

2012

FRANCHISE

DISCLOSURE DOCUMENT

FOR

Care  Patrol



FRANCHISE DISCLOSURE DOCUMENT

CAREPATROL FRANCHISE SYSTEMS, LLC.

a Arizona Limited Liability Company

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CAREPATROL Franchise Systems, LLC. (“**CAREPATROL**”) offers franchises to operate a business for providing a unique system offering Assisted Living Senior Referral and Placement services. In addition, our Strategic Partner Franchisees provide information and marketing services to families looking for assisted living, in home care and other senior related services under the trade name “CarePatrol”.

The total investment necessary to begin operation is \$55,850 to \$69,500. This includes the franchise fee of \$44,500.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive the 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 government agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Chuck Bongiovanni, at 625 N Gilbert Rd., Suite 200, Gilbert, Arizona 85234; and 877-654-0344.

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.

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

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

Issuance Date: September 26, 2012

STATE COVER PAGE

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

Call the state franchise administrator listed in Exhibit F for information about the franchisor, or about franchising in your state.

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

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

1. THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE ANY DISPUTES WITH US BY MANDATORY FACE-TO-FACE NEGOTIATION, NON-BINDING MEDIATION, AND ARBITRATION. THESE PROCEEDINGS TO NEGOTIATE, MEDIATE AND/OR ARBITRATE WILL TAKE PLACE IN ARIZONA. OUT OF STATE FACE-TO-FACE NEGOTIATION, MEDIATION AND ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST MORE TO NEGOTIATE, MEDIATE AND/OR ARBITRATE WITH US IN ARIZONA THAN IN YOUR HOME STATE. YOU AND WE WILL GENERALLY BEAR EACH OF OUR OWN COSTS IN ANY DISPUTE, BUT THE ARBITRATOR CAN ASSESS COSTS (BUT NOT ATTORNEY'S FEES) AGAINST A LOSING PARTY. **YOUR STATE LAW MAY SUPERSEDE THIS PROVISION AND IT MAY NOT BE ENFORCEABLE IN YOUR STATE.**

2. YOU WAIVE YOUR RIGHTS TO A JURY TRIAL, AS WELL AS TO A TRIAL BEFORE A JUDGE IN A COURT OF LAW, YOU GENERALLY WAIVE YOUR RIGHT TO APPEAL AN ARBITRATION AWARD (EXCEPT TO A 3 ARBITRATOR APPEAL PANEL) AND MAY BE GIVING UP RIGHTS TO CERTAIN PRE-TRIAL DISCOVERY, AS WELL AS GIVING UP RIGHTS REGARDING CERTAIN CLASS ACTIONS. THE FRANCHISE AGREEMENT ALSO CONTAINS A LIMITATION ON THE TYPES AND AMOUNTS OF DAMAGES RECOVERABLE BY YOU OR US, REQUIRES YOU TO GIVE US NOTICE OF AND OPPORTUNITY TO CURE, DEFAULTS BY US AND PROVIDES FOR A PERIOD OF TIME IN WHICH YOU OR WE CAN BRING CLAIMS WHICH MAY BE SHORTER THAN THAT PROVIDED BY APPLICABLE LAW. **YOUR STATE LAW MAY SUPERSEDE THIS PROVISION AND IT MAY NOT BE ENFORCEABLE IN YOUR STATE.**

3. THE FRANCHISE AGREEMENT STATES THAT ARIZONA LAW GOVERNS THE AGREEMENT. THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS. **YOUR STATE LAW MAY SUPERSEDE THIS PROVISION AND IT MAY NOT BE ENFORCEABLE IN YOUR STATE.**

4. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THIS 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 DISCLOSURE DOCUMENT.

5. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

In certain portions of the United States, we use FRANCHISE BROKERS to assist us in the sale of franchises. If you are in such an area or turn out to be in such an area after becoming a franchisee, we may pay to the Franchise Broker a portion of the initial franchise fee that you pay to us. A franchise broker or referral source represents us, not you. You should be sure to do your own investigation of the franchise.

REGISTRATION OF THIS FRANCHISE WITH THE STATE DOES NOT MEAN THAT THE STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT. IF YOU

LEARN THAT ANYTHING IN THIS DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE STATE ADMINISTRATORS LISTED IN EXHIBIT F.

The Effective Date of this Disclosure Document is Friday, September 28, 2012, unless otherwise noted on the following page.

Effective Dates for States Requiring Registration and Notice Filings:

California:
Connecticut:
Florida:
Hawaii:
Illinois:
Indiana:
Kentucky:
Maryland:
Michigan:
Minnesota:
Nebraska:
North Carolina:
North Dakota:
New York:
Rhode Island:
South Carolina:
South Dakota:
Texas:
Utah:
Virginia:
Washington:
Wisconsin:

TABLE OF CONTENTS

<u>ITEM</u>		<u>PAGE</u>
ITEM 1	THE FRANCHISOR, AND ANY PARENT, PREDECESSORS AND AFFILIATES	1
ITEM 2	BUSINESS EXPERIENCE.....	3
ITEM 3	LITIGATION.....	4
ITEM 4	BANKRUPTCY.....	4
ITEM 5	INITIAL FEES.....	4
ITEM 6	OTHER FEES	5
ITEM 7	ESTIMATED INITIAL INVESTMENT	7
ITEM 8	RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES.....	9
ITEM 9	FRANCHISEE’S OBLIGATIONS.....	11
ITEM 10	FINANCING.....	12
ITEM 11	FRANCHISOR’S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING.....	12
ITEM 12	TERRITORY	17
ITEM 13	TRADEMARKS	19
ITEM 14	PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION.....	20
ITEM 15	OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS.....	22
ITEM 16	RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL.....	22
ITEM 17	RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION	23
ITEM 18	PUBLIC FIGURES.....	25
ITEM 19	FINANCIAL PERFORMANCE REPRESENTATIONS.....	25
ITEM 20	OUTLETS AND FRANCHISEE INFORMATION	26
ITEM 21	FINANCIAL STATEMENTS	30
ITEM 22	CONTRACTS.....	30
ITEM 23	RECEIPT	30

EXHIBITS:

- A Financial Statements
- B Franchise Agreement
 - Attachment I Addendum to Franchise Agreement
 - Attachment II Electronic Payment Authorization
 - Attachment III Collateral Assignment of Telephone Numbers, Addresses, and Listings
 - Attachment IV Statement of Ownership
 - Attachment V Guaranty and Assumption of Franchisee's Obligations
- C Compliance Questionnaire
- D List of Franchisees
- D-1 List of Affiliate Owned Franchises
- E Terminated Franchises
- F State Administrators and Agents for Service of Process
- G State and Provincial Addendum
- H Manual Table of Contents
- I Nondisclosure and Noncompetition Agreement
- J Summary of Industry-Specific Laws
- K Franchisee Organizations We Have Created, Sponsored or Endorsed
- L Independent Franchisee Associations
- M Receipt

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

To simplify the language in this Franchise Disclosure Document, “we”, “us”, or “CAREPATROL” means CAREPATROL Franchise Systems, LLC., the Franchisor. “You” means the person or entity that buys the franchise (the “Franchisee”). If an entity is the Franchisee, “you” includes the Franchisee’s owners.

The Franchisor, any Parents, Predecessors and Affiliates:

CAREPATROL Franchise Systems, LLC. was formed under the laws of Arizona in January 2009. CAREPATROL does not do business under any other name. Our principal business address is 625 N Gilbert Rd., Suite 200, Gilbert, Arizona, 85234. CAREPATROL’s agent for service of process is disclosed in **Exhibit F** to this Franchise Disclosure Document. CAREPATROL has never offered franchises in this or any other line of business and has no business other than offering franchises and assisting franchisees.

CAREPATROL Franchise Systems, LLC. has no parent companies.

CAREPATROL has no predecessors but we do have one affiliate, which is Arizona Placement Advisors whose principal business address is 625 N Gilbert Rd Suite 200, Gilbert, AZ 85234. Arizona Placement Advisors was formed under the laws of Arizona in January 2009.

We have not operated any CAREPATROL franchises, however, our affiliate has owned and operated since September 1993 which is similar to the franchise being offered. This location is used for training purposes and will conduct some support services to all CAREPATROL franchises.

Description of the Franchise

We offer franchises for the operation of a business providing Referral and Senior Placement Services under the CAREPATROL trademarks, trade names, service marks, and logos (“Marks”). The franchise is operated under a business format in accordance with a unique system, including our valuable know how, information, trade secrets, methods, manual, standards, designs, methods of trademark usage, copyrightable works, sources and specifications, software, confidential electronic and other communications, methods of Internet usage, marketing programs, and research and development connected with the operation and promotion of the Business (collectively, the “System”) owned and developed by us and known as CAREPATROL (“Business”). We are designed to support you in your ongoing business efforts. We reserve the right to change or otherwise modify the System and add, modify, or delete any of our designs, processes, or services at any time in our sole discretion.

You must operate your Franchise in accordance with our standard business operating practices and sign our standard franchise agreement (“Franchise Agreement”), which is attached to this Disclosure Document as **Exhibit B**. We have been offering franchises since April 1, 2009. We have never offered franchises in any other line of business. CAREPATROL is not engaged in any other type of business activity.

The Market and Competition

The target market for CAREPATROL businesses consists of individuals who are elderly and who need assistance with their daily living activities. The average assisted living resident is 84 years old. Based on current statistics and projections, the market for assisted living placement services is growing and will continue to grow due to the increasing number of seniors in need of assisted living accommodations and in home care. However, you may have to compete with other businesses including franchised operations, national chains, and independently owned companies offering similar services to customers. The market for Referral and Senior Placement Services is considered newly developed and is moderately competitive in some markets. You will also face other normal business risks that could have an adverse effect on your Franchise. These may include industry developments, such as pricing policies of competitors, and supply and demand.

Regulations

As a franchisee, you may be subject to general business, employment and other laws and regulations. You should consult with your attorney and local, state and federal government agencies before acquiring your CAREPATROL Franchise or any business to determine all legal requirements and consider their effects on you and cost of compliance. **It is your sole responsibility, to investigate, satisfy and remain in compliance with all local, state and federal laws, since they vary from place to place and can change over time.**

Many states and local jurisdictions have enacted laws, rules, regulations and ordinances that may apply to the operation of your business. Your Outlet may also be required to comply with various health standards and regulations. You must also comply with laws that apply generally to all businesses. You should investigate these laws.

In considering whether to purchase a CAREPATROL Franchise, you should consider the following steps and factors: (a) research the available local business climate in your area; (b) research the number of competitive businesses already in your area; (c) review this Disclosure Document, including all Exhibits, with your attorney and accountant; (d) be aware that any investment in any business involves a degree of risk, and you should not rely on any estimates of costs, revenues, or other operating results other than as contained in this Disclosure Document.

Nevada has laws that prohibit assisted living facilities from paying individuals or agencies for placing individual residents at their facility. However, Nevada does not prohibit the individuals in need of placement services or their families from paying for these services. Texas and Oklahoma have laws that prohibit charging a percentage fee and arranging for transportation to see a facility. We will alter our system in these states to comply with state and local laws. There may be other local, state and/or federal laws or regulations pertaining to your CAREPATROL franchise with which you must comply.

There may be other specific laws or regulations in your state or municipality regarding the operation of this Franchise. (See **Exhibit J**). You should also familiarize yourself with federal, state, and local laws of a more general nature, which may affect the operation of your Franchise.

You must comply with employment, health and safety, workers' compensation, insurance, licensing, and similar laws and regulations. The laws in your state or municipality may be more or less stringent. You should examine these laws before purchasing a Franchise from us.

General

This Disclosure Document sets forth the terms on which we currently offer CAREPATROL Franchises. We may have offered CAREPATROL Franchises individually or under multi-unit Agreements in the past, or may currently offer CAREPATROL Franchises in other states or countries, on economic and/or other terms which differ from those offered by this Disclosure Document and there may be instances where we have varied, or will vary, the terms on which we offer Franchises to suit the circumstances of a particular transaction. We strongly urge you to carefully review all documents with independent advisors who can provide legal, business and/or economic guidance, such as a lawyer and/or accountant.

We retain the right, in our Business Judgment, to award, or not award, a CAREPATROL Franchise to you, regardless of the stage of the franchise award process, costs expended by you or otherwise.

You should understand that every detail of your CAREPATROL Franchise will be important not only to you, but to us and to all CAREPATROL Franchisees in order to: (a) maintain high and uniform operating standards based on the CAREPATROL core operating values; (b) increase the demand for the products and services sold by CAREPATROL Franchises; and (c) maintain a reputation for offering uniform and high quality products and services, ethical business practices and integrity. A fundamental requirement of your joining and remaining part of the CAREPATROL System will be your commitment to the operation of your CAREPATROL Franchise Business consistent with the then-current CAREPATROL System Standards. During the term of the Franchise Agreement, you must, at all times, develop and operate your CAREPATROL Franchise Business in compliance with all CAREPATROL System Standards, as we may modify in the future.

ITEM 2 BUSINESS EXPERIENCE

Chief Executive Officer: Chuck Bongiovanni, MSW, MBA, CSA

Mr. Bongiovanni has been our CEO since our inception in January 2009. In May 1993 he founded Preferred Assistance, an assisted living placement firm where he performed assisted living placement services in Arizona. Mr. Bongiovanni serves on several boards including the Professional Association of Referral Specialists and is on the national advisory board for Tutella Corporation.

Corporate Trainer & Coach: David Johnson, LMSW

Mr. Johnson has been a Social Worker for 30 years and an Arizona Licensed Social Worker for 23 years. He has a strong client management background. He has worked for Banner Health's Medicare Pioneer Program and the last 4 years for Maricopa County.

Compliance Officer: Nita Rice

Mrs. Rice has worked for CarePatrol since its inception as the Franchise Compliance Officer. Prior to that, Mrs. Rice worked in the same capacity for our affiliate company Arizona Placement Advisors.

**ITEM 3
LITIGATION**

No litigation is required to be disclosed in this Franchise Disclosure Document.

**ITEM 4
BANKRUPTCY**

No person previously identified in Items 1 or 2 of this Discloser Document have been involved as a debtor in proceedings under the U.S. Bankruptcy code as required to be disclosed in this item.

**ITEM 5
INITIAL FEES**

You are required to pay an initial franchise fee of \$44,500.00 for a CAREPATROL Franchise ("Initial Franchise Fee"). Each franchise is operated according to a separate Franchise Agreement, and this fee must be paid to us in a lump sum upon the signing of each Franchise Agreement. The franchise fee is calculated in the same way for all franchises, except for those that may be granted for no, or for a reduced initial fee, or to certain individuals affiliated with CAREPATROL Franchise Systems, LLC. The Initial Franchise Fee is deemed fully earned and nonrefundable upon payment there are no exceptions to this rule.

For this initial franchise fee you receive a franchised territory area. The franchised area depends on one or more zip code areas designated by US Postal Service Codes. The number of zip codes included in your franchised area depends on the numbers of Assisted Living options and marketing options in each zip code area. Your franchise area will include as many zip codes as necessary to give you at least 50 assisted living homes or facilities in your territory but may be more depending on the geographical metropolitan area. This fee will go into our general operating fund to be used to defray our costs of recruiting and qualifying new Franchises, as well as other operating expenses associated with our business.

Before your business opens, you must pay us a Grand Opening Fee of \$5,000 and for on-site marketing training and sales materials.

**ITEM 6
OTHER FEES
(Note 1)**

OTHER FEES

Type of Fee	Amount	Due Date	Remarks
Royalty Fee	30% of Gross Proceeds from corporate leads that are converted into placements.	Due within 3 days of you receiving the fees from the senior care provider.	“Gross Proceeds” means all gross sums that are derived by leads that were referred to you by Us. We do not charge a Royalty fee for any client that you place with a senior care provider which was derived from your marketing efforts.
Monthly Maintenance and support fee	\$300.00 per month during year 1 \$500.00 per month during year 2 \$700.00 per month year during year 3 and beyond	3,4,5 and renewal Due on the 10th of each month for the preceding month	This fee is for continued local marketing R&D, local client and local marketing coaching.
Database Licensing Fee	\$60 per month per user	10 th of each month for the preceding month.	
Additional On-Site Assistance	\$500.00 per day plus expenses	Any time additional assistance is requested by you, or required by us. We will provide our initial training program for each owner of the franchise	You must pay us the Additional Training Fee if your Owner Manager must retake the initial training program or if we must train a Substitute Manager
Transfer Fee	\$5,000. (Note 5)	Prior to acceptance of transfer	Payable before you sell your franchise.
Audit	Cost of audit \$2,500.000 plus 1% interest per month on understatement	30 days after billing	We pay all audit costs unless the audit shows an understatement of at least 2% of Gross Revenue for any month. Also payable for failure to submit required reports
Interest	1% per month	30 days after due date	Franchisees must pay interest on late payments in the amount of 1% per month, or the maximum interest rate allowed by applicable law, whichever is less.
Franchise Renewal Fee	\$5,000.00	30 days prior to renewal	Initial franchise term is 5 years. The renewal term is 5 years.
DVD production fees	\$100.00	After assisted living community purchase	You will pay US \$100.00 for DVD production of a facility that you sell this product to. We will set the sales price of the DVDs for the community with you keeping the actual price less the production price.

