 W. Main Street, Suite 106
Norman, OK 73072
Phone: 405-292-4545
Owner: Greg Johnson

Amada – North Oklahoma City
4845 S. Sheridan Road, Suite 516
Tulsa, OK 74145
Phone: 918-615-9191
Owner: Joseph Hilliard

Amada – South Oklahoma City
4845 S. Sheridan Road, Suite 516
Tulsa, OK 74145
Phone: 918-615-9191
Owner: Joseph Hilliard

Amada – Tulsa
4845 S. Sheridan Road, Suite 516
Tulsa, OK 74145
Phone: 918-615-9191
Owner: Joseph Hilliard

OREGON

Amada – Portland
5933 NE Win Sivers Drive, Suite 201
Portland, OR 97220
Phone: 503-937-0233
Owners: Robert Christensen, Rory Trask &
James Reynolds

PENNSYLVANIA

Amada – Bucks County
715 Twining Rd, Suite 109
Dresher, PA 19025
Phone: 215-422-3095
Owners: Matthew Ushler

Amada – Central PA
1007 W Main Street
Mount Joy, PA 17552
Phone: 717-553-2060
Owner: Brian Groff

Amada – Chester County
1 North Bacton Hill Rd., Suite 205
Malvern, PA 19355
Phone: 484-653-6420
Owners: Judy Basler & Sheldon Feinberg

Amada – East Pittsburgh
1781 Arona Rd., Suite 1
North Huntingdon, PA 15642
Phone: 724-305-6530
Owner: Joe Spehar

Amada – Lancaster
1007 W Main Street
Mount Joy, PA 17552
Phone: 717-553-2060
Owner: Brian Groff

Amada – Lehigh Valley
1605 N Cedar Crest Blvd., Suite 508
Allentown, PA 18104
Phone: 484-268-1778
Owner: Edward Duborg

Amada – Montgomery County
715 Twining Rd, Suite B-1
Dresher, PA 19025
Phone: 215-422-3095
Owners: Matthew Ushler

Amada – Philadelphia West Suburbs
614 Darby Road
Havertown, PA 19083
Phone: 610-766-7222
Owner: Wayne & Angela Wrolstad

Amada – Pittsburgh Northwest
2611 Nicholson Rd., Building 1
Sewickley, PA 15143
Phone: 724-318-6668
Owner: Chad Craig

Amada – South Pittsburgh
1781 Arona Rd., Suite 1
North Huntingdon, PA 15642
Phone: 724-305-6530
Owner: Joe Spehar

RHODE ISLAND

Amada – Northern Rhode Island
2348 Post Road, Suite 20
Warwick, RI 02886
Phone: 401-244-8111
Owners: Patrick & Sheri Kennedy

Amada – Southern Rhode Island
2348 Post Road, Suite 20
Warwick, RI 02886
Phone: 401-575-1894
Owners: Patrick & Sheri Kennedy

SOUTH CAROLINA

Amada – Charleston
1156 Bowman Rd., Suite 200
Mount Pleasant, SC 29464
Phone: 843-800-0123
Owners: Matthew & Ashley Griesemer

TENNESSEE

Amada – Chattanooga
108 Baxter Street
Chattanooga, TN 37415
Phone: 423-888-3449
Owner: Christopher Ray

Amada – Knoxville
2900 Tazewell Pike, Suite C
Knoxville, TN 37918
Phone: 865-804-2208
Owner: Jeff Pell

Amada – Memphis
2400 Poplar Ave., Suite 245
Memphis, TN 38112
Phone: 901-422-6400
Owners: Alfred Milan & Audrey Milan

Amada – North Nashville
402 Uptown Square
Murfreesboro, TN 37129
Phone: 615-933-7494
Owners: Kevin & Kelly Fehr

Amada – South Nashville
402 Uptown Square
Murfreesboro, TN 37129
Phone: 615-933-7494
Owners: Kevin & Kelly Fehr

TEXAS

Amada – Austin
1104 S. Mays St., Suite 117
Round Rock, TX 78664
Phone: 512-580-5118
Owner: Patrick Murphy