Type of Fee	Amount	Due Date	Remarks
Indemnification	Will vary under circumstances	As incurred	You have to reimburse us if we are held liable for any claims arising from your franchise business
Strategic Partner Support Program.	\$600.00 per month for the first 4 months of your franchise	At the 1st of every month for that month's services. Begins after all on-site training has concluded	
Computer and Communications Equipment Upgrades and Maintenance	Varies	As incurred or as agreed	You must purchase upgrades and pay for maintenance for your computer and communications equipment, including upgrades for any required proprietary software, when we require you to do so. (See ITEM 11 for more information regarding computer and communications system requirements).

- (1) Except where otherwise specified, we or our affiliates impose all the fees in this table, you pay them to us or our affiliate, and we (or our affiliate) do not refund them.
- (2) **“Gross Revenues”** means the total of all receipts derived from gross revenue receipts, whether the receipts are evidenced by cash, credit, checks, services, property, or other means of exchange. Gross Revenue excludes only sales tax receipts that you must by law collect from customers and that you actually pay to the government, promotional or discount coupons to the extent that Franchisee realizes no revenue, and employee receipt of services, if free, or any portion not paid for by an employee.
- (3) Training for you and your Manager is included in the Initial Franchise Fee. Additional charges are only applied if you choose to train more than two people. Training fees can be increased or decreased by us at any time in our discretion.
- (4) Ongoing assistance by telephone is included. We will charge you the Additional Assistance fee only if you require additional assistance at your franchise. Fees for additional assistance can be increased or decreased by us at any time in our discretion.
- (5) No Transfer Fee is required if you transfer your Franchise to a corporation in which you are the majority stockholder, or if you transfer the Franchise to your child, parent, sibling, or spouse. You must pay a Transfer Fee of \$2,500 if you transfer the Franchise to another franchisee of ours.
- (6) You must maintain insurance policies in amounts as specified by us periodically in the Manual. Insurance coverage must include general liability, combined single limit, bodily injury and property damage insurance for premises operations, and all other occurrences against claims of any person, employee, customer, agent, or otherwise.
- (7) Strategic Partner Support Program is an accelerated training program which includes additional training by individual and group teleconferences, use of instructional videos and one on one coaching sessions with your assigned business coach to perform “case reviews” of every client for the first four (4) months of your operation.

**ITEM 7
ESTIMATED INITIAL INVESTMENT**

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount (Low)	Amount (High)	Method of payment	When due	To whom payment is to be made
Initial Franchise Fee (Note 1)	\$44,500	\$44,500	Lump sum	Upon signing of a Franchise Agreement	Us
Travel and Living Expenses	\$1,000	\$1,500	As incurred	During training	Airlines, Hotels, Restaurants, etc.
Grand Opening Fee (Note 2)	\$5,000	\$5,000	Lump Sum	10 days prior to trianing	Us
Rent or Real Estate (Note 3)	\$0	\$2,500	As determined by Lessor	Prior to opening	Lessor
Certified Senior Advisor (4)	\$850	\$1,000	Lump Sum	Within first 6 months of operation	Vendor
Furniture & Fixtures	\$0	\$1,000	As determined by Vendors	Prior to opening or as arranged with Vendors	Vendors
Signage	\$0	\$1,000	As determined by Vendors	Prior to opening or as arranged with Vendors	Vendors
Miscellaneous Opening Costs (Note 5)	\$0	\$1,000	As incurred	Prior to opening	Suppliers, Utilities, etc.
Initial Inventory (Note 6)	\$0	\$0	As incurred	Prior to opening	Us
Insurance (Yearly basis)	\$2,000	\$3,000	As determined by Insurance Company	Prior to opening or as arranged with Insurance Company/Agent	Insurance Company/Agent
Computer Equipment and Proprietary Software (Note 7)	\$500	\$4,000	As determined by Vendors	Prior to opening or as arranged with Vendors	Vendors
Additional Funds for Initial three (3) Months (Note8)	\$2,000	\$5,000	As incurred	As incurred	Suppliers, Utilities
TOTALS (Note 9)	\$55,850.00	\$69,500.00			

- (1) CAREPATROL will approve or decline your application within 45 days of our receipt of your completed application. Your Franchise Fee will be due upon signing the Franchise Agreement and is fully earned upon payment. We will not refund the Initial Franchise Fee under any circumstances. CAREPATROL, nor any affiliate finances any part of the initial investment.

- (2) Grand Opening Fee: Since we do not receive any Royalties from any of your local marketing efforts this fee is to compensate US for of our expenses for initial and continued training, coaching, local marketing materials development and coaching for local marketed clients.
- (3) Rent/Real Estate: You are not required to maintain an office for purposes of operating your CAREPATROL business. Instead, you may operate your CAREPATROL business from your home. If you choose a commercial location, you must lease the space for your Business. Generally, this will include first and last months' rent, plus a security deposit. Typical locations are commercial centers, strip centers or buildings on commercial streets with heavy traffic, and office buildings.
- (4) This fee is for your Certified Senior Advisor education and certification which is part of our mandatory education policy. This training is offered both online and live classroom settings and is given by the Society of Certified Senior Advisors. This fee does not include any travel or lodging expenses if you choose to be trained in a live classroom setting outside of your territory.
- (5) This fee also includes other deposits, utility costs, telephone, Internet, and communications costs and incorporation fees if you choose to have a store front office.
- (6) You will be provided with an initial inventory of marketing supplies, including 1,000 brochures, 1,000 business cards, and name plates. This initial inventory is included with the price of your Initial Franchise Fee.
- (7) While we do not require any specific vendors for computer, Internet, and communications equipment, we require that you meet certain minimum standards established periodically in the Manual. You are required to purchase or lease certain software for the operation of your franchise. Required software includes Microsoft Word, Access, Excel, PowerPoint, Publisher and Streets & Trips programs, FileMakerPro 11.0 and FileMakerGo for the Ipad.. This fee also estimates your cost to purchase a telephone system, a portable DVD player, smart phone, digital camera and GPS. See Item 11 of this Disclosure Document for additional information regarding the requirements for your computer hardware and software
- (8) This estimates your initial start-up expenses for an initial three-month period, not including payroll costs, and does not include any revenue generated by the operation of your Business. These figures are estimates and we cannot guarantee that you will not have additional expenses starting your Business. Your expenses will depend on factors such as: how much you follow our methods and procedures, your management skill, experience and business acumen, local economic conditions (e.g., the local market for Senior Referral and Placement), the prevailing wage rate, competition and the sales level reached during the initial period.
- (9) We relied on 17 years of experience in the Senior Referral and Placement business to compile these estimates. You should review these figures carefully with a business advisor before making any decision to purchase the franchise. If you obtain financing from others to pay for some of the expenditures necessary to establish and operate the franchise, the cost of financing will depend on your creditworthiness, collateral, lending policies, financial condition of the lender, regulatory environment, and other factors.

ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

We require that you establish and operate your franchised Franchise in compliance with your Franchise Agreement. You must strictly follow our specifications as set forth in the operations manual we provide to you or other written materials from us (collectively, the “**Manual**”), which we may modify from time to time, and which may be in print or electronic format. We reserve the right to require you to use an electronic version of the Manual and to require you to access the document using the Internet or an intranet created and supported by us. Our standards and specifications have been prescribed in order to maintain a uniform standard of high quality, value, advertising support and availability to be furnished to the public in connection with our Marks. In operating the Franchise, all equipment and supplies must conform to our standards and specifications, which have been established through years of experience. In the future, we may modify our Outlet equipment and supplies.

You must purchase the advertising and all printed material and other supplies used in the operation of your business from our approved suppliers. At the present time, CAREPATROL is the only approved or designated supplier of these items. We may derive income or other material benefit from these required purchases from designated and approved vendors/suppliers.

CAREPATROL estimates that the cost of the advertising and all printed material and other items used in the operation of your business that must be purchased from designated or approved suppliers or in accordance with CAREPATROL's specifications will represent approximately 1% of your total purchases in connection with the establishment of your business, and will represent from 3% to 10% of your ongoing expenses.

There are no approved suppliers in which any of our officers owns an interest.

We expect to derive some income from Franchisees' required purchases from designated and approved suppliers in the next and following fiscal years through a program of rebates from some of our designated or approved suppliers. These rebates serve to partially reimburse us for our costs in the initial sourcing, approval and ongoing monitoring of compliance with our quality standards by our suppliers but we may receive rebates in excess of our cost to source, approve and monitor suppliers. In the fiscal year ended December 31 2011, neither we nor our affiliates derived revenue from purchases or leases made by our Franchisees.

If you would like to purchase these items from another supplier, you may request our “Supplier Approval Criteria and Request Form.” Based on the information and samples you supply to us, we will test the items supplied and review the proposed supplier's business reputation, delivery performance, credit rating and other information. We expect to complete our review and advise you of our decision within 30 days after you submit the required information. The specifications and standards for these required purchases are in the Manual.

We do not have any purchasing or distribution cooperatives as of the date of this Disclosure Document, but we have acquired special below market rates for all of our printed marketing materials. We may negotiate purchase arrangements with other suppliers and distributors for the benefit of our Franchisees in the future and we may receive rebates or volume discounts from our

purchase of equipment and supplies that we resell to you. We do not provide material benefits, such as renewing or granting additional franchises, to Franchisees based on their use of designated or approved suppliers.

WE maintain all internet sales and advertising. YOU are prohibited from purchasing advertising on the internet, obtaining a domain name or email address that is similar or can be used in the assisted living placement industry. You may not create an internet website promoting CarePatrol or any other Senior Placement company of any type. You may not purchase leads from any company or individuals who operates a lead generation program for assisted living or similar services. You may not list your franchise or telephone number on any internet listing or advertising website.

Leases

This is a home based franchise; therefore there are no lease or real estate requirements.

Insurance

You must, at all times, maintain insurance as follows:

A. If you have employees, workers' compensation insurance in amounts prescribed by law in your territory;

B. Fire and lightening, extended coverage, theft, vandalism and malicious mischief, flood (if the Franchise is in a Designated Flood Hazard Area), and sprinkler leakage insurance on the Franchise and all fixtures, equipment, supplies and other property used in the operation of the Franchise, for not less than 100% of the replacement value of the same, except that an appropriate deductible clause will be permitted;

C. Comprehensive general liability insurance and product liability insurance coverage in such amounts and upon such terms as may from time to time be customary for a Senior Referral and Placement business located in your Territory, but not less than \$1,000,000, insuring both you and CAREPATROL against all claims, suits, obligations, liabilities and damage, including attorneys' fees, based upon or arising out of actual or alleged personal injuries or property damage relating to the use or condition of the Franchise; and

D. Such additional insurance as may be required by your state and local laws for the operation of a Senior Placement Service.

Computer Requirements

We do not currently require you to purchase any particular computer hardware brand to establish or operate the Business except for an Apple Ipad2 or Apple Ipad3 with WiFi capabilities, but we do specify the standards for computer and communication equipment and Internet access. (See ITEM 11). You will be required to purchase software to use in the operation of your Franchise. We reserve the right to require you to specify computer hardware or software, and other

communications equipment, and to specify other computer-related and communications standards in the future.

ITEM 9 FRANCHISEE'S OBLIGATIONS

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

	Obligation	Section in Franchise Agreement	ITEM in Disclosure Document
A	Site selection and acquisition/lease if any	N/A	N/A
B	Pre-opening purchases/leases	N/A	N/A
C	Site development and other pre-opening requirements	N/A	N/A
D	Initial and ongoing training	Sections 8.04 & 8.05	ITEM 11
E	Opening	Section 8.06	Not Applicable
F	Fees	Section 5	ITEM 5, 6, & 7
G	Compliance with standards and policies/Manual	Section 7.04, 12.02, 12.03	ITEM 11
H	Trademarks and proprietary information	Section 6 & 7	ITEM 13 & 14
I	Restrictions on and services offered	Sections 8.03, 12.06	ITEM 8 & 16
J	Warranty and customer service requirements	Not Applicable	Not Applicable
K	Territorial development and sales quotas	Section 4 and Attachment I	ITEM 11 & 12
L	Ongoing Product and service purchases	Section 12	ITEM 8 & 16
M	Maintenance, appearance and remodeling requirements	Sections 10.01, 10.04 12.02, 12.03	Not Applicable
N	Insurance	Section 12.08	ITEM 8
O	Advertising	Section 9	ITEM 11
P	Indemnification	Section 12.14	Not Applicable
Q	Owner's participation/management staffing	Sections 12.04	ITEM 15
R	Records and reports	Section 7	Not Applicable
S	Inspection and audits	Section 11	Not Applicable
T	Transfer	Section 14	ITEM 17
U	Renewal	Section 3	ITEM 17
V	Post-termination obligations	Sections 13.03, 13.04	ITEM 17
W	Non-competition covenants	Sections 7.05, 15.01	ITEM 17
X	Dispute resolution	Section 16	ITEM 17
Y	Other	Not Applicable	Not Applicable

ITEM 10 FINANCING

Neither CAREPATROL nor any agent of ours offers direct financing. Other than described below, we do not guarantee your note, lease, or obligation. Except as describe below we do not currently place financing with anyone and do not receive any payment or other benefit for placement of financing. We do not have any past or present practice to sell, assign or discount to any third party, in whole or in part, any financing arrangements. We reserve the right to offer further financing or assist Franchisees in obtaining financing in the future.

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

Except as listed below, CAREPATROL Franchise Systems, LLC. is not required to provide you with any assistance.

Pre-Opening Obligations

Before you begin your Business, we will:

1. Within 30 days of signing the Franchise Agreement, designate your Protected Territory in writing. (See Section 4 of the Franchise Agreement).

2. Loan you a copy of our confidential operating Manual, which contains mandatory and suggested specifications, standards, operating procedures and rules. The Manual is confidential and remains our property. We may modify the Manual from time to time, but the modification will not alter your status and rights under the Franchise Agreement. (See Section 7.04 of the Franchise Agreement). You will be shown our manual and Table of Contacts at your Discovery Day at our corporate offices as stated in **Exhibit H** to this Franchise Disclosure Document.

3. Provide assistance with equipment and opening inventory and supplies. We will provide you a list of the names of approved suppliers. Upon request, we will provide written specifications for these items. Other than the marketing supplies included in the Initial Franchise Fee, we do not deliver or install any of the items.

4. Within 60 days of your signing the Franchise Agreement, or any other time as may be mutually agreed upon, train you (as defined in ITEM 15) as follows:

Training Program

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Orientation	Minimum of 1 Hour	None	Gilbert, Arizona
Safety and Insurance	Minimum of 1 Hour	None	Gilbert, Arizona
Marketing and Promotion	Minimum of 8 Hours	Minimum of 8 Hours	Gilbert, Arizona
Basic Management	Minimum of 8 Hour	None	Gilbert, Arizona
Administration	Minimum of 4 Hours	None	Gilbert, Arizona
Client Assessment	Minimum of 3 Hour	None	Gilbert, Arizona/ Franchisee Location
Provider Assessment & Contracting	Minimum of 2 Hour	Minimum of 8 Hours	Gilbert, Arizona/ Franchisee Location
Operation:	Minimum of 13 Hours	None	Gilbert, Arizona/ Franchisee Location
TOTALS	Minimum of 40 Hours	Minimum of 16 Hours	

Our training staff consists of Chuck Bongiovanni, David Johnson and other corporate staff which have had more than 20 years combined experience in various operational capacities relating to the operation of a CAREPATROL business.

You or your designated Manager must attend training. You will also be required to pay the travel and living expenses for you, your designated Manager, and your employee(s). All training, except any on-site training, will be held at our corporate headquarters in Gilbert, Arizona, or at another designated franchise. You must satisfactorily complete this training or repeat this training, at no cost. After satisfactorily completing this initial training, there is no mandatory training requirement.

5. We will also provide to you two (2) days of on-site initial training at your Franchise and assistance with respect to opening activities within the first three weeks of the operation of your Franchise at no additional cost to you. We will also provide to you two (2) days of on-site initial marketing training at your Franchise and assistance with respect to opening activities within the first six weeks of the operation of your Franchise which is included in your Grand Opening fee.

6. You should be able to open your Business within three (3) months after you sign a Franchise Agreement. The factors that affect this time are the ability to obtain a building or lease, obtain general business permits, training, financing or building permits, zoning and local ordinances, weather conditions, shortages, and installation of equipment, fixtures and signs. If you do not make reasonable efforts to open your franchise by the end of six (6) months we may terminate the Franchise Agreement and retain all monies received.

7. We will provide for you 1,000 brochures, 1000 business cards, name plates at no additional cost. We will provide for you marketing brochures and flyers for your first initial five (5) to six (6) months as part of your Grand Opening fee.

8. You will be charged and will receive local marketing materials every six (6) months automatically.

During the operation of the franchised business, CAREPATROL will:

1. Research new equipment, supplies, services and methods of doing business and provide you with information concerning developments of this research. (See Section 8.09 of the Franchise Agreement). We will offer new equipment and supplies to you on reasonable terms in our discretion.

2. Offer you a reasonable amount of continuing advisory services by telephone during normal business hours. We may also provide to you visits by our field representative, but any additional on-site consultation or advisory services you request may incur a fee. (See Sections 8.04 and 8.07 of the Franchise Agreement).

3. WE will provide and direct all leads within your territory to you that are received by us. (Franchise Agreement Section 9.03)

4. We will telephone you each week for the first 90 days after you open to discuss your operational problems. (Franchise Agreement, Section 8.05)

5. We will include information about your Franchise on our Web site. (See Section 8.11 of the Franchise Agreement).

6. We may provide to you a corporate support line and a corporate coach for your business. (See Section 8.06 of the Franchise Agreement).

7. We may implement a centralized purchasing system for you and negotiate prices and terms with suppliers. (See Section 8.10 of the Franchise Agreement).

8. We may hold periodic regional or national conferences to discuss on-going changes in the industry, operational techniques, developments, personnel training, bookkeeping, accounting, advertising programs and new service procedures. You are required to attend these conferences to maintain your franchise “good standing”. These conferences will be held at our corporate headquarters in Gilbert Arizona, or at another location chosen by us. We will not receive any net income from these conferences. (See Section 8.05 of the Franchise Agreement).

9. We will maintain a referral system for providing you with information regarding prospective customers in your franchise area, but the number of prospects is not guaranteed by us. (Franchise Agreement 9.03)

10. We will provide for you an Online Database system for your use to enter your clients into for your franchise Contact Information System. WE will have independent access to this database at all times and you must enter all new clients into the database that you receive prior to 5:00 pm (Arizona time) by 9:00 am (Arizona time) the next day. Clients received after 5:00 pm (Arizona time) must be in the system by the next business day or from your referral sources regardless of how you obtained the referral.

11. Provide marketing, promotional materials, and services to you. Materials provided may include video and audiotapes, copy-ready print marketing materials, posters, banners and miscellaneous items. You will receive one sample of each at no charge. If you want additional copies you must pay duplication costs. We may use both outside advertising and marketing agencies and internal staff to create advertising. You may develop marketing materials for your own use, at your own cost. We must approve the marketing materials in advance and in writing within fifteen days from receipt. We reserve the right to utilize marketing developed by you for the use of all Franchisees without any payment or other compensation to you. (See Section 9.03 of the Franchise Agreement).

12. There are no restrictions on your marketing (other than to hospitals, physicians and nursing homes within your territory); except that you may not advertise independently on the World Wide Web or outside your territory and that your advertising must be approved by us.

13. You must follow our approved marketing system to market local doctors, nursing homes and hospitals.

Sales Lead Management

All sales leads generated by advertising and marketing efforts of US must be contacted within the time frame in accordance with the system minimum standards for Sales Lead Management Program of these leads as described within your training program. A franchisee that refuses to contact or does not follow our Sales Lead Management procedures may be in default of this franchise agreement.

Schedule for Opening

It is estimated that the length of time between the signing of the Franchise Agreement and the opening of your Business will usually be about two to three months. Factors affecting this length of time include financing arrangements, property lease terms, construction or conversion requirements, and scheduling and completion of the training program.

Computer Systems, Proprietary Software, and Internet Access

We do not currently require you to purchase any particular brand of computer hardware to establish or operate the Business (except for an Apple Ipad, Apple Ipad3 with Wifi), but we do

specify the standards for computer and communication equipment and Internet access. You will be required buy and/or license third-party software to use in the operation of your Franchise. Currently, the software requirements are Microsoft Word, Access, Excel, PowerPoint, Publisher and Streets & Trips programs, FileMaker Pro 11 & FileMakerGo. We currently use Microsoft 2007 or 2010 versions. We also require that you purchase one (1) license of our proprietary software for client data collection. The minimum requirement to run our software is a PC with 2 Gigabits RAM and 120 GB Hard Drive. This hardware and software may be obtained from any computer reseller such as Office Depot, or Best Buy and will cost from \$500 to \$4,000. We reserve the right to specify computer hardware or software and to specify other computer-related standards in the future. You must have access to the Internet, use our corporate electronic mail address and check your electronic mailbox many times per day. We reserve the right to market and sell, over the Internet.

The software will generate and CAREPATROL will use it to collect revenue and other operating data. We will have access to this information over the internet. However, we will be restricted to the information relating to your franchise. CAREPATROL has the contractual right to pull the and review necessary data from your computer. CAREPATROL will not have the right to access other types of data on your computer and does not have the ability to access it independently.

You may be required to upgrade your hardware and/or software in order to utilize the computerized system as technological advances require. You will be responsible for the cost of such upgrades. You will not be required to upgrade your hardware or software more often than once a year, at a maximum cost of \$1,000.

You are solely responsible for protecting yourself from viruses, computer hackers, and other communications and computer-related problems, and you may not sue us for any harm caused by such computer-related problems. You must also take reasonable steps to verify that any person or entity upon whom you rely is reasonably protected. This may include establishing firewalls, access code protection, anti-virus systems, and use of backup systems. You must also save all emails on the CarePatrol server that you receive from your CarePatrol.com domain name. You must also use the CarePatrol.com email assigned to you by Us for all correspondence between you and the client. You also must enter into our database. all received emails outside of our database, ex. Microsoft Outlook.

You also must buy and or use a Blackberry telephone with instant access to email and a high speed Internet connection only. You may not be allowed to use any other type of cell phone other than Blackberry due to its speed of email delivery. A GPS system whether free standing or a Ipad/Blackberry software based GPS system is voluntary. You must also purchase a quality digital camera with a wide angle lens to take pictures of your communities for DVD tours and community identification within our database. You will be given descriptions of acceptable models of cameras prior to training.

ITEM 12 TERRITORY

You will receive an exclusive territory (“**Protected Territory**”). Your territory will consist of a zip code or zip codes with a minimum of 50 senior care facilities within that range of zip codes or a population of 600,000 people. CAREPATROL will not operate, through our current trademarks or different trademarks, any CAREPATROL permanent Franchises or grant franchises for a similar or competitive business within your Protected Territory, but it has the right to do so anywhere outside your Territory. Once established, the boundaries of your Protected Territory will not be adjusted without our prior written consent regardless of whether the population of your Protected Territory increases or decreases over time.

A third-party CAREPATROL franchisee (including a CAREPATROL business operated by us or an affiliate of ours) will be permitted to service a client residing within your territory if (i) the franchisee receives the referral (the client or the client’s family) within that franchisee’s territory, (ii) the client is specifically referred to the franchisee by one of the franchisee’s other clients or referral sources. However, another franchisee cannot tour a client within your territory without your exclusive permission. A franchisee who may have a lead that desires to move into another franchisee’s territory, shall “transfer” that lead to the franchisee who owns the territory that specified territory. The referring franchisee will receive a thirty percent (30%) referral fee from the franchisee who owns the territory that the client chose to move into, unless the receiving franchisee gives permission for the referring franchisee to tour. The receiving franchisee must give the referring franchisee care options if the referring franchisee tours the client.

Your Protected Territory does not extend to, and you may not advertise independently on, the Internet or World Wide Web. We will maintain CAREPATROL Web pages which will include information regarding your Franchise. Clients that contact us through one of our telephone numbers are deemed to be for “corporate lead” royalty purposes whether or not they reside in your territory.

We will give you exclusive marketing rights to all medically related businesses in your territory, including but not limited to hospitals, nursing homes, physician offices, home health agencies, non-medical home care agencies and hospices. We reserve the right to market all non medical related businesses or individuals through electronic, direct, ad print or any other media in your territory.

There is no minimum sales quota; other than you must attempt to contact all corporate leads as described in our Sales Lead Management program and training noted in our manual. You may not refuse to work a corporate lead at any time.

If you refuse or choose not to perform your services on a corporate lead, then we, one of our affiliates or a third party we designate (including another franchisee) may service that client, and you will be entitled to no compensation in connection with this.

You do not receive the right to acquire additional franchises within your area or any contiguous area by this agreement alone. Each Franchise Agreement is a separate and distinct transaction between you and us. We intend to develop a strong system of multi-unit owners. You are

encouraged to purchase franchise rights to operate additional franchises within or outside your local trade area. You do not receive any rights to use any other channel of distribution for our products or services without our written consent.

We reserve the right, among others:

1. to own, franchise, or operate Franchises at any location outside of the Protected Territory, regardless of the proximity to your Franchise;
2. to use the Marks and the System to sell any equipment or services, or supplies similar to those which you will sell, through any alternative channels of distribution within or outside of the Protected Territory. This includes, but is not limited to, other channels of distribution such as television, mail order, catalog sales, wholesale sale to unrelated franchises, or over the Internet. We exclusively reserve the Internet as a channel of distribution for us, and you may not independently market on the Internet or conduct e-commerce;
3. to purchase or be purchased by, or merge or combine with, any business, including a business that competes directly with your Franchise, wherever located.

**ITEM 13
TRADEMARKS**

We grant you the right to operate a business under our Marks, including the name “CAREPATROL.” You may also use our other current or future Marks as we may designate to operate your Business. You must indicate, as required in the Franchise Agreement and specified in the Manual, that you are an independent operator of the Franchise and shall use the appropriate trademark and copyright marks as indicated by us.

The following is a description of the principal Trademarks which we will license to you:

Description of Mark	Registration Date	Registration Number	Principal or Supplemental Register of the United States Patent and Trademark Office
CAREPATROL AND DESIGN (shown on FDD cover page)	3698342	October 20, 2009	Principal



On September 1, 2008, WE entered into a Licensing Agreement (the “License Agreement”) with Arizona Placement Advisors, inc. our corporate store under the terms of the License Agreement, CAREPATROL Franchise Systems, LLC. granted Arizona Placement Advisors, inc. the right to use the Marks in connection with the System and to sublicense the Marks to our franchisees. The term of the License Agreement automatically renews annually, unless it is terminated in accordance with its terms. CAREPATROL Franchise Systems, LLC is permitted to terminate the License Agreement only if we declare bankruptcy or become insolvent or if we and Arizona Placement Advisors, inc. mutually agree to terminate the License Agreement. If the License Agreement is terminated, the agreement states that all sublicenses granted by us to our franchisees will continue in full force and effect until the expiration or termination of the applicable franchise agreement. Except as discussed above, no agreements limit our right to use or sublicense the use of the Marks.

We received Registration for our Trademark on October 20, 2009. There are no determinations currently in effect that significantly limit our rights to use or license others to use the trademarks and service marks in any manner material to the franchise by the United States Patent and Trademark Office, the Trademark Trial And Appeal Board, or the trademark administrator of any state or any court, nor any pending interference, opposition or cancellation proceeding or litigation involving the trademark (MARK).

You must notify us immediately in writing of any apparent infringement to your use of our trademark. We have the sole discretion to take such action as we deem appropriate to exclusively control any litigation. We are not obligated by the Franchise Agreement or other agreement to participate in your defense or to indemnify you if you are a party to any administrative or judicial proceeding involving the Marks.

You must follow OUR rules when YOU use OUR trademark. You may not, without our written consent, start, or prosecute, or seek any litigation to enforce any right or recover any element of damage arising from the use or infringement of our trademark.

YOU must modify or stop using OUR trademark, if WE modify, or discontinue it. The use of a new or modified trademark may be required, at your own expense, to remove existing signs from your CAREPATROL Franchise Systems franchise, and to purchase and install new signs. We have no liability to you in connection with this exchange.

Usage of the trademark granted under this Franchise Agreement is nonexclusive. WE may use the trademark in connection with selling products, services, and granting licenses to use the CAREPATROL Franchise Systems trademark to create other systems using the same trademark. YOU the franchisee have no rights in the trademark CAREPATROL Franchise Systems other than what is expressly granted in the Franchise Agreement.

Upon expiration of the Franchise Agreement you may not use the trademark or logo whatsoever but must cease using them upon expiration of the Franchise Agreement. When using the trademark on checks, invoices, receipts, contracts or any other documents with our trademark on it your name must be followed by the phrase a “Franchisee of CAREPATROL Franchise Systems, LLC”.

Functions of Marks and Restrictions:

We own and use the Marks in conducting our business and showing the origin of our computer services. YOU may not claim any rights in the display of the trademark, and you may not incorporate using the name of CAREPATROL Franchise Systems Services, LLC, or display the trademark beyond the limited permission granted herein the Franchise Agreement. YOU may not use the trademark as part of any internet domain name.

ITEM 14 PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Patents and Copyrights:

You do not receive the right to use any item covered by a patent or copyright, but you can use the proprietary information in the CAREPATROL Operating Manual. The Operating Manual is described in Item 11. Item 11 also describes limitations on the use of this manual by you and your employees. You must also promptly tell us when you learn about the unauthorized use of this proprietary information. We are not obligated to take any action, but we will respond to your notification of unauthorized use as we think appropriate. We will indemnify you for any

loss you sustain as a result of any action brought by a third party concerning your use of this proprietary information.

You agree that we possess certain confidential information which YOU are obligated to protect. The confidentiality of these materials includes the techniques, procedures, information, and knowledge of the operation and franchising of a CAREPATROL Franchise Systems franchise (the Confidential Information) and must be protected. We will disclose certain Confidential Information to YOU during the training programs, through The Operating Manual and in guidance furnished to you by US during the term of the Franchise Agreement.

The Franchise Agreement provides that YOU will not acquire any interest in the Confidential Information other than the right to utilize it in the development and operation of YOUR CAREPATROL Franchise Systems franchise during the term of the Franchise Agreement, and that the use or duplication of the Confidential Information in any other businesses would constitute unfair competition. YOU also agree that the Confidential Information is proprietary to US and is disclosed to you solely on the condition that you (1) YOU will not use the Confidential Information in any other business (2) YOU will maintain the absolute confidentiality of the Confidential Information during and after the term of the Franchise Agreement; (3) and YOU will use nondisclosure and noncompetition clauses in employment agreements with YOUR employees before they receive any training from you.

WE will take affirmative action when notified of infringement of the copyrights and Trademarks of the system.

There are no agreements currently in effect which significantly limit your right to use any of our copyrights. Also, there are no currently effective determinations of the USPTO, the U.S. Copyright Office (Library of Congress) or any court pertaining to or affecting any of our copyrights discussed above. As of the date of this disclosure document, we are unaware of any infringing uses of or superior previous rights to any of our copyrights which could materially affect your use of them in any state.

Your and our obligations to protect your rights to use our copyrights are the same as the obligations for Trademarks described in Item 13 of this disclosure document.

Our confidential information will include services, technologies and procedures relating to the operation of a CAREPATROL; systems of operation, services, programs, products, procedures, policies, standards, techniques, requirements and specifications which are part of the CAREPATROL System; the Manual: methods of advertising and promotion: instructional materials; and other matters.

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

You or a fully trained and qualified manager (“**Manager**”), both of whom have completed our training program, must directly supervise and participate in the actual day-to-day operation the Franchise on a full-time basis. Neither you nor your Manager may have an interest or business relationship with any of our business competitors. If you are an entity, we do not require that your designated Manager own an equity interest in such entity. However, your designated Manager and each of your officers, directors, partners, shareholders or members (and, if you are an individual, immediate family members) must execute our standard Nondisclosure and Non-competition Agreement, a copy of which is attached to this Disclosure Document as **Exhibit I**. Other than the above, we make no other recommendations and have no other requirements regarding employment or other written agreements between you and your employees.

If you are a business entity, each of your officers, directors, shareholders, partners, and members, spouses plus any individual who owns, directly or indirectly, a 20% or greater interest in you must also sign the Guaranty and Assumption of Franchisee’s Obligations assuming and agreeing to discharge all of your obligations and comply with all restrictions under the Franchise Agreement. (See **Attachment V** to the Franchise Agreement).

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer and sell all products and services which are part of the CAREPATROL system, and all services and products we incorporate into the CAREPATROL system in the future. CAREPATROL reserves the right, in our sole discretion, to change the types of authorized services upon reasonable notice to you. There are no contractual limits on CAREPATROL’s right to make changes, but CAREPATROL will not make changes lightly. (See **ITEMS 1, 8 & 9**).

You must offer and sell all products and services that we designate as required for all Franchisees within your market area. We have the right to change the products or services that you must offer in your area, with prior notice to you. We also reserve the right to set maximum prices for use with multi-area marketing and special price promotions.

Currently, you must purchase marketing materials from us or our designated companies. We reserve the right in the future to designate alternate vendors from whom you will purchase marketing materials. You are not restricted as to individuals to whom you may offer services to. (See **ITEM 12**).

ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

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

THE FRANCHISE RELATIONSHIP

	Provision	Section in Franchise Agreement	Summary For Franchise Agreement
A	Length of the franchise term	Section 3	5 years.
B	Renewal or extension of term	Section 3	If you are in good standing you can renew for 3 additional terms of 5 years.
C	Requirements for you to renew or extend	Section 3	Sign new agreement, be current in payments, and pay the Renewal Fee. You may be asked to sign a new Franchise Agreement with materially different terms and conditions than your original contract, but the boundaries of the territory will remain the same, and the Continuing Royalty on renewal will be no greater than Royalties that we impose on similarly-situated renewing franchisees.
D	Termination by you	Section 13.01	Default by us.
E	Termination by CAREPATROL with cause	Section 13.02	We can terminate if you commit any one of several violations with a written 90 days notice.
F	Termination by CAREPATROL without cause	Not Applicable	Not Applicable
G	“Cause” defined - curable defaults	Section 13.01(a)	You have 30 days to cure, including failure to comply with the System, non-payment of fees and other obligations, failure to comply with federal, state or local laws or regulations.
H	“Cause” defined - non-curable	Section 13.01(b)	Non-curable defaults include misrepresentation by you, behaviors that cause damage to the brand, conviction of a felony, failure to complete initial training, bankruptcy, insolvency, or appointment of receiver, abandonment, trademark misuses and unapproved transfers. (Termination upon bankruptcy may not be enforceable under U.S. Bankruptcy Law.)
I	Your obligations on termination/nonrenewal	Sections 13.03, 13.04	Obligations include complete de-identification, non-competition and payment of amounts due.

	Provision	Section in Franchise Agreement	Summary For Franchise Agreement
J	Assignment of contract by CAREPATROL	Section 14	No restriction on our right to assign.
K	“Transfer” by you - definition	Section 14.03	Includes transfer of contract or assets or ownership change.
L	CAREPATROL approval of transfer by Franchisee	Section 14.04-14.06	We have the right to approve all transfers but will not unreasonably withhold approval.
M	Conditions of approval of transfer	Section 14.04	New Franchisee qualifies, Transfer Fee paid, purchase agreement approved, training arranged, release signed by you, and current agreement signed by new Franchisee.
N	CAREPATROL’s right of first refusal to acquire your Business.	Section 14.07	We can match any offer for your Business.
O	CAREPATROL’s option to purchase your Business	Section 14.07	We may purchase Business if Franchise is terminated for any reason by Right of First Refusal
P	Your death or disability	Section 14.06	Franchise must be assigned by estate to approved transferee within 120 days.
Q	Non-competition covenants during the term of franchise	Section 15.01	No involvement in competing business anywhere in U.S.
R	Non-competition covenants after the franchise is terminated or expires	Section 15.01	No competing business for 1 years within 50 mile radius from the boundary of your Protected Territory or from another CAREPATROL franchise or company-owned Franchise (including after assignment).
S	Modification of agreement	Sections 7.04, 8.09	No modifications generally but Manual subject to change.
T	Integration/merger clause	Section 18.01	Only the terms of the Franchise Agreement are binding (subject to state law). Any other promises may not be enforceable. Nothing in the Agreement or in any related agreement is intended to disclaim the representations we made in the FDD.
U	Dispute resolution by arbitration or mediation	Section 16	Except for certain claims, all disputes must be arbitrated.
V	Choice of forum	Section 16.06	Arbitration and actions for injunctive relief, claims based on the Marks, or on covenants not to compete must be in the State of Arizona.
W	Choice of law	Section 16.06	Arizona law applies.

The provision of the Franchise Agreement that provides for termination upon your bankruptcy may not be enforceable under federal bankruptcy, law (11 U.S.C. Section 101 et seq.)

See the state addenda to the Franchise Agreement and disclosure document for special state disclosures.

ITEM 18 PUBLIC FIGURES

We currently do not use any public figure to directly promote our franchise, but may in the future. We do have a video presentation which was aired on local and National television which was introduced by former Senator Fred Thompson, however the Honorable Thompson does not recommend or represent us in any way.

ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS

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

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Chuck Bongiovanni, at 625 N Gilbert Rd., Suite 200, Gilbert, Arizona 85234; and 877-654-0344 and the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 19
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
System Wide Outlet Summary
For years 2009 to 2011 (As of December 31 of each year)

COLUMN 1 OUTLET TYPE	COLUMN 2 YEAR	COLUMN 3 OUTLETS AT THE START OF THE YEAR	COLUMN 4 OUTLETS AT THE END OF THE YEAR	COLUMN 5 NET CHANGE
Franchised	2009	0	12	+12
	2010	12	15	+3
	2011	15	20	+5
Company- Owned	2009	1	1	1
	2010	1	3	+2
	2011	3	3	0
Total Outlets	2009	0	13	+13
	2010	13	18	+5
	2011	18	23	+6

Table No. 2
Transfers of outlets from Franchisees to New Owners (other than the Franchisor)
For years 2009 to 2011

STATE	YEAR	NUMBER OF TRANSFERS
All States	2009	0
	2010	0
	2011	0
Total Outlets	2009	0
	2010	0
	2011	0

Table No. 3
Status of Franchised Outlets
For years 2009 to 2011

STATE	YEAR	OUTLETS AT START OF YEAR	OUTLETS OPENED	TERMINATIONS	NON-RENEWALS	REACQUIRED BY FRANCHISOR	CEASED OPERATIONS- OTHER REASONS	OUTLETS AT END OF THE YEAR
Arizona	2009	0	6	0	0	0	0	6
	2010	6	0	0	0	0	0	6
	2011	6	0	0	0	0	0	6
Michigan	2009	0	0	0	0	0	0	0
	2010	0	1	0	0	0	0	1
	2011	1	0	0	0	0	0	1
Missouri	2009	0	1	0	0	0	0	1
	2010	1	0	0	0	0	0	1
	2011	1	0	0	0	0	0	1
New Jersey	2009	0	1	0	0	0	0	1
	2010	1	0	0	0	0	0	1
	2011	1	0	0	0	0	0	1
North Carolina	2009	0	1	0	0	0	0	1
	2010	1	1	0	0	0	0	2
	2011	2	0	0	0	0	0	2
Pennsylvania	2009	0	0	0	0	0	0	0
	2010	0	1	0	0	0	0	1
	2011	1	0	0	0	0	0	1
Texas	2009	0	2	0	0	0	0	2
	2010	2	1	1	0	0	2	0
	2011	0	0	0	0	0	0	0
Wisconsin	2009	0	1	0	0	0	0	1
	2010	1	0	0	0	0	0	1
	2011	1	0	0	0	0	0	1
Colorado	2009	0	0	0	0	0	0	0
	2010	0	1	0	0	0	0	1
	2011	1	1	0	0	0	0	2
Oregon	2009	0	0	0	0	0	0	0
	2010	0	1	0	0	0	0	1
	2011	1	0	0	0	0	0	0
Connecticut	2009	0	0	0	0	0	0	0
	2010	0	0	0	0	0	0	0
	2011	0	1	0	0	0	0	1

New Mexico	2009	0	0	0	0	0	0	0
	2010	0	0	0	0	0	0	0
	2011	0	1	0	0	0	0	1
Alabama	2009	0	0	0	0	0	0	0
	2010	0	0	0	0	0	0	0
	2011	0	1	0	0	0	0	1
Illinois	2009	0	0	0	0	0	0	0
	2010	0	0	0	0	0	0	0
	2011	0	1	0	0	0	0	1
Total Units	2009	0	12	0	0	0	0	12
	2010	12	6	1	0	0	2	15
	2011	15	5	0	0	0	0	20

Table No. 4
Status of Company-Owned Outlets
For years 2009 to 2011

STATE	YEAR	OUTLETS AT START OF YEAR	OUTLETS OPENED	TERMINATIONS	NON-RENEWALS	REACQUIRED BY FRANCHISOR	CEASED OPERATIONS- OTHER REASONS	OUTLETS AT END OF THE YEAR
Arizona	2009	1	0	0	0	0	0	1
	2010	1	0	0	0	0	0	1
	2011	1	0	0	0	0	0	1
Texas	2009	0	2	0	0	0	1	1
	2010	1	0	0	0	0	0	0
	2011	0	0	0	0	0	1	0
Washington	2009	0	0	0	0	0	0	0
	2010	0	0	0	0	0	0	0
	2011	1	0	0	0	0	0	1
Maryland	2009	0	0	0	0	0	0	0
	2010	0	0	0	0	0	0	0
	2011	1	0	0	0	0	0	1
Total Outlets	2009	1	0	0	0	1	0	2
	2010	2	0	1	0	1	0	2
	2011	2	0	0	0	0	0	2

**TABLE NO. 5
PROJECTED OPENINGS AS OF DECEMBER 31, 2012**

State	Franchise Agreements Signed But Franchises Not Open	Projected Franchised New Franchises In The Next Fiscal Year	Projected Company Owned Openings In Next Fiscal Year
South Carolina	0	1	0
California	0	4	0
Colorado	0	3	0
Ohio	0	2	0
Georgia	0	1	0
Texas	0	2	0
TOTALS	0	0	0
	0	14	0

Lists of Current and Former Franchises:

Exhibit D lists the names of all current franchises and the cities and telephone numbers of their outlets as of December 2011.

Exhibit E lists the name, city and state, and the current business telephone number (or, if unknown, the last known home telephone number) of every franchisee who had an outlet terminated, canceled or not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during our most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance date of this Disclosure Document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

Confidentiality Agreements:

During the last three fiscal years, we have not signed any confidentiality clauses with current or former franchisees.

Associations and/or Organizations:

Exhibit K lists, to the extent known, the names, addresses, telephone numbers, e-mail address and Web address of each trademark-specific franchisee organization associated with the franchise system being offered which we have created, sponsored or endorsed.

Exhibit L lists the independent franchisee organizations that have asked to be included in this disclosure document.

ITEM 20
FINANCIAL STATEMENTS

Attached to the Disclosure Document as **Exhibit A** are our audited financial statements as of December 31, 2011.

ITEM 21
CONTRACTS

Attached to this Disclosure Document are the following contracts:

- | | |
|-----------|---|
| Exhibit B | Franchise Agreement |
| | Attachment I Addendum |
| | Attachment II Electronic Payment Authorization |
| | Attachment III Collateral Assignment of Numbers |
| | Attachment IV Statement of Ownership |
| | Attachment V Guaranty of Franchisee's Obligations |
| Exhibit I | Nondisclosure and Noncompetition Agreement |

ITEM 22
RECEIPT

Included as the last document of this Disclosure Document as **Exhibit M** is a detachable Receipt to be signed by you. This Receipt must be signed and dated and delivered to us at least 14 calendar days before signing of the Franchise Agreement or payment of any fee by you.

EXHIBIT A



CAREPATROL Franchise Systems, LLC.

FINANCIAL STATEMENTS

EXHIBIT A

CAREPATROL Franchise Systems, LLC.

AUDITED FINANCIAL REPORT

December 31, 2011

CarePatrol Franchise Systems, LLC
Audited Financial Statement
December 31, 2011

Robert L. White & Associates, Inc.

1.01 Certified Public Accountants

1000 Ohio Pike, Suite 5
Cincinnati, Ohio 45245

Phone (513) 943-1040
Fax (513) 943-7760

Independent Public Accountant

To the Members
CarePatrol Franchise Systems, LLC
Gilbert, Arizona

We have audited the accompanying balance sheets of CarePatrol Franchise Systems, LLC (a limited liability company) as of December 31, 2011 and 2010, and the related statements of operations, change in members' equity and cash flows for years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with United States generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the balance sheets. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CarePatrol Franchise Systems, LLC as of December 31, 2011 and 2010 and the results of its operations and cash flows for the years then ended in conformity with generally accepted accounting principles.

//

Robert L. White & Associates, Inc.

September 4, 2012

Table of Contents

	<u>Page Number</u>
Auditor's Report	1
Financial Statements	
Balance Sheets as of December 31, 2011 and 2010	2
Statement of Operations for the years ended December 31, 2011 and 2010	3
Statement of Members' Equity of the years ended December 31, 2011 and 2010	4
Statement of Cash Flows for the years ended December 31, 2011 and 2010	5
Notes to Financial Statements	6-7

CarePatrol Franchise Systems, LLC
Balance Sheet
As of December 31, 2011 and 2010

ASSETS	2011	2010
Current Assets		
Cash	\$ 6,856	\$ 5,842
Accounts Receivable	<u>88,500</u>	<u>17,823</u>
Total Current Assets	95,356	23,665
Fixed Assets (Net)	<u>6,486</u>	<u>7,783</u>
Total Assets	<u>\$101,842</u>	<u>\$ 31,448</u>
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts Payable	\$ 13,451	\$ 6,642
Equity		
Members' Equity	<u>88,391</u>	<u>24,806</u>
Total Liabilities & Equity	<u>\$101,842</u>	<u>\$ 31,448</u>

See Auditor's report and accompanying notes

CarePatrol Franchise Systems, LLC
Income Statement
As of December 31, 2011 and 2010

	2011	2010
Revenue	\$ 470,236	\$ 341,640
 Expenses		
Advertising and Promotion	81,644	108,554
Automobile and Travel	42,882	23,452
Bank Charges	8,098	1,159
Commission and Fees	61,473	26,800
Consulting and Professional Fees	15,639	57,330
Depreciation	1,297	1,297
Dues and Subscription	1,136	2,165
Employee Related Expenses	30,313	26,747
Office Expenses	20,515	23,685
Payroll	60,714	20,820
Rent	11,913	13,787
Software and Internet	27,615	21,179
Telephone	12,254	9,199
Utilities	<u>1,497</u>	<u>2,614</u>
 Total Expenses	 <u>376,990</u>	 <u>338,788</u>
 Net Income	 <u>\$ 93,246</u>	 <u>\$ 2,852</u>

See Auditor's report and accompanying notes

CarePatrol Franchise Systems, LLC
Statement of Members' Equity
As of December 31, 2011 and 2010

	2011	2010
Balance at Beginning of Year	\$ 24,806	\$ 21,954
Net Income	93,246	2,852
Member Withdrawals	<u>(29,661)</u>	<u>-0-</u>
Balance at End of Year	<u>\$ 88,391</u>	<u>\$ 24,806</u>

See Auditor's report and accompanying notes

CarePatrol Franchise Systems, LLC
Statement of Cash Flows
As of December 31, 2011 and 2010

	2011	2010
Cash Flows From Operating Activities		
Net Income	\$ 93,246	\$ 2,852
Adjustments to reconcile net loss to net cash provided by operating activity		
Depreciation	1,297	1,297
(Increase) Decrease in Current Assets	(70,677)	(12,823)
Increase (Decrease) in Current Liabilities	<u>6,809</u>	<u>5,817</u>
Cash Provided (Used) By Operations	30,675	(2,857)
Cash Flows From Financing Activities		
Fixed Assets Sold (Acquired)	<u>-0-</u>	<u>-0-</u>
Net Cash Provided (Used)By Investing Activities		
Member Withdrawals	<u>(29,661)</u>	<u>-0-</u>
Net Increase (Decrease) In Cash	1,014	(2,857)
Cash at Beginning of Year	<u>5,842</u>	<u>8,699</u>
Cash at End of Year	<u><u>\$ 6,856</u></u>	<u><u>\$ 5,842</u></u>

See Auditor's report and accompanying notes

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business and Trade Name

CarePatrol Franchise Systems, LLC (the company) is a Limited liability company organized under the laws of the State of Arizona on January 16, 2010. The Company was organized to promote, sell and support franchises operating under the trade name of CarePatrol. The Company's franchisees offer referral and senior placement services. The Company provides a distinctive method of procedure for operations, advertising and marketing for the assisted living placement of services.

Use of Estimates

The process of preparing financial statement in conformity with generally accepted accounting principals requires the use of estimates and assumptions regarding certain assets, liabilities, revenues and expenses. Other estimates relate to unsettled transactions and events as of the date of financial statements and relate to assumptions about the ongoing operations and may impact future periods. Accordingly, upon settlement, actual results may differ from estimated amounts.

Fixed Assets

The Company's furniture, fixtures, and equipment are depreciated using the straight line method over a period of 5-7 years. Leasehold improvements are depreciated on a straight line basis over a period of 5 years.

Income Tax Status

The company is organized as an Arizona limited liability company. As a multiple member LLC the Company files its returns with the Internal Revenue Service as a partnership. The profits (losses) are posed through to the individual members (based ownership percentage) who are liable for federal and state income taxes on their individual returns. Therefore, no provision or liability for federal income taxes has been included in these financial statements.

Advertising

Advertising expense is expensed as incurred.

NOTE B—INCOME RECOGNITION

The initial franchise fee from the sale of a franchise is recognized as revenue when the franchisee has completed the initial training for new franchisees and all of the Company's significant commitments under the franchise agreement have been completed. The initial franchise fee is presently \$29,500 plus a training fee. Franchisees are required to pay a continuing royalty of 30% of the gross income of the franchise for clients generated by the company. There is also a monthly on-going system licensing fee for the use the Company's systems in lieu of any royalty paid to the Company from the franchisee's referral sources. This fee is \$300 per month in the first year, \$500 per month during the second year and \$700 per month subsequently. Franchise agreements have a five year term and can be renewed for one additional five year term at a renewal fee of \$5000.

See Auditor's report and accompanying notes

NOTE C—CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the Company's cash in bank. The Company has no other assets that would be classified as a cash equivalent.