Amada – Central Houston
2743 Smith Ranch Rd Unit 503
Pearland, TX 77584
Phone: 281-652-5492
Owners: William Long & Brent Partin

Amada – Clear Lake
2743 Smith Ranch Rd., Unit 503
Pearland, TX 77584
Phone: 281-652-5492
Owners: William Long & Brent Partin

Amada – Denton / Frisco
405 Highway 121 Bypass #A250
Lewisville, TX 75067
Phone: 469-906-2399
Owner: Sean McLeod

Amada – East Texas
4420 N. Wheeler St
Jasper, TX 75951
Phone: 409-489-4324
Owners: William Long & Brent Partin

Amada – El Paso
306 Thunderbird Dr., Suite B1
El Paso, TX 79912
Phone: 915-200-7200
Owners: Jorge & Deborah Nichole Andazola

Amada – Fort Worth
2312 School Lane
Bedford, TX 76021
Phone: 817-755-8787
Owner: Jason Logan

Amada – Greater San Antonio
16607 Blanco Rd., Bldg. 8, Suite 801
San Antonio, TX 78232
Phone: 210-960-4304
Owners: John & Johanna Paschal

Amada – Katy
2743 Smith Ranch Road, Unit 503
Pearland, TX 77584
Phone: 281-652-5492
Owners: William Long & Brent Partin

Amada – McKinney/Lewisville
405 Highway #121 Bypass #A250
Lewisville, TX 75067
Phone: 469-906-2399
Owner: Sean McLeod

Amada – North Dallas
14330 Midway Rd., Building 1, Suite 100
Dallas, TX 75244
Phone: 214-550-5040
Owner: Eric vanGoethem

Amada – North Houston
286 Ed English Dr., Bldg. 8, Suite A
Shenandoah, TX 77385
Phone: 832-209-8846
Owners: Troy & Amy Tice

Amada – North San Antonio
16607 Blanco Rd., Bldg. 8, Suite 801
San Antonio, TX 78232
Phone: 210-960-4304
Owners: John & Johanna Paschal

Amada – Richland Hills
2312 School Lane
Bedford, TX 76021
Phone: 817-755-8787
Owner: Jason Logan

Amada – Sugarland
2743 Smith Ranch Rd., Unit 503
Pearland, TX 77584
Phone: 281-652-5492
Owners: William Long & Brent Partin

Amada – Tomball / Cypress
286 Ed English Dr., Bldg. 8, Suite A
Shenandoah, TX 77385
Phone: 832-209-8846
Owners: Troy & Amy Tice

Amada – University Park
14330 Midway Rd., Building 1, Suite 100
Dallas, TX 75244
Phone: 214-550-5040
Owner: Eric vanGoethem

UTAH

Amada – Ogden
1133 N. Main St. Suite 225
Layton, UT 84041
Phone: 801-758-7900
Owner: Dave Bean

Amada – Salt Lake City
10421 South Jordan Gateway, Suite 600
South Jordan, UT 84095
Phone: 801-893-3877
Owners: Phil & Janni Jacobson

Amada – St. George
1031 S. Bluff Street, Suite 118
St. George, UT 84770
Phone: 435-248-0800
Owners: Cortland “Ty” & Craig Tippetts

VIRGINIA

Amada – Richmond
6800 Paragon Place
Richmond, VA 23230
Phone: 804-793-8255
Owners: Jay Mann

Amada – Roanoke
1621 E. Main St.
Salem, VA 24153
Phone: 540-347-2222
Owner: James Burton

Amada – South Fairfax
5641 Burke Centre Parkway, Suite 248
Burke, VA 22015
Phone: 571-297-7499
Owner: Louay Assaf

WASHINGTON

Amada – Tacoma
3560 Bridgeport Way W. 3-A
University Place, WA 98466
Phone: 253-881-0014
Owners: Robert Christensen, Rory Trask &
James Reynolds

Amada – Tri Cities
8390 W. Gage Blvd. Suite 107
Kennewick, WA 99336
Phone: 509-396-6900
Owners: Robert Christensen, Rory Trask &
James Reynolds