NOTE D—RELATED PARTY TRANSACTIONS

The Company receives royalties from another company that is owned by the spouse of the Company's CEO. This affiliate is located in Gilbert, Arizona and shares space with the Company. It performs placement services for seniors in Arizona and will continue to operation in non-franchised areas in Arizona. Its owner also serves as the corporate trainer for the Company. This affiliate was not required to pay an initial franchise fee or ongoing royalties.

NOTE E—SUBSEQUENT EVENTS

At the report date of September 4, 2012, the Company has sold thirteen franchises since the balance sheet date.

EXHIBIT B
FRANCHISE AGREEMENT



CAREPATROL Franchise Systems, LLC.

FRANCHISE AGREEMENT

Franchisee: _____
Date: _____
Territory: _____

TABLE OF CONTENTS

<u>Section</u>	<u>Page</u>
1. DEFINITIONS.....	1
2. GRANT OF FRANCHISE	2
3. TERM AND RENEWALS	3
4. TERRITORY	4
5. FEES AND ROYALTIES	5
6. MARKS	6
7. MANUAL AND CONFIDENTIAL INFORMATION	7
8. FRANCHISOR'S DUTIES	9
9. SOLICITATION AND ADVERTISING	10
10. CONSTRUCTION AND MAINTENANCE OF FRANCHISE.....	12
11. RECORDS AND REPORTS	13
12. FRANCHISEE'S DUTIES.....	14
13. DEFAULT AND TERMINATION.....	17
14. TRANSFER.....	20
15. GENERAL PROVISIONS	23
16. DISPUTE RESOLUTION	23
17. RELATIONSHIP OF THE PARTIES.....	25
18. MISCELLANEOUS	25
19. ACKNOWLEDGEMENT	27

ATTACHMENTS

Attachment I	Addendum to Franchise Agreement	I-1
Attachment II	Electronic Payment Authorization	II-1
Attachment III	Collateral Assignment of Telephone Numbers.....	III-1
Attachment IV	Statement of Ownership.....	IV-1
Attachment V	Guaranty of Franchisee's Obligations	V-1

FRANCHISE AGREEMENT

This Franchise Agreement (the “**Agreement**”) is entered into and effective this ____ day of _____, 20__, between CAREPATROL Franchise Systems, LLC., a Arizona Limited Liability Company, located at 625 N Gilbert Rd., Suite 200, Gilbert, Arizona 85234 (“**Franchisor**”), and _____, (“**Franchisee**”), residing at _____.

In consideration of the mutual promises in this Agreement, the parties agree as follows:

1. DEFINITIONS

1.01 “**Assets**” means the franchised Business, including all inventories, supplies, furnishings, equipment, fixtures, land, buildings and improvements, and other tangible items.

1.02 “**Business**” means the right which is granted to Franchisee to operate a Franchise as set forth in this Agreement.

1.03 “**Business Records**” means evidence of each business transaction, and all financial, marketing, and other operating aspects of the Business, and all evidence and records with respect to customers, clients, employees, and other service professionals relating the Business including, without limitation, all databases in print, electronic or other form, including all names, addresses, phone numbers, e-mail addresses, customer/client records, and all other records contained in the database, and all other records created and maintained by Franchisee in operation of the Business.

1.04 “**Confidential Information**” means all methods for establishing, operating and promoting the Business pursuant to the Franchisor’s distinctive business format, plans, methods, data, processes, supply systems, marketing systems, formulas, techniques, designs, layouts, operating procedures, Marks and information and know-how of the Franchisor and such other information as may be further developed periodically by the Franchisor.

1.05 “**Gross Revenue**” means the total of all receipts derived from gross revenue receipts, whether the receipts are evidenced by cash, credit, checks, services, property, or other means of exchange. “Gross Revenue” shall exclude only sales tax receipts that Franchisee must by law collect from customers and that Franchisee pays to the government, promotional or discount coupons to the extent that Franchisee realizes no revenue, and employee receipt of services, if free, or any portion not paid for by an employee.

1.06 “**Franchise**” means the CAREPATROL which Franchisee is granted the right to operate in conformity with the requirements of this Agreement.

1.07 “**Manual**” means Franchisor’s operations manual and other written materials, including information posted on Franchisor’s Web site and information sent to or accessed by Franchisee in print or electronic form, manuals, written procedures, memoranda and their supplements loaned to Franchisee by Franchisor.

1.08 “**Marks**” means Franchisor’s trade names, trademarks, service marks, logos, decor, trade dress, lay out, and commercial symbols, and similar and related words or symbols, now or in the future associated with Franchisor, the System or the franchised Business, whether or not they are registered, including, but not limited to, “CAREPATROL.”

1.09 “**Premises**” means the one Franchise within the Protected Territory and as described in **Attachment I** at which Franchisee may operate the franchised Business using the System.

1.10 “**Protected Territory**” means the territory described in **Attachment I** to this Agreement, subject to any reservations or exceptions contained in this Agreement.

1.11 “**System**” means, collectively, Franchisor’s valuable know how, information, trade secrets, methods, Manuals, standards, designs, methods of trademark usage, copyrightable works, sources and specifications, software, confidential electronic and other communications, methods of Internet usage, marketing programs, and research and development connected with the operation and promotion of the franchised Business, as modified by Franchisor at any time.

1.12 “**Trade Secret**” is the whole or any portion of know-how, knowledge, methods, specifications, processes, procedures, and improvements regarding the System that is valuable and secret in the sense that it is not generally known to competitors of Franchisor.

1.13 “**Transfer**” means to voluntarily or involuntarily transfer, assign, sell, or encumber any interest in or ownership or control of, the franchised Business, substantial assets of the franchised Business, or of this Agreement.

2. GRANT OF FRANCHISE

2.01 Grant of License. Subject to the terms and conditions of this Agreement, Franchisor grants to Franchisee an exclusive license to operate a Franchise as designated in **Attachment I** to this Agreement and described in Section 4, using the System and the Marks for the term of this Agreement. Franchisee may use the Marks and System only in accordance with the terms and conditions of this Agreement.

2.02 Modification of System. Franchisor reserves the right to periodically change, improve, or further develop the System, or any part of the System. Franchisee must promptly accept and comply with any change to the System and make

any reasonable expenditure as necessary to comply. Franchisor will not alter these basic rights and obligations of the parties arising under this Agreement through changes in the Manual.

2.03 Ownership and Principal Contact of Franchisee. If Franchisee is an entity, Franchisee shall complete and update throughout the term of this Agreement, as necessary, the Statement of Ownership attached hereto as **Attachment IV**. In addition, if Franchisee is an entity, all persons who own more than twenty percent (20%) of the beneficial ownership interests in the entity shall guaranty Franchisee's performance under this Agreement by signing the Guaranty and Assumption of Franchisee's Obligations attached hereto as **Attachment V**. If Franchisee is a limited liability company, partnership, corporation or other entity, Franchisee shall provide to Franchisor a resolution signed by all members, directors or partners, as appropriate, designating the principal contact for the Business. This principal contact must be a managing member, general partner or controlling shareholder. Such representative shall have the authority to speak for and bind Franchisee in all matters pertaining to this Agreement, and all matters relating to the Business. Further, if Franchisee is an entity, such entity shall engage in no business other than the operation of the Business governed by this Agreement.

3. TERM AND RENEWALS

3.01 Term of Agreement. This Agreement begins on the date executed by both parties, and will continue for a period of five (5) years, unless earlier terminated as provided under this Agreement.

3.02 Rights Upon Expiration. At the end of the term of this Agreement, Franchisee may renew its license for three successive periods of five (5) years, provided Franchisor does not exercise its rights of refusal as set forth below.

3.03 Right of Refusal to Renew. Franchisor may refuse, in Franchisor's sole discretion, to renew Franchisee's license if Franchisee:

(a) fails to remedy, in the time frame set forth in this Agreement, any breach of this Agreement specified by Franchisor in a written notice;

(b) has committed two (2) or more material breaches of this Agreement in the preceding twenty four (24) months prior to expiration;

(c) fails to give notice of Franchisee's intent to renew at least six (6) months, but no more than twelve (12) months, prior to the expiration of this Agreement. Failure to give timely notice will be considered an election not to renew this Agreement; or

(d) is not current in payment obligations to Franchisor or its subsidiaries and affiliates and to trade creditors, landlords, or mortgage holders at the time Franchisee delivers its notice of renewal or on the date this Agreement is scheduled to expire.

If Franchisor intends not to renew Franchisee's license, Franchisor shall give Franchisee at least one-hundred fifty (150) days notice of non-renewal prior to expiration of the term.

3.04 Renewal Agreement. Franchisee must execute a renewal franchise agreement and all other legal agreements in Franchisor's then-current form for new franchisees. These agreements may vary in material aspects from this Agreement, including, but not limited to, higher royalty and advertising fees. Franchisee must also make capital expenditures that are reasonably required for the renovation and modernization of the Franchise, signs, or any other required equipment to reflect the then-current image of Franchisor.

3.05 Renewal Fee. Upon signing a renewal franchise agreement, Franchisee will not be required to pay another Initial Franchise Fee, but will be required to pay \$5,000 transfer fee.

4. TERRITORY

4.01 Franchise. Franchisee may operate the franchised Business only at the Premises as designated in **Attachment I** to this Agreement. Franchisee may not relocate the Premises without Franchisor's prior written approval, such consent not unreasonably withheld for any reason.

4.02 Protected Territory. During the term of this Agreement and any extensions, Franchisor will not own, operate or franchise a fixed franchise for the operation of any other Franchise within your Protected Territory as designated in **Attachment I** to this Agreement. Franchisee will also have the right to service any persons residing in the Protected Territory, regardless of the method of sales, subject to Franchisor's express reservation of rights set forth in Section 4.04. Once established, the boundaries of Franchisee's Protected Territory will not be adjusted without Franchisor's written consent regardless of whether the population of Franchisee's Protected Territory increases or decreases over time.

4.03 Soliciting Outside the Protected Territory. Subject to the requirements of Sections 9.01 and 9.02, Franchisee may not solicit or advertise to people who reside outside the Protected Territory without the express written permission of Franchisor.

4.04 Reservation of Rights. Franchisor reserves the rights, among others:

(a) to own, franchise, or operate Franchises at any franchise outside of the Protected Territory, regardless of the proximity to the Premises;

(b) to use the Marks and System to sell any equipment and supplies, similar to those which Franchisee will sell through alternative channels of distribution within or

outside of the Protected Territory, other than through the Franchise at the Premises. This includes, but is not limited to, other channels of distribution such as television, mail order, catalog sales, wholesale sale to unrelated franchises, or over the Internet. The Internet is a channel of distribution reserved exclusively to Franchisor, and Franchisee may not independently market on the Internet or conduct e-commerce;

(c) to purchase or be purchased by, or merge or combine with, any business wherever located, including a business that competes directly with Franchisee's Franchise; and

(d) to implement multi-area marketing programs which may allow Franchisor or others to solicit or sell to customers anywhere, as set forth in Section 9. Franchisee will still have the option of servicing any customer within its Protected Territory. Franchisor also reserves the right to issue mandatory policies to coordinate such multi-area marketing programs.

5. FEES AND ROYALTIES

5.01 Payment of Fees and Royalties. All payments required under this Section are imposed by and payable to Franchisor, and are non-refundable except as expressly provided below. All payments must be made by any method Franchisor reasonably specifies, including check, cash, certified check, money order, credit or debit card, automatic pre-authorized payment plan, electronic funds transfer, or payment in advance. Franchisee must sign an Authorization for Electronic Withdrawal, set forth as **Attachment II**, and Franchisor may require Franchisee to submit any payments electronically. All payments to Franchisor and dollar amounts stated in this Agreement are in U.S. dollars unless otherwise expressed. Franchisor will not require Franchisee to deposit all Franchisee's revenue into an account that Franchisor controls, or from which withdrawals may be made only with Franchisor's consent, except to secure a loan or financing arrangement by Franchisor.

5.02 Initial Franchise Fee. Franchisee must pay an initial franchise fee ("**Initial Franchise Fee**") upon the signing of this Agreement as set forth in **Attachment I**. The Initial Franchise Fee is \$44,500. The Initial Franchise Fee is fully earned upon payment, and is non-refundable under any circumstances.

5.03 Royalties. Franchisee must pay to Franchisor 30% of Gross Revenue for all clients that are placed which derived from a corporate lead.

5.04 Grand Opening Fee. Franchisee must pay to Franchisor an Grand Opening Fee of \$5,000. This fee is due and payable to the Franchisor or its affiliate upon execution of the Franchise Agreement. This fee is for local marketing training and marketing materials. Franchisor does not get any Royalties for local marketing but still trains and actively supports franchisee's efforts. This fee covers corporate trainer salary, travel and lodging for the time the corporate trainer is with

franchisee for local marketing training. Included in this fee is also marketing flyers and brochures for the franchisee's first five (5) to six (6) months marketing.

5.05 Monthly Maintenance and Support Fee. Franchisee must pay to the Franchisor graduated fees monthly of \$300.00 per month during year one (1), \$500.00 per month during year two (2), \$700.00 per month during year three (3) for continued local marketing support including local research and development and additional coaching support of local leads and clients.

5.06 Database Licensing Fee. Franchisee must pay to Franchisor a monthly database licensing fee of \$60.00 per month for user of our customized database software hosting.

5.07 Additional On-Site Assistance. Franchisee must pay Franchisor an Additional On-Site Assistance fee of \$500.00 per day plus expenses for additional on-site training requested by you or required by US due to non-compliance issues.

5.08 Transfer Fee. Franchisee must pay to Franchisor a \$5,000 transfer fee to transfer their franchise to another person or entity after it is approved by US.

5.09 Audit Fee. Franchisee must pay to the Franchisor an audit fee of the actual audit fee plus two (2) times the actual amount of the understatement of royalty payment if the audit shows a 2% understatement for any month audited. We will pay for audit if it does not show a 2% understatement for any month audited. This audit will only be performed if we feel that franchisee is understating corporate royalties.

5.10 Late Charges and Other Fees. Unless otherwise stated, Franchisee must pay interest at the rate of one percent (1%) per month for any late payments due under this Agreement, or the maximum interest rate allowed by applicable law, whichever is less. Franchisee must pay any damages, expenses through appeal, collection costs, and reasonable attorneys' fees Franchisor incurs in connection with Franchisee's failure to make any required payments.

5.11 Franchise Renewal Fee. Franchisee shall pay Franchisor a franchise renewal fee of \$5,000.00 each time franchise renews the franchise agreement.

5.12 DV D Production Fee. Franchisee shall pay Franchisor \$100.00 for a DVD production fee for every DVD package sold to an assisted living community. Franchisee shall retain the selling price less the production fee for all DVD packages sold.

5.13 Strategic Partner Support Program Franchisee shall pay Franchisor a fee of \$600.00 per month for their first 4 months in business for an accelerated training program which includes group teleconferences, individualized telephonic coaching sessions and additional library of video training.

5.14 Taxes and Debts. Franchisee will promptly pay when due all taxes, fees, debts, expenses, and assessments of the franchised Business, including payroll taxes. Franchisee will not permit a tax sale, seizure, levy, execution, bankruptcy, assignment of assets for or by creditors, or similar action to occur.

6. MARKS

6.01 Marks. Franchisee must only use the Marks in the conduct of the Business as specified in this Agreement. Any unauthorized use of the Marks by Franchisee will constitute a breach of this Agreement and an infringement on Franchisor's rights in and to the Marks. As between Franchisor and Franchisee, Franchisor has a prior and superior claim to the Marks, and Franchisee has no rights in the Marks other than the right to use them in the operation of the Business in compliance with this Agreement.

6.02 Authorized Marks. Franchisee shall use no trademarks other than "CAREPATROL" or any other Marks that Franchisor may specify for use in the identification, marketing, promotion, or operation of the Business. If Franchisee cannot lawfully use the Marks in the Protected Territory, Franchisee must obtain Franchisor's written approval to use other marks. Franchisee must also follow the copyright guidelines as specified by Franchisor in the Manual and which approval may not be unreasonably withheld, conditioned or delayed. Franchisor will indemnify Franchisee for any claims against misuse or infringement of Marks.

6.03 Change of Marks. Franchisor may add, modify, or discontinue any Marks to be used under the System. Within a reasonable time of receiving written notification of any change, Franchisee must comply with the change, at Franchisee's sole expense unless Franchisor does not control the Marks in which case Franchisor shall bear cost of the Franchisee changing of the Marks.

6.04 Limitations on Franchisee's Use of the Marks. Franchisee must use the Marks as the sole identification of the Business, but must also identify itself as the independent owner of the Business in the manner prescribed by Franchisor. All Marks must be displayed in the manner prescribed by the Franchisor. Franchisee may not use the Marks, or any words or symbols similar to the Marks, alone or with any prefix, suffix, modifying words, terms, designs, or symbols:

(a) as part of any entity or business name;

(b) in conjunction with any documents, contracts, licenses, permits and other official documents. Any reference to the Marks in any document must state that Franchisee's use of the Marks is limited by this Agreement;

(c) in any form on the Internet, including, but not limited to, addresses, domain names, links, metatags, locators, and search techniques;

(d) in connection with the performance or sale of any unauthorized services or products; or

(e) in any other manner not expressly authorized by Franchisor.