Amada – Vancouver
505 NE 87th Ave., LL46
Vancouver, WA 98664
Phone: 360-952-3100
Owners: Chris & Kimberlee Crosby

WEST VIRGINIA

Amada – Charleston
2 Hale Street, Suite 100
Charleston, WV 25301
Phone: 304-693-2500
Owner: Kari Peyatte

WISCONSIN

Amada – North Milwaukee
16655 W. Bluemound Rd., Suite 290
Brookfield, WI 53005
Phone: 262-395-7928
Owner: Irfan Siddiqui

Amada – South Milwaukee
16655 W. Bluemound Rd., Suite 290
Brookfield, WI 53005
Phone: 262-395-7928
Owner: Irfan Siddiqui

**FRANCHISE AGREEMENTS SIGNED BUT OUTLETS NOT OPENED
AS OF DECEMBER 31, 2022**

Franchise Name/Contact Person	City	State	Telephone Number
Brad Condon	Albuquerque	NM	505-521-2100
Brett Jones	Kansas City	MO	816-665-4613
Halie Moore	New Orleans – North Shore	LA	318-451-2342
Karen A. DeSimmons	Ocean Acres	NJ	732-610-8386
Kevin Hall	Greater Elgin	IL	574-323-3878
Robert Appel	Coastal Palm Beach	FL	561-361-1770
Robert Hollenkamp	Tampa Bay	FL	813-789-6512
Rich Frizzell	North Fairfax County	VA	240-462-3687
Tracy Eidson	Raleigh	NC	252-231-2864

EXHIBIT I

COMPANY-OWNED OUTLETS AS OF DECEMBER 31, 2022

Amada – Orange County
Amada OC, Inc.
24361 El Toro Road, Suite 205
Laguna Woods, CA 92637
Phone: 949-528-3500

EXHIBIT J

FRANCHISEES WHO LEFT THE SYSTEM DURING 2022 OR WHO HAVE NOT COMMUNICATED WITHIN 10 WEEKS OF ISSUANCE DATE

The following franchisees had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the fiscal year 2022:

FLORIDA

Amada – Daytona Beach
5889 S. Williamson Blvd., Suite 1415, Port Orange, FL 32128
Phone: 386-400-5295
Owner: Mark Dees
(Reacquired)

NORTH CAROLINA

Amada – Raleigh
4509 Creedmoor Road, Suite 201, Raleigh, NC 27612
Phone: 984-250-7200
Owner: Mary Cynthia Walker
(Transfer)

OHIO

Amada – Columbus
440 Polaris Pkwy., Suite 110, Westerville, OH 43082
Phone: 614-721-0700
Owner: Kirby Hsu
(Transfer)

PENNSYLVANIA

Amada – Bucks County
715 Twining Road, Suite B-1, Dresher, PA 19025
Phone: 215-422-3095
Owners: Kevin & Kelly Fehr
(Transfer)

Amada – Montgomery County
715 Twining Road, Suite B-1, Dresher, PA 19025
Phone: 215-422-3095
Owners: Kevin & Kelly Fehr
(Transfer)

TEXAS

Amada – Katy
286 Ed English Dr., Bldg 8, Suite A, Shenandoah, TX 77385
Phone: 832-209-8846
Owners: Troy & Amy Tice
(Transfer)

WISCONSIN

Amada – Madison

100 River Place, Suite 253, Monona, WI 53716

Phone: 608-764-4545

Owners: Krista Natarelli & Richard Schneider

(Reacquired)

The following franchisees have not communicated with us within 10 weeks of the Issuance Date of this disclosure document:

None.