6.05 Marks on the Internet. Franchisor retains the sole right to use the Marks and market on the Internet, including all use of Web sites, domain names; URL's, linking, advertising, and co-branding arrangements. Franchisee may not establish a presence on the Internet except as we may specify, and only with our prior written consent. Franchisee will provide Franchisor with content for Franchisor's Internet marketing, and Franchisee must sign the Internet and intranet usage agreements when developed by Franchisor. Franchisor retains the right to approve any linking to or other use of CAREPATROL's Web site.

6.06 Marks in Advertising. Subject to Section 9.03, Franchisee must obtain Franchisor's prior written approval for any use of any item of printed, audio, visual, Internet, electronic media, or multimedia material of any kind bearing any of the Marks, unless supplied by Franchisor. Franchisee must indicate that it is "independently owned and operated."

6.07 Goodwill. All usage of the Marks by Franchisee and any goodwill associated with the Marks, including any goodwill that might be deemed to have arisen through Franchisee's operation of the Business or other activities will inure to the exclusive benefit of Franchisor.

6.08 Infringement. Franchisee must notify Franchisor in writing within three (3) days of obtaining knowledge of any possible infringement or illegal use by others of a trademark which is the same as or confusingly similar to the Marks. Franchisor may, in its sole discretion, commence or join any claim against the infringing party, and bear the reasonable costs associated with the action.

6.09 Signage. As specified by Franchisor, Franchisee must display signage bearing the Marks and identifying the Premises as a Franchise, and signage indicating that the Business is independently owned and operated as a franchised Business. All signage must remain current with the System's standards as Franchisor may modify periodically.

7. MANUAL AND CONFIDENTIAL INFORMATION

7.01 Confidential Information. The System, the Manual, and other Confidential Information are proprietary, involve Trade Secrets of Franchisor, and are disclosed to Franchisee solely on the express condition that Franchisee agrees, and Franchisee does hereby agree to:

(a) fully and strictly adhere to all security procedures prescribed by Franchisor, in its sole discretion, for maintaining the Confidential Information as confidential;

(b) disclose such information to its employees only to the extent necessary to market and for the operation of the Business in accordance with this Agreement;

(c) not use any such information in any other business or in any manner not specifically authorized or approved in writing by Franchisor; and

(d) exercise the highest degree of diligence and make every effort to maintain the absolute confidentiality of all such information during and after the term of this Agreement, and follow Franchisor's security procedures, which include the execution of approved nondisclosure agreements, and intranet, extranet and Internet usage agreements when developed by Franchisor, by Franchisee and any employee or agent who is allowed access.

7.02 Standards and Authorized Use. Franchisee must maintain strict compliance with the Manual as presently set forth and as subsequently amended and revised.

7.03 Unauthorized Use. Franchisee must not copy or otherwise reproduce any Confidential Information, and must establish procedures to prevent unauthorized use by any other person. Unauthorized use of the Manual or the System will constitute a breach of this Agreement and an infringement of our proprietary rights, including trade secrets and copyrights. You must promptly report any unauthorized use of the Manual or other Confidential Information.

7.04 Manual. Franchisor will loan to Franchisee during the term of the franchise one (1) copy of Franchisor's confidential operating Manual, which may be in print, on an access code-protected company intranet or extranet, or through other media. Franchisor reserves the right to require Franchisee to use the Manual in only an electronic format. The Manual will at all times remain the property of Franchisor, and Franchisee must immediately return the Manual to Franchisor upon expiration, termination, or Transfer of this Agreement. Franchisor may periodically update and revise the Manual. Franchisee acknowledges that its entire knowledge of the operation of the System is and shall be derived from information disclosed to Franchisee by Franchisor and that certain of such information is Confidential Information of Franchisor. Franchisee shall maintain the absolute confidentiality of all such Trade Secrets during and after the term of this Agreement, and shall not use any such information in any other business or in any manner not specifically authorized or approved in writing by Franchisor. Franchisee is bound by the standards for maintaining the privacy of the Manual in the same manner as all other Confidential Information as provided in this Agreement.

7.05 Nondisclosure and Noncompetition Agreements. Franchisee and its owners, members, managers, partners or shareholders, officers, directors, agents, beneficial owners, principal employees, and immediate family members shall execute Franchisor's standard Nondisclosure and Noncompetition Agreement (Exhibit I) before performing any work at the Business or otherwise having access to Franchisor's

Confidential Information. A copy of all such signed agreements shall be delivered to Franchisor within one week of their execution.

7.06 Ownership of Business Records. Franchisee acknowledges and agrees that the Franchisor has access to all Business Records with respect to customers, clients, employees, and other service professionals of, and related to, the franchised Franchise including, without limitation, all databases (whether in print, electronic or other form), including all names, addresses, phone numbers, e-mail addresses, customer records, and all other records contained in the database, and all other Business Records created and maintained by Franchisee for evaluation and research purposes only. Franchisee further acknowledges and agrees that, at all times during and after the termination, expiration or cancellation of this Agreement, Franchisor may access such Business Records, and may utilize, transfer, or analyze such Business Records as Franchisor determines to be in the best interest of the System, in Franchisor's sole discretion. This will in no way cause harm to Franchisee's business.

8. FRANCHISOR'S DUTIES

8.01 Services Provided by Franchisor. Franchisor will provide initial and continuing services as it deems necessary or advisable in furthering Franchisee's Business and the business of the System as a whole and in connection with protecting the Marks and goodwill of Franchisor. Provision of services by Franchisor, either initial or continuing, is independent from the payment the Initial Franchise Fee or the continuing Royalty Fees. Notwithstanding the foregoing, Franchisor will provide the services listed below on a continuing basis.

8.02 Equipment, Inventory, Advertising and Services. Franchisor will specify or approve certain equipment and supplies used in the Business, as provided elsewhere in this Agreement. Franchisor may negotiate marketing programs with suppliers and obtain advertising allowances or rebates for doing so, and may utilize such allowances or rebates in any manner in which Franchisor elects, in its sole discretion.

8.03 Initial Training. Franchisor will provide initial and ongoing training and assistance, as Franchisor may reasonably determine to be appropriate, within sixty (60) days of signing this Agreement. Franchisor will provide the initial training program at its corporate headquarters, or at another franchise designated by Franchisor, to Franchisee and one designated Manager or other employee. Franchisee and a designated manager must attend and satisfactorily complete the initial training program. The training program lasts for approximately 56 hours, and consists of a discussion of the System, techniques, procedures, and methods of operation, ordering, accounting, support procedures and instructions on quality standards and practical experience in the operation of the Franchise. Franchisee is responsible for personal travel, accommodation, and other costs of its employees while attending training. Franchisee will be charged Franchisor's current training fee for any additional persons attending training. Training also includes two (2) days of on-site training at your location.

8.04 Ongoing Training. Franchisor reserves the right to hold and require Franchisee to attend annual conferences to discuss on-going changes in the industry, sales techniques, personnel training, bookkeeping, accounting, inventory control, performance standards, and advertising programs. Conferences will be held at Franchisor's corporate headquarters or at an alternate franchise chosen by Franchisor.

8.05 Opening and Continuing Assistance. Franchisor may provide on-site assistance in connection with initial training during the opening of the Franchise. Franchisor will provide reasonable ongoing assistance by telephone, email, or other form of communication to Franchisee during normal business hours. If Franchisee requires additional on-site assistance, Franchisee will be charged Franchisor's then-current additional assistance fee per day, plus travel and living expenses for Franchisor's representative.

8.06 Development of Programs. Franchisor may develop new designs and service methods, as Franchisor deems beneficial to the System. Franchisor will offer such new design and service methods to Franchisee on terms reasonably determined by Franchisor.

8.07 Modification of System. Franchisor will periodically continue to improve, modify, and revise the Manual and the specifications, standards, and operating procedures and rules of the System, as set forth in Sections 2.02 and 7.04.

8.08 Central Purchasing. Franchisor reserves the right to implement a centralized purchasing system for franchisees and negotiate prices and terms with suppliers and to receive rebates from such purchases by Franchisees. Franchisor may utilize such rebated funds in any manner it chooses in Franchisor's sole discretion.

8.09 Website. Franchisor will provide information regarding Franchisee's Business on its Web site, as set forth in Section 9.02.

9. SOLICITATION AND ADVERTISING

9.01 Solicitation. Except as stated in this paragraph, Franchisee may not directly market to or solicit customers who reside outside the Protected Territory. However, Franchisee will have the exclusive right to service customers within the Protected Territory except through the Internet generated by Multi-Area Marketing Programs.

9.02 Client Facilitation. It is explicitly understood that the primarily responsibility for securing new clients, building a referral network with local health care facilities and hospitals, etc., and growing the revenues of the business is that of the Franchisee.

At our discretion and if available, Franchisor will provide sales leads in your Territory as they are received by us.

9.03 Advertising and Marketing Materials. Franchisor will provide Franchisee with an initial inventory of marketing supplies, including 1,00 brochures, 1,000 business cards, and name plates at no cost however other local marketing materials are provided by the Grand Opening Fee. Franchisee must purchase any additional copies of advertising and marketing materials. Franchisee may develop and produce additional advertising and marketing materials, at Franchisee's own expense, but any advertising and marketing materials must be approved in writing by Franchisor in advance of Franchisee's use of such materials. Franchisor will approve or disapprove of materials submitted by Franchisee within fifteen (15) days of receipt. Franchisor also reserves the option of utilizing the advertising, without cost, developed by Franchisee and providing the advertising to other franchisees.

9.04 Sales Lead management.

All sales leads generated by advertising and marketing efforts of the Franchisor that are not contacted within the time frame in accordance with the system minimum standards as specified in our Manual, at the Franchisor's option, may be managed by the Franchisor in which the Franchisee shall not retain any commission for those placed clients until Franchisee agrees to be retrained at Franchisor's choice of venue. Franchisor shall retrain Franchisee at the next new Franchisee training class at no cost to the Franchisee. However, Franchisee must pay for their own airfare , lodging and food for the entirety of the training class.

10. RESERVED FOR FUTURE USE

11. RECORDS AND REPORTS

11.01 Records. Franchisee must keep and transmit complete and accurate Business Records on a current basis relating to the Business in the form, time, and manner that Franchisor prescribes. Franchisee must keep all client related emails in the corporate email system for a time period no less than 7 years. Franchisee must provide Franchisor with all hard copies, and access to electronic reports, as reasonably prescribed. Franchisee must maintain an accounting system, which accurately reflects all operational aspects of the Franchise including uniform reports as may be required by Franchisor. Franchisee must submit to Franchisor current financial statements and other reports as Franchisor may reasonably request to evaluate or compile research data on any operational aspect of the Franchise. Franchisor reserves the right to require that Franchisee make available its sales records and files by way of an Internet connection. Business Records will specifically also include:

- (a) tax returns;
- (b) daily reports;

(c) statements of Gross Revenues and expenses, to be prepared each month for the preceding month;

(d) profit and loss statements, to be prepared at least quarterly and by an independent Certified Public Accountant annually; and

(e) balance sheets, to be prepared at least annually by an independent Certified Public Accountant.

Franchisee must keep accurate records relating to the franchised Business for a period of six (6) years after the termination or expiration of this Agreement.

11.02 Records Standards. Franchisee must prepare all financial reports in accordance with generally accepted accounting principles, consistently applied, in a form approved by Franchisor. Franchisee must periodically deliver to Franchisor copies of accounting, tax and other documents and information, within ten (10) business days of Franchisor's requests. Franchisee must provide Franchisor with a copy of its annual financial statements including a profit and loss statement and a balance sheet containing complete notes and disclosures. Such statements must be compiled by an independent Certified Public Accountant, and be delivered to Franchisor within ninety (90) days after Franchisee's fiscal year end.

11.03 Audits. Franchisee must provide Franchisor or its agent's access to Franchisee's Business and computer systems to examine or audit Franchisee's Business, at any reasonable time without notice. Franchisor will bear the cost of the audit, unless Franchisee fails to report as required or understates Gross Revenue by two percent (2%) or more for any reported time period, in which case Franchisee will pay the audit cost plus two (2) times the understated royalty amount. Franchisee must immediately pay to Franchisor all sums owed in addition to any other remedies provided in this Agreement or by law.

12. FRANCHISEE'S DUTIES

12.01 Compliance with Applicable Laws. Franchisee agrees to (i) comply with all applicable laws, ordinances and regulations or rulings, or licensing requirements, of every nature whatsoever which in any way regulate or affect the operation of its Business, (ii) pay promptly all taxes and business expenses, and (iii) comply with all laws covering occupational hazards, accommodations for the disabled, including without limitation, the Americans with Disabilities Act, if applicable, health, workers' compensation insurance and unemployment insurance. Franchisee agrees, at its expense, to modify its Franchise, if necessary, to comply with any such applicable laws or regulations. Franchisee shall not engage in any activity or practice that result, or may reasonably be anticipated to result, in any public criticism of the System or any part thereof.

12.02 System Compliance. Franchisee must comply with the System, the Manual, and all systems, procedures and forms, as in effect from time to time. All mandatory specifications, standards, and operating procedures prescribed by Franchisor in the Manual, or otherwise communicated to Franchisee in writing, shall constitute provisions of this Agreement as if fully set forth herein. Accordingly, all references in this Agreement to Franchisee's obligations under this Agreement, including to the Franchise, equipment, procedures shall include such mandatory specifications, standards, and operating procedures. Franchisor may require Franchisee to add additional concepts to the Business in the future; however, these concepts will be complementary.

12.03 Uniformity and Image. In order to maintain uniform standards of quality, appearance, and marketing, it is essential that Franchisee conform to Franchisor's standards and specifications set forth in the Manual and the System. While Franchisee will manage its own operations and employees, Franchisee must agree and conform to all the requirements of this Section.

12.04 Operations. Franchisee must operate the Business in accordance with the System and Manual, as amended by us in our discretion. This includes operation of the business during business hours as stated in the Manual, as well as responding to emergency referrals at nights and on the weekends. Franchisee or a fully trained and qualified manager ("**Manager**") approved by Franchisor must participate personally and full-time in the Business.

12.05 Right of Entry and Inspection. Franchisee must permit Franchisor or its authorized agent or representative to enter the Premises during normal business hours and to reasonably inspect the operations of the franchised Business. Without any liability to Franchisee, Franchisor may confiscate any materials which Franchisor, in its reasonable judgment, determines to be either illegal or in violation of this Agreement. Franchisor shall have the right to observe Franchisee and its customers/clients rendering services, to confer with Franchisee's employees and customers/clients and to generally review the Business operations for compliance with the standards and procedures set forth in the Manual.

12.06 Restrictions on Services and Products. Franchisee is prohibited from offering for sale any products and services not authorized by Franchisor as being a part of the System. Franchisee shall purchase marketing information required for the operation of the Business from suppliers designated or approved by Franchisor. However, if Franchisee proposes to offer, conduct or utilize any services, products, materials, forms, items, supplies or services for use in connection with the Business which are not previously approved by Franchisor as meeting its specifications, Franchisee shall first request approval in writing from Franchisor. Franchisor may, in its sole discretion, for any reason whatsoever, elect to withhold such approval; however, in order to make such determination, Franchisor may require submission of outlet design specifications, information of such equipment and supplies. Franchisor will advise Franchisee within a reasonable time whether such equipment and supplies meet its specifications. Approved equipment descriptions and supplier contact information are

prescribed in the Manual. If there is no designated or approved supplier for particular items, Franchisee may purchase from suppliers approved in advance by Franchisor who meet all of Franchisor's specifications and standards as to quality, composition, finish, appearance and service, and who shall adequately demonstrate their capacity and facilities to supply Franchisee's needs in the quantities, at the times, and with the reliability requisite to an efficient operation of the Business.

12.07 Limitations on Supply Obligations. Nothing in this Agreement shall be construed to be a promise or guarantee by Franchisor as to the continued existence of a particular product, nor shall any provision herein imply or establish an obligation on the part of Franchisor to sell equipment and supplies to Franchisee if Franchisee is in arrears on any payment to Franchisor or otherwise in default under this Agreement. If Franchisee fails to pay in advance in full for each shipment of equipment and supplies purchased, Franchisor shall not be obligated to sell equipment and supplies to Franchisee. In addition, Franchisor may impose interest on any late payments on the terms described in Section 5.04.

12.08 Insurance. Franchisee must keep in force insurance policies as prescribed by Franchisor in the Manual by an insurance company acceptable to Franchisor at all times during the term of this Agreement and any renewals. Insurance coverage must include general liability, combined single limit, bodily injury and property damage insurance for premises operations, products liability and all other occurrences against claims of any person, employee, customer, and agent or otherwise in an amount per occurrence of not less than such amount set forth in the Manual and adjusted by Franchisor from time to time. Insurance policies must insure both Franchisee and Franchisor, its officers and directors, as additional named insured against any liability which may accrue against them by reason of the ownership, maintenance or operation by Franchisee of the 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 shall be furnished to Franchisor together with proof of payment within thirty (30) days of issuance thereof. In the event Franchisee fails to obtain the required insurance and keep the same in full force and effect, Franchisee shall pay Franchisor upon demand the premium cost thereof, which Franchisor shall then forward to the insurance carrier. Notwithstanding the foregoing, failure of Franchisee to obtain insurance constitutes a material breach of this Agreement entitling Franchisor to terminate this Agreement pursuant to the provisions of this Agreement. Franchisee will also procure and pay for all other insurance required by state or federal law, including, without limitation, workers' compensation and unemployment insurance.