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

EXHIBIT K

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

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
CALIFORNIA	Department of Financial Protection and Innovation One Sansome Street, Suite 600 San Francisco, CA 94104 415-972-8559 866-275-2677	Commissioner of Financial Protection and Innovation 320 West 4th Street, Suite 750 Los Angeles 90013-2344 866-275-2677
CONNECTICUT	Securities and Business Investment Division Connecticut Department of Banking 44 Capitol Avenue Hartford, CT 06106 203-240-8299	N/A
FLORIDA	Department of Agriculture & Consumer Services Division of Consumer Services Mayo Building, Second Floor Tallahassee, FL 32399-0800 850-245-6000	N/A
GEORGIA	Office of Consumer Affairs 2 Martin Luther King Drive, S.E. Plaza Level, East Tower Atlanta, GA 30334 404-656-3790	N/A
HAWAII	State of Hawaii Business Registration Division Securities Compliance Branch Dept. of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, HI 96813 808-586-2722	Hawaii Commissioner of Securities Same Address
ILLINOIS	Franchise Division Office of the Attorney General 500 South Second Street Springfield, IL 62706 217-782-4465	Illinois Attorney General Same Address
INDIANA	Securities Commissioner Indiana Securities Division 302 West Washington Street, Room E 111 Indianapolis, IN 46204 317-232-6681	Indiana Secretary of State 201 State House 200 West Washington Street Indianapolis, IN 46204
IOWA	Iowa Securities Bureau Second Floor Lucas State Office Building Des Moines, IA 50319 515-281-4441	N/A

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
KENTUCKY	Kentucky Attorney General's Office Consumer Protection Division 1024 Capitol Center Drive Frankfort, KY 40602 502-696-5389	N/A
LOUISIANA	Department of Urban & Community Affairs Consumer Protection Office 301 Main Street, 6th Floor One America Place Baton Rouge, LA 70801 504-342-7013 (gen. info.) 504-342-7900	N/A
MAINE	Department of Business Regulations State House - Station 35 Augusta, ME 04333 207-298-3671	N/A
MARYLAND	Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202 410-576-6360	Maryland Securities Commissioner 200 St. Paul Place Baltimore, MD 21202 410-576-6360
MICHIGAN	Michigan Department of Attorney General Consumer Protection Division Antitrust and Franchise Unit G. Mennen Williams Building, 1 st Floor Lansing, MI 48913 517-335-7567	N/A
MINNESOTA	Minnesota Department of Commerce 85 7 th Place East, Suite 280 St. Paul, MN 55101 651-539-1500	Minnesota Commissioner of Commerce Same Address
NEBRASKA	Nebraska Department of Banking and Finance Bureau of Securities/Financial Institutions Division 1526 K Street, Suite 300 Lincoln, NE 68508-2732 P.O. Box 95006 Lincoln, Nebraska 68509-5006 Tele: 402-471-2171	N/A
NEW HAMPSHIRE	Attorney General Consumer Protection and Antitrust Bureau State House Annex Concord, NH 03301 603-271-3641	N/A
NEW YORK	Bureau of Investor Protection and Securities New York State Department of Law 28 Liberty Street, 21st Floor New York, NY 10005-1495 212-416-8236	Secretary of State of New York 99 Washington Avenue Albany, New York 12231

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
NORTH CAROLINA	Secretary of State's Office/Securities Division Legislative Annex Building 300 Salisbury Street Raleigh, NC 27602 919-733-3924	N/A
NORTH DAKOTA	North Dakota Securities Department 600 East Boulevard Avenue State Capitol, Fifth Floor Bismarck, ND 58505-0510 701-328-4712; Fax: 701-328-0140	North Dakota Securities Commissioner 600 East Boulevard Avenue State Capitol, Fifth Floor Bismarck, ND 58505-0510 701-328-4712; Fax: 701-328-0140
OHIO	Attorney General Consumer Fraud & Crime Section State Office Tower 30 East Broad Street, 15th Floor Columbus, OH 43215 614-466-8831 or 800-282-0515	N/A
OKLAHOMA	Oklahoma Securities Commission 2915 Lincoln Blvd. Oklahoma City, OK 73105 405-521-2451	N/A
OREGON	Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, OR 96310 503-378-4387	N/A
RHODE ISLAND	Rhode Island Department of Business Regulation Securities Division John O. Pastore Center – Building 69-1 1511 Pontiac Avenue Cranston, RI 02920 401-222-3048	Director, Rhode Island Department of Business Regulation John O. Pastore Center Building 69-1 1511 Pontiac Avenue Cranston, RI 02920 401-222-3048
SOUTH CAROLINA	Secretary of State P.O. Box 11350 Columbia, SC 29211 803-734-2166	N/A
SOUTH DAKOTA	Department of Labor and Regulation Division of Insurance Securities Regulation 124 South Euclid, Suite 104 Pierre, SD 57501 605-773-3563	Director of the Division of Insurance Department of Labor and Regulation 124 South Euclid, Suite 104 Pierre, SD 57501 605-773-3563
TEXAS	Secretary of State Statutory Documents Section P.O. Box 12887 Austin, TX 78711-2887 512-475-1769	N/A

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
UTAH	Utah Department of Commerce Consumer Protection Division 160 East 300 South (P.O. Box 45804) Salt Lake City, UT 84145-0804 TELE: 801-530-6601 FAX:801-530-6001	N/A
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising 1300 E. Main Street, 9th Floor Richmond, VA 23219 804-371-9051	Clerk of the State Corporation Commission 1300 E. Main Street, 1st Floor Richmond, VA 23219 804-371-9733
WASHINGTON	Department of Financial Institutions Securities Division 150 Israel Rd S.W. Tumwater, WA 98501 360-902-8762	Director, Dept. of Financial Institutions Securities Division 150 Israel Rd S.W. Tumwater, WA 98501
WISCONSIN	Wisconsin Dept. of Financial Institutions Division of Securities 4822 Madison Yards Way, North Tower Madison, WI 53705 608-266-8557	Wisconsin Commissioner of Securities 4822 Madison Yards Way, North Tower Madison, WI 53705 608-266-8557

EXHIBIT L

FORM OF GENERAL RELEASE

This General Release (“**Release**”) made on _____, by and between Amada Franchise, Inc., a corporation formed under the laws of the State of Delaware and having its principal place of business at 901 Calle Amanecer, Suite 350, San Clemente, California 92673 (“**Franchisor**”), and each of the undersigned individuals/ partnerships/corporations/limited liability companies (jointly and severally, the “**Franchisee**”).

WITNESSETH:

WHEREAS, Franchisee acquired one or more franchises from Franchisor to open and operate one or more franchised businesses (“**Amada Senior Care Business(s)**”) pursuant to the Franchise Agreement(s) between Franchisor and Franchisee dated _____ (“**Franchise Agreement(s)**”);

WHEREAS, Franchisee has elected to assign and transfer or renew the Franchise Agreements and all Franchisee's rights thereunder in accordance with the terms of the Franchise Agreements; and

WHEREAS, Franchisor has agreed to consent to such assignment and transfer on condition that, among other things, Franchisee execute this Release.

NOW, in consideration of the above, and for other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, and intending to be legally bound hereby, Franchisee and Franchisor hereby agree as follows:

1. Release. Franchisee hereby absolutely and forever releases and discharges Franchisor and its Related Parties (as defined below), from and against any and all Claims (as defined below) of Franchisee arising out of or relating to the offer or sale of the Franchise Agreement(s), including violations of any federal or state law, rule, or regulation pertaining thereto. “**Related Parties**” means predecessors, affiliates, agents, employees, successors, assigns, and their respective officers, directors, shareholders, heirs, executors, and representatives. “**Claims**” means any and all claims, proceedings, demands, causes of actions, rights to terminate and rescind, liabilities, losses, damages, and rights of every kind and nature whatsoever, whether now known or unknown, suspected or unsuspected, at law or in equity, which the releasing party now has, owns or holds, at any time before this time ever had, owned or held, or at any time after this time has, owns or holds. Franchisee hereby irrevocably covenants not to assert, or to initiate any suit or proceeding based in whole or in part upon any Claim released hereunder.

With respect to the matters being released pursuant to the terms of this Release, Franchisee further voluntarily and unconditionally waive each and every right which they, or any of them, may have under Section 1542 of the Civil Code of the State of California and any similar law of any state or territory of the United States. Section 1542 reads as follows:

1542. A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, AND THAT IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.