12.09 Appearance and Customer Service. Franchisee and its employees shall (i) maintain a clean and attractive appearance, (ii) give prompt, courteous and efficient service to the public, and (iii) otherwise operate the Business in strict compliance with the policies, practices and procedures contained in the Manual so as to preserve, maintain and enhance the reputation and goodwill of the System.

Franchisee may not alter, change, or modify the System, including the Franchise, in any way without the prior written consent and approval of Franchisor.

12.10 Signs. All signs to be used on or in connection with the Business must be approved in writing by Franchisor prior to their use by Franchisee.

12.11 Training. Franchisee or its designated Manager must complete Franchisor's initial training program described in Section 8.04 above. Franchisee shall train its employees according to standards and procedures established by Franchisor.

12.12 Correction of Defects. Should Franchisor notify Franchisee at any time of defects, deficiencies or unsatisfactory conditions in the appearance or conduct of the Business, Franchisee shall correct within a reasonable time, any such items. Franchisee shall establish and maintain an image and reputation for the Business consistent with the standards set forth in this Agreement, the Manual, or as otherwise specified by Franchisor. Franchisee shall keep its Franchise clean and in good order and repair at all times.

12.13 Indemnification. Franchisee agrees to indemnify, defend and hold harmless Franchisor, its parent corporation, its subsidiaries and affiliates, and their respective shareholders, directors, officers, employees, agents, successors and assignees against all claims and liabilities directly or indirectly arising out of the operation of the Business or arising out of the use of the Marks and System in any manner not in accordance with this Agreement. For purposes of this indemnification, claims shall mean and include all obligations, actual and consequential damages and costs reasonably incurred in the defense of any claim, including, without limitation, reasonable accountants', attorneys' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses. Franchisor shall have the right to defend any such claim against it. This indemnity shall continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement. Franchisee shall not however, be liable for claims arising as a result of Franchisor's intentional or fraudulent acts, omissions or negligence.

12.14 Computer Systems. Franchisee must acquire, maintain, and upgrade computer, information processing and communication systems, including all applicable hardware, software, and Internet and other network access providers, and Web site vendors, as prescribed in the Manual. Franchisee must comply with any separate software or other license agreement that Franchisor or its designee uses in connection with providing these services.

12.15 Computer Problems, Viruses, and Attacks. Franchisee acknowledges and understands that computer systems are vulnerable to computer viruses, bugs, power disruptions, communication line disruptions, Internet access failures, Internet content failures, date-related problems, and attacks by hackers and other unauthorized intruders. Franchisor has taken reasonable steps so that these problems will not materially affect the System. Franchisor does not guarantee that information or

communication systems supplied by Franchisor or its suppliers will not be vulnerable to these problems. Franchisee acknowledges and agrees that Franchisee is solely responsible for protecting itself from these problems. Franchisee must also take reasonable steps to verify that Franchisee's suppliers, lenders, landlords, customers, and governmental agencies on which Franchisee relies, are reasonably protected. This may include taking reasonable steps to secure Franchisee's systems, including, but not limited to, firewalls, access code protection, anti-virus systems, and use of backup systems.

13. DEFAULT AND TERMINATION

13.01 Termination by Franchisee. Franchisee may terminate this Agreement if Franchisor violates a material provision of this Agreement and fails to remedy or to make substantial progress toward curing the violation within ninety (90) days after receiving written notice from Franchisee detailing the alleged default. Termination by Franchisee is effective ten (10) days after Franchisor receives written notice of termination. If Franchisee terminates this Agreement under this provision, Franchisee must follow the termination procedures as set forth in Section 13.03.

13.02 Termination by Franchisor. Subject to applicable law to the contrary, Franchisor may, at its option, terminate this Agreement before its expiration as set forth below:

(a) With Notice of 30 Days. This Agreement will terminate thirty (30) days after Franchisor gives written notice to Franchisee and Franchisee fails to cure the defect within the 30-day period, in the event that:

(i) Franchisee fails or refuses to maintain and operate the Business in compliance with this Agreement, the System, or the Manual;

(ii) Franchisee fails to pay Franchisor or suppliers for obligations under this Agreement;

(iii) Franchisee fails to comply with any material federal, state, or local law, regulation, court order or mandate applicable to the operation of the Business; or

(iv) Franchisee is in breach of any other term, condition, or provision of this Agreement.

(b) Without Notice. This Agreement and license will immediately terminate without notice in the event that:

(i) Franchisee misrepresented or omitted material facts which induced Franchisor to enter into this Agreement;

(ii) Franchisee fails to complete the required initial training or has failed to designate an acceptable site pursuant to Section 10;

(iii) A permanent or temporary receiver or trustee for the Franchise or all or substantially all of Franchisee's property is appointed by any court, or any such appointment is consented to or not opposed through legal action by Franchisee, or Franchisee makes a general assignment for the benefit of Franchisee's creditors or Franchisee makes a written statement to the effect that Franchisee is unable to pay its debts as they become due, or a levy or execution is made on the license, or an attachment or lien remains on the Franchise for thirty (30) days unless the attachment or lien is being duly contested in good faith by Franchisee and Franchisor is advised in writing;

(iv) Franchisee loses possession or the right of possession of all or a significant part of the Franchise through condemnation, casualty, lease termination or mortgage default/foreclosure and the Franchise is not relocated or reopened;

(v) Franchisee contests the validity of, or Franchisor's ownership of, any of the Marks in any court or proceeding;

(vi) Franchisee makes an unauthorized Transfer;

(vii) Franchisee is a business entity and any action is taken which purports to merge, consolidate, dissolve or liquidate the entity without Franchisor's prior written consent.

(viii) Franchisee voluntarily abandons or ceases operation of the Business for more than five (5) consecutive days; or

(ix) The Franchisee or any owner of greater than twenty percent (20%) of the Franchisee entity or operator is charged or convicted of a felony, a crime involving moral turpitude, or any crime or offense that is reasonably likely, in the sole opinion of the Franchisor, to materially and unfavorably affect the CAREPATROL System, Marks, goodwill or reputation.

13.03 Effect of Termination. Upon any termination or expiration of this Agreement, all obligations that by their terms or by reasonable implication survive termination, including those pertaining to non-competition, confidentiality, and indemnity, will remain in effect, and Franchisee must immediately:

(a) promptly pay all amounts owed to Franchisor based on the operation of the Franchise through the effective date of termination;

(b) return to Franchisor all copies of the Manual, customer lists, records, files, instructions, brochures, advertising materials, agreements, Confidential Information and any and all other materials provided by Franchisor to Franchisee or created by a third party for Franchisee relating to the operation of the Business, and all items containing any Marks, copyrights, and other proprietary items;

(c) cancel or assign within five (5) days all registrations relating to its use of any of the Marks, in Franchisor's sole and absolute discretion. Franchisee must notify the telephone, Internet, email, electronic network, directory, and listing entities of the termination or expiration of the Franchisee's right to use any numbers, addresses, domain names, locators, directories and listings associated with any of the Marks, and must authorize their transfer to the Franchisor or any new franchisee as may be directed by the Franchisor. The Franchisee acknowledges as between the Franchisor and the Franchisee, the Franchisor has the sole rights to, and interest in, all numbers, addresses, domain names, locators, directories and listings used by Franchisee to promote the System. The Franchisee hereby irrevocably appoints the Franchisor, with full power of substitution, as its true and lawful attorney-in-fact, which appointment is coupled with an interest; to execute such directions and authorizations as may be necessary or prudent to accomplish the foregoing. Such appointment is evidenced by **Attachment III**;

(d) cease doing business under any of the Marks, cancel any assumed name registration that includes any of the Marks, assign all domain names and Internet directory listings that contain the Marks to Franchisor, and refrain from identifying itself as a CAREPATROL franchisee;

(e) allow Franchisor or representatives access to the Business and the computer systems to verify and secure Franchisee's compliance with the obligations under this Agreement;

(f) allow Franchisor to make a final inspection and audit of your computer system, books, records and accounts; and

(g) abide by the terms of the required noncompetition covenant.

In the event that Franchisee terminates this Agreement for cause as set forth in Section 13.01, Franchisee is not required to abide by the noncompetition covenants.

13.04 Failure to Cease or Remove Identification. If, within thirty (30) days after termination of this Agreement by Franchisor, Franchisee fails to remove all displays of the Marks from the Franchise which are identified or associated with the System, Franchisor may enter the Franchise to effect removal. In this event, Franchisor will not be charged with trespass nor be accountable or required to pay for any displays or materials. If, within thirty (30) days after termination Franchisee has not taken all steps necessary to amend or terminate any registration or filing of any fictitious name or any other registration or filing containing the Marks, Franchisee hereby irrevocably appoints Franchisor as Franchisee's true and lawful attorney for Franchisee, for the purpose of amending or terminating all registrations and filings, this appointment being coupled with an interest to enable Franchisor to protect the System.

13.05 Other Claims. Termination of this Agreement will not affect, modify or discharge any claims, rights, causes of action or remedies, which Franchisor

may have against Franchisee, whether such claims or rights arise before or after termination.

14. TRANSFER.

14.01 Prohibited Acts. Any unauthorized Transfer or other conveyance, by operation of law or otherwise, or any attempt to do so, shall be deemed void, a breach of this Agreement, and grounds for termination of this Agreement by Franchisor.

14.02 Transfer by Franchisor. Franchisor's obligations under this Agreement are not personal, and Franchisor can unconditionally assign and transfer, in its sole and absolute discretion, this Agreement to another person or business entity at any time. Franchisor does not need permission of Franchisee for the transfer, and may transfer free of any responsibility or liability whatsoever to the Franchisee, provided the transferee assumes the Franchisor's material obligations. Franchisor may also:

(a) sell or issue its stock, other ownership interests, or assets, whether privately or publicly;

(b) merge with, acquire, or be acquired by another entity, including an entity that competes directly with Franchisee; or

(c) undertake a refinancing, recapitalization, leveraged buyout, or other economic or financial restructuring.

14.03 Transfer by Franchisee. Franchisee's obligations under this Agreement are personal and may not be voluntarily or involuntarily sold, pledged, assigned, transferred, shared, subdivided, sub franchised, encumbered or transferred in any way without the prior express written approval of Franchisor. Franchisor will not unreasonably withhold, delay or condition its consent to any proposed transfer or assignment by Franchisee which requires Franchisor's consent under Section 14.03 of the Franchise Agreement.

14.04 Conditions for Transfer or Assignment. No Transfer of this Agreement will be approved by Franchisor or be effective unless and until:

(a) Franchisee is under no default in the performance or observance of any of its obligations under this Agreement or any other agreement with Franchisor at the time Franchisee requests permission to assign this Agreement or at the time of the assignment;

(b) Franchisee has settled all outstanding accounts with Franchisor, and Franchisee, and every principal of Franchisee's entity, have executed a general release of Franchisor and all principals of Franchisor from all claims that may be brought by you or any principal;

(c) the proposed transferee pays Franchisor a fee to transfer the Business (the “**Transfer Fee**”) in the amount of \$5,000.00 unless the transferee is:

(i) a corporation of which Franchisee is the majority stockholder, or a child, parent, sibling or spouse of Franchisee, in which case no Transfer Fee will be required, or

(ii) another franchisee of CAREPATROL, in which case the Transfer Fee will be \$2,500.00;

(d) the proposed transferee executes a separate franchise agreement with Franchisor, using the then-current form of franchise agreement;

(e) the proposed transferee pays for, attends, and satisfactorily completes the training program for new franchisees unless:

(i) the transferee is a current franchisee in good standing in the System, or

(ii) the transferee is and has been a Manager for a period of one year or more of a Franchise in good standing;

(f) the individual proposed transferee, or the stockholders, partners, members, or trustees and beneficiaries of a proposed entity transferee, each execute a personal guarantee, jointly and severally guaranteeing the performance of the proposed transferee’s obligations;

(g) the proposed transferee demonstrates to Franchisor’s satisfaction that it, in all respects, meets Franchisor’s standards applicable to new franchisees regarding experience, personal and financial reputation and stability, willingness and ability to devote his or her full time and best efforts to the operation of the franchised Business, and any other conditions as Franchisor may reasonably apply in evaluating new franchisees. Franchisor must be provided all information about the proposed transferee as it may reasonably require. Because of the confidential information available to a franchisee, no assignment to a competitor of the System will be permitted;

14.05 Transfer to an Entity. Notwithstanding the preceding section, Franchisee may Transfer its rights and obligations under this Agreement without Franchisor’s consent, to an entity in which Franchisee owns one hundred percent (100%) of the outstanding stock, provided:

(a) Franchisee remains on the Agreement as a party and the entity is added as a co-party;

(b) Franchisee, or Franchisee’s operational partner or Manager approved by Franchisor, continues to devote full time and best efforts to manage the daily operations of the Business;

(c) the entity's activities are confined exclusively to operating the franchised Business; and

(d) the entity assumes joint and several liability with Franchisee.

14.06 Death of Franchisee. Upon the death of an individual Franchisee, the rights granted by this Agreement may pass (without payment of any Transfer Fee) to the next of kin or legatees, provided that Franchisee's legal representatives will within one hundred twenty (120) calendar days of Franchisee's death apply in writing to Franchisor for the right to transfer to the next of kin or legatee Franchisee's rights under this Agreement. Franchisor will not unreasonably withhold permission so long as the proposed transferees meet each of the then-current requirements of franchisees.

14.07 Right of First Refusal. Franchisee grants Franchisor the right to purchase the Business on the same terms and conditions specified in a bona fide written offer from a qualified third party. Within seven (7) days after receipt of the bona fide offer acceptable to Franchisee to transfer all or part of the Business, Franchisee must forward a signed copy of the written offer to Franchisor. Franchisor will then have access to all Franchisee's Business Records in order to evaluate the offer, and may purchase the Business upon notification to Franchisee within thirty (30) days and 60 additional days to close the transaction.

14.08 Election of Right / Set Offs. If Franchisor elects to exercise its option to purchase under this Agreement, Franchisor will have the right to set off against any payment all amounts due from Franchisee under this Agreement and the cost of the appraisal, if any.

14.09 Rights After Refusal. If Franchisor does not exercise its right to purchase within the required timeframe, Franchisee may transfer the Business to the third party, but not at a lower price or on more favorable terms than disclosed to Franchisor in writing. Such transfer remains subject to Franchisor's prior written approval and other conditions specified in this Agreement. If Franchisor does not transfer the franchised Business to the transferee on the same terms offered to Franchisor, then Franchisee must again extend the right of first refusal to Franchisor in the manner described above, before another desired transfer.

15. GENERAL PROVISIONS

15.01 Covenants Not to Compete. During the term of this Agreement and for two (2) years after termination, transfer, or expiration of this Agreement for any reason, neither Franchisee, nor persons associated with Franchisee, including owners, managers, employees or agents, may participate directly or indirectly or serve in any capacity in any business engaged in the Senior Referral and Placement the same as, similar to, or competitive with the System. This covenant not to compete applies: (i) during the term of the Agreement, within any state in which Franchisor, or franchisees do

business; and after termination within a fifty (50) mile radius from the boundary of Franchisee's Protected Territory, and from any franchised, Franchisor-owned or affiliated company-owned premises; (ii) on the Internet; and (iii) on any other Multi-Area Marketing channels used by Franchisor.

This covenant not to compete is given in part in consideration for training and access to Franchisor's Trade Secrets, and which, if used in a competitive business without paying royalties and other payments, would give Franchisee an unfair advantage over Franchisor and Franchisor's franchisees. The unenforceability of all or part of this covenant not to compete in any jurisdiction will not affect the enforceability of this covenant not to compete in other jurisdictions, or the enforceability of the remainder of this Agreement.

15.02 Stock Ownership. Nothing in this Section will prevent any active officer of Franchisee or member of Franchisee's family either individually or collectively, from owning not more than a total of five percent (5%) of the stock of any company, which is subject to the reporting requirements of Sections 11 or Subsection 14(d) of the Securities and Exchange Act of 1934.

16. DISPUTE RESOLUTION

16.01 Negotiation. The parties will first attempt to resolve any dispute relating to or arising out of this Agreement by negotiation. Franchisor will provide a procedure for internal dispute resolution as set forth in the Manual, and this procedure may be revised periodically in Franchisor's discretion.

16.02 Right to Relief. To protect from violations that would cause immediate loss and damages, Franchisor and Franchisee each have the right to seek from a court of competent jurisdiction:

- (a) injunctive relief and any related incidental damages;
- (b) an action for disputes or claims related to or based on the Marks; and
- (c) enforcement of a covenant not to compete.