Franchisee understands and acknowledges that the significance and consequence of their waiver of Section 1542 of the Civil Code is that even if any of them should eventually suffer additional damages arising out of a matter being released pursuant to this Release, said party will not be permitted to make any claim for those damages. Furthermore, Franchisee acknowledges that they intend these consequences even as to claims for injury and/or damages that may exist as of the date of this Release but which Franchisee do not know exist, and which, if known, would materially affect Franchisee's decision to execute this Release, regardless of whether the parties' lack of knowledge is a result of ignorance, oversight, error, negligence, or any other cause.

2. Entire Agreement. This Release supersedes any prior negotiations and agreements, oral or written, with respect to its subject matter. This Release may not be amended except in a writing signed by all of the parties. No representations, warranties, agreements, or covenants have been made with respect to this Release, and in executing this Release, none of the parties is relying upon any representation, warranty, agreement, or covenant not set forth herein.

3. Acknowledgement. Each of the parties certifies to the other that it has read all of this Release and fully understands all of the same and that it has executed this Release after having had the opportunity to obtain legal advice as to such party's rights from legal counsel of its choice.

4. Power and Authority. Each of the parties represents and warrants to the other that it has the full power and authority to execute this Release, and to do any and all things reasonably required hereunder. Nothing herein shall constitute an admission of any liability or wrongdoing by any party hereto.

5. No Assignment. Franchisee represents and warrants to Franchisor that it has not assigned, transferred, or conveyed to any third party all or any part of or partial or contingent interest in any of the released matters which are called for to be released by this Release now or in the future, that it is aware of no third party who contends or claims otherwise, and that it shall not after this time purport to assign, transfer, or convey any such claim.

6. Choice of Law. This Release shall be construed in accordance with and all disputes hereunder shall be governed by the laws of the State of California. If any legal action is necessary to enforce the terms and conditions of this Release, the parties hereby agree that any action sought to be brought by either party, shall be brought in the appropriate state or federal court covering Orange County, California, with jurisdiction over the matter.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby, have duly executed this Release in multiple copies the day and year first above written.

ATTEST:

Amada Franchise, Inc.

By: _____

Title: _____

ATTEST/WITNESS:

FRANCHISEE:

By: _____

Title: _____

By: _____

Title: _____

State Effective Dates

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

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

State	Effective Date
California	
Hawaii	
Illinois	
Indiana	
Maryland	
Michigan	
Minnesota	
New York	
North Dakota	
South Dakota	
Virginia	
Washington	
Wisconsin	

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.

**AMADA SENIOR CARE
RECEIPT**

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

If Amada Franchise, Inc. offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York requires that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan and Oregon require that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

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

The franchise sellers for this offering are Marcos Moura, Tim Valencia, Michael Robirds and Matthew Smith, Amada Franchise, Inc., 901 Calle Amanecer, Suite 350, San Clemente, CA 92673, (949) 284-8036.

Issuance Date: April 20, 2023.

We authorize the respective state agencies identified on **Exhibit K** to receive service of process for us in the particular state.

I received a disclosure document dated April 20, 2023 that included the following Exhibits:

- A. Franchise Agreement
- B. Development Agreement
- C. Confidentiality, Non-Disclosure, and Non-Competition Agreement
- D. State Addenda
- E. Statement of Franchisee
- F. Financial Statements
- G. Operations Manual Table of Contents
- H. Current Franchisees
- I. Company-Owned and Affiliate-Owned Outlets
- J. Franchisees Who Have Left the System During Past Fiscal Year
Who Have Not Communicated Within 10 Weeks of Issuance Date
- K. State Franchise Administrators and Agents for Service of Process
- L. Form of General Release

Date	Signature	Printed Name
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Date	Signature	Printed Name
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[This page to be signed and retained for your records.]

**AMADA SENIOR CARE
RECEIPT**

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Date	Signature	Printed Name
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Date	Signature	Printed Name
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[This page is to be signed, dated, and returned to franchisor.]