16.03 Arbitration. Except as specifically provided under this Agreement, any dispute or claim relating to or arising out of this Agreement must be resolved exclusively by mandatory arbitration by and in accordance with the Commercial Arbitration Rules of the American Arbitration Association ("AAA") or another arbitration service agreed to by the parties. Arbitration will be conducted solely on an individual, not a class-wide, basis, unless all parties so agree. No award in arbitration involving Franchisor will have any effect of preclusion or collateral estoppel in any other adjudication or arbitration. A single arbitrator shall be selected in accordance with standard AAA procedure, and the proceedings will be conducted at its Gilbert, Arizona,

office. Each party shall bear all of its own costs and attorneys' fees and one-half of the arbitrator's expenses. The decision of the arbitrator shall be final and binding.

16.04 Applicability. This dispute resolution section applies to claims by and against all parties and their successors, owners, managers, officers, directors, employees, agents, and representatives, as to claims arising out of or relating to this Agreement, except as stated above. This dispute resolution clause shall survive the termination or expiration of this Agreement.

16.05 Governing Arbitration Law. Notwithstanding any choice of law provision of this Agreement, all issues relating to arbitration or the enforcement of the agreement to arbitrate contained in this Agreement are governed by the U.S. Federal Arbitration Act (9 U.S.C. § 1 et seq.) and the U.S. federal common law of arbitration. This federal act preempts any state rules on arbitration, including those relating to the site of arbitration. Judgment on an arbitration award, or on any award for interim relief, may be entered in any court having jurisdiction, and will be binding.

16.06 Governing Law/Consent to Venue and Jurisdiction. Except to the extent governed by the Federal Arbitration Act, the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 *et seq.*) or other federal law, this Agreement shall be interpreted under the laws of the state of Arizona and any dispute between the parties shall be governed by and determined in accordance with the substantive laws of the state of Arizona, which laws shall prevail in the event of any conflict of law. Franchisee and Franchisor have negotiated regarding a forum in which to resolve any disputes which may arise between them and have agreed to select a forum in order to promote stability in their relationship. Therefore, if a claim is asserted in any legal proceeding involving Franchisee, its officers, directors, managers or partners (collectively, "**Franchisee Affiliates**") and Franchisor, its parent, subsidiaries or affiliates and their respective officers, directors and sales employees (collectively, "**Franchisor Affiliates**") the parties agree that the exclusive venue for disputes between them shall be in the state and federal courts of Arizona or the Gilbert, Arizona office of the AAA and each party waives any objection they may have to the personal jurisdiction of or venue in the state and federal courts of Arizona or the Gilbert, Arizona office of the AAA. Franchisor, Franchisor Affiliates, Franchisee and Franchisee Affiliates each waive their rights to a trial by jury.

16.07 Limitations on Actions. Except for payments owed by one party to the other, and unless prohibited by applicable law, any legal action or arbitration proceeding brought or instituted with respect to any dispute arising from or related to this Agreement or with respect to any breach of the terms of this Agreement must be brought or instituted within a period of two (2) years from the date of discovery of the conduct or event that forms the basis of the legal action or proceeding.

17. RELATIONSHIP OF THE PARTIES

17.01 Independent Contractor. Franchisee is an independent contractor and is not an agent, partner, joint venturer, or beneficiary of Franchisor, nor is Franchisor a fiduciary of Franchisee. Neither party will be bound or obligated by the other, except as set forth in this Agreement. Franchisee may not act as an agent in the Franchisor's name or on behalf of the Franchisor for any purpose whatsoever.

17.02 Operations and Identification. Franchisee must conspicuously identify itself in all dealings with the public as "independently owned and operated" separate from Franchisor. Franchisee's employees are employees of the Franchisee alone and are not, for any purpose, considered employees under the control of Franchisor. Franchisor and Franchisee must file separate tax, regulatory, and payroll reports for each party's own operations, and must indemnify the other for any liability arising from the other's reports.

18. MISCELLANEOUS

18.01 Entire Agreement. This Agreement, together with all written related agreements, exhibits and attachments, constitutes the entire understanding of the parties and supersedes all prior negotiations, commitments, and representations. Nothing in the Agreement or in any related agreement is intended to disclaim the representations we made in the franchise disclosure document.

18.02 Modification. No modifications of the terms of this Agreement shall be valid unless made in writing and executed by both Franchisor and Franchisee. However, the Manual may be periodically modified by Franchisor and shall be fully enforceable against Franchisee.

18.03 Waiver. Franchisor's waiver of any particular right by Franchisee will not affect or impair Franchisor's rights as to any subsequent exercise of that right of the same or a different kind; nor will any delay, forbearance or omission by Franchisor to execute any rights affect or impair Franchisor's rights as to any future exercise of those rights.

18.04 Severability. If any part of this Agreement, for any reason, is declared invalid by an arbitrator or court, the declaration will not affect the validity of any remaining portion. The remaining portion will remain in force and effect as if this Agreement were executed with the invalid portion eliminated or curtailed. All partially valid and enforceable provisions shall be enforced to the extent that they are valid and enforceable.

18.05 Conflict with Local Law. If any provision of this Agreement is inconsistent with a valid applicable law, the provision will be deemed amended to conform to the minimum standards required. The parties may execute an Addendum setting forth certain of these amendments applicable in certain jurisdictions, which will

apply only so long as and to the extent that then applicable laws referred to in the addendum remain validly in effect.

18.06 Section Headings. Titles of articles and sections are used for convenience of reference only and are not part of the text, nor are they to be construed as limiting or affecting the construction of the provisions.

18.07 Legal Costs. If either party institutes a legal proceeding, including court proceeding and arbitration, and prevails entirely or in part in any action at law or in equity against the other party based entirely or in part on the terms of this Agreement, the prevailing party shall be entitled to recover from the losing party, in addition to any judgment, reasonable attorneys' fees, court costs and all of the prevailing party's expenses in connection with any action at law.

18.08 Obligations. Franchisor has no liability for Franchisee's obligations to any third party whatsoever.

18.09 Continuation of Agreement. The provisions of this Agreement, which by their terms or by reasonable implication require performance by Franchisee after assignment, expiration or termination, remain enforceable notwithstanding the assignment, expiration or termination of this Agreement, including those pertaining to non-competition, intellectual property protection, confidentiality and indemnity. This Agreement inures to the benefit of and is binding on the respective heirs, legal representatives, successors, and permitted assigns of the parties.

18.10 Delivery. All notices and other communications required by this Agreement must be in writing and must be delivered in person, sent by Federal Express or U.S. Mail overnight delivery, or by registered or certified mail, return receipt requested, or in any other manner Franchisor may designate. Communications sent to Franchisor must be sent to the attention of the Chief Executive Officer at Franchisor's address or at any other address Franchisor designates in writing. Communications to Franchisee will be sent to Franchisee at Franchisee's last known business address, or at any other address Franchisee designates in writing. Any notice is considered given and received, when delivered in person, or on the third business day following the mailing, if mailed.

18.11 Joint and Several Liability. If two or more persons or entities or any combination sign this Agreement, each will have joint and several liability. All owners and controllers of an entity or association which comprise the Franchisee are jointly and severally liable for the obligations of the Franchisee under this Agreement.

18.12 Cumulative Remedies. Rights and remedies under this Agreement are cumulative. No enforcement of a right or remedy precludes the enforcement of any other right or remedy.

18.13 Set Off. Franchisee may not set off any amounts owed to Franchisor under this Agreement nor may Franchisee withhold any amounts owed to Franchisor due to any alleged non-performance by Franchisor under this Agreement. Franchisee waives any right to set off.

18.14 Completion of Agreement. The parties agree to acknowledge, execute and deliver all further documents, instruments or assurances and to perform all further acts or deeds as may be reasonably required to carry out this Agreement.

19. ACKNOWLEDGEMENT

BY SIGNING THIS AGREEMENT, FRANCHISEE ACKNOWLEDGES THAT:

(a) FRANCHISEE HAS CONDUCTED AN INDEPENDENT INVESTIGATION OF THE CAREPATROL SYSTEM AND RECOGNIZES THAT THE BUSINESS CONTEMPLATED BY THIS AGREEMENT INVOLVES BUSINESS RISK AND WILL LARGELY DEPEND UPON THE ABILITY OF FRANCHISEE AS AN INDEPENDENT BUSINESS PERSON; AND

(b) FRANCHISOR HAS NOT GIVEN AND FRANCHISEE HAS NOT RECEIVED ANY EXPRESS OR IMPLIED WARRANTY OR GUARANTY REGARDING POTENTIAL VOLUME, PROFITS, OR SUCCESS OF THE BUSINESS CONTEMPLATED BY THIS AGREEMENT; AND

(c) FRANCHISEE IS NOT A PARTY TO OR SUBJECT TO AGREEMENTS THAT MIGHT CONFLICT WITH THE TERMS OF THIS AGREEMENT AND AGREES NOT TO ENTER INTO ANY CONFLICTING AGREEMENTS DURING THE TERM OR ANY RENEWAL TERMS;

(d) FRANCHISEE HAS RECEIVED THE FRANCHISE DISCLOSURE DOCUMENT DISCLOSURE DOCUMENT REQUIRED BY THE FEDERAL TRADE COMMISSION WITH APPLICABLE EXHIBITS AT LEAST FOURTEEN (14) CALENDAR DAYS BEFORE THE DATE ON WHICH THIS AGREEMENT WAS EXECUTED, AND HAS RECEIVED A COPY OF THE COMPLETE CAREPATROL FRANCHISE AGREEMENT AT LEAST SEVEN (7) CALENDAR DAYS BEFORE THE DATE ON WHICH THIS AGREEMENT WAS EXECUTED; AND

(E) 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.

Signatures on following page

IN WITNESS WHEREOF, the parties hereto have executed, sealed and delivered this Agreement in two (2) or more counterparts on the day and year first above written.

FRANCHISOR:

CAREPATROL Franchise Systems, LLC.

By: _____

Printed Name

Title: _____

FRANCHISEE:

If Entity:

Printed Entity Name

By: _____

Printed Name

Title: _____

If an Individual:

Signature

Print Name

NOTE: THIS AGREEMENT MUST BE SIGNED INDIVIDUALLY BY THE PRIMARY REPRESENTATIVE OF FRANCHISEE AND ALL OWNERS AND SPOUSES OF OWNERS OF FRANCHISEE. ALL OWNERS OF FIVE PERCENT (5%) OR MORE OF THE OWNERSHIP INTEREST OF AN ENTITY FRANCHISEE AGREE TO SIGN **ATTACHMENT V**, THE INDIVIDUAL GUARANTY.

**ATTACHMENT I
TO FRANCHISE AGREEMENT
ADDENDUM**

THIS ADDENDUM to the CAREPATROL Franchise Systems, LLC. Franchise Agreement (“**Agreement**”) dated _____, 20__ between CAREPATROL Franchise Systems, LLC. (“**Franchisor**”) and _____ (“**Franchisee**”), is made effective as of the date of the Franchise Agreement.

1. **Principal Business Address.** Franchisee’s Principal Business Address is:

2. **Initial Franchise Fee.** The Franchisee shall pay \$_____ as an Initial Franchise Fee pursuant to Section 5.02 of the Agreement.

3. **Premises.** Franchisee’s Franchise will be located at:

4. **Protected Territory.** Franchisor will not own, operate, or franchise a fixed franchise for the operation of another Franchise within the area described as:

Fully executed this ____ day of _____, 20__.

CAREPATROL Franchise Systems, LLC.

FRANCHISEE:

By: _____

printed name

Individually

Printed name

Title: _____

OR IF ENTITY

Company Name
By: _____
Title: _____

**ATTACHMENT II
TO FRANCHISE AGREEMENT**

**AUTHORIZATION AGREEMENT
FOR PREAUTHORIZED PAYMENT SERVICE**

I (or We if there are joint owners of the account referenced later in this agreement) authorize and request CAREPATROL Franchise Systems, LLC. (the “**Company**”) to obtain payment for all royalty amounts I (we) owe to the Company pursuant to the Franchise Agreement between the Company and me (us), as these amounts become due by initiating a payment entry to my (our) account. The account number, name of financial institution, payment amount, and date on or immediately after which payment should be deducted from the account are identified below. In addition, I (we) authorize and request the financial institution, now referred to as the Bank, to accept the payment entries presented to the Bank and to deduct them from my (our) account without responsibility for the correctness of these payments.

Franchisee Information:

Franchisee Name: _____ Franchise No.: _____

Payment Date: _____ Payment Frequency: _____

Your Bank Account Information:

Please attach a voided check and we will complete this information for you.

Transit Routing Number: _____ Checking Account Number: _____

Bank Name: _____ Bank Address: _____

Your Name(s): _____
(please print)

Signature(s): _____

Date Signed: _____

**ATTACHMENT III
TO FRANCHISE AGREEMENT**

**COLLATERAL ASSIGNMENT OF
TELEPHONE NUMBERS**

_____ Franchisee/Assignor, in consideration of Franchisor/Assignee granting a CAREPATROL franchise contemporaneously herewith, and other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, hereby assigns to CAREPATROL all telephone numbers and listings utilized or to be utilized by Franchisee/Assignor in the operation of his CAREPATROL Licensed Business. The Assignee hereby assumes the performance of all of the Terms, Covenants, and Conditions of the agreement(s) with the telephone company with respect to such telephones, telephone numbers and telephone listings with the same force and effect as if Assignee had been originally issued such telephone, telephone numbers, telephone listings and the usage thereof. This Assignment is valid on the effective date and is irrevocable. It applies equally to any numbers first used after the effective date. The telephone company is authorized to rely upon this Assignment at any time that it is delivered to the telephone company by Franchisor/Assignee. Assignee and Assignor each agree to hold harmless and indemnify the telephone company from any claims based upon the telephone company's reliance upon this Assignment. Assignee and Assignor each agree to sign any other documents necessary in the opinion of the telephone company to give effect to this Assignment.

Dated: _____ effective date

Date signed: _____

CAREPATROL Franchise Systems, LLC.
(Franchisor/Assignee)

FRANCHISEE
(Assignor)

By _____
Name, position
625 N Gilbert Rd., Suite 200
Gilbert, Arizona, 85234

Franchisee
Address: _____

Phone: _____

Subject telephone number(s):
(as of date of this document)

**ATTACHMENT IV
TO FRANCHISE AGREEMENT**

STATEMENT OF OWNERSHIP

Franchisee: _____

Trade Name (if different from above): _____

Form of Ownership
(Check One)

_____ Individual _____ Partnership _____ Corporation _____ Limited Liability Company

If a Partnership, provide name and address of each partner showing percentage owned, whether active in management, and indicate the state in which the partnership was formed and a copy of the Partnership Agreement certified by the Secretary of State for the State in which the Partnership was formed.

If a Limited Liability Company, provide name and address of each member and each manager showing percentage owned and indicate the state in which the Limited Liability Company was formed and a copy of the Operating Agreement certified by the Secretary of State for the State in which the LLC was formed.

If a Corporation, give the state and date of incorporation, the names and addresses of each officer and director, and list the names and addresses of every shareholder showing what percentage of stock is owned by each and a copy of the Articles of Incorporation certified by the Secretary of State for the State in which the corporation was formed.

Franchisee acknowledges that this Statement of Ownership applies to the Business authorized under the Franchise Agreement.

Use additional sheets if necessary. Any and all changes to the above information must be reported to Franchisor in writing.

Date

Name

Print Name

**ATTACHMENT V
TO FRANCHISE AGREEMENT**

**GUARANTY
OF OBLIGATIONS**

IN CONSIDERATION of and to induce the consent by CAREPATROL Franchise Systems, LLC. a **Arizona** Limited Liability Company ("Franchisor") to the assignment of all right, title, and interest in and to the **CAREPATROL** Franchise Agreement dated _____ to _____, a _____ Type of Entity and State of organization ("Franchisee"), or alternatively, in consideration of and to induce Franchisor's consent for the undersigned to enter into the Franchise Agreement in the Entity form, and for other good and valuable consideration, I/we, and each of us jointly, severally, absolutely and unconditionally guarantee to Franchisor:

1.01 Payment Of Obligations.

The punctual payment and satisfaction of each and every claim, demand, default, liability, indebtedness, right or cause of action of every nature whatsoever, including expenses, damages and fees, now or hereafter existing, due or to become due, or held by Franchisor, its subsidiaries, divisions, or related companies, together with any interest as it may accrue, and all costs, expenses and attorneys fees paid or incurred by Franchisor or its subsidiary, division, or related company in collecting or attempting to collect the obligations of the Franchisee or in enforcing or attempting to enforce this Guaranty; and

1.02 Continuing Performance.

The timely performance of each term, covenant, and obligation of the license set forth in the **CAREPATROL** Franchise Agreement described above. This is a continuing Guaranty which shall apply to the Franchise Agreement and any subsequent renewals, extensions, amendments or modifications thereof, and such renewals, extensions, amendments or modifications shall be conclusively presumed to be covered by this Guaranty without further notice to or acceptance by the undersigned.

2.01 Execution And Delivery.

The undersigned acknowledge(s) and agree(s) that possession of this Guaranty by Franchisor constitutes true and correct execution and actual and proper delivery of same to Franchisor, and the undersigned waive notice of acceptance of this Guaranty and of the incurrence by Franchisee of any liability to which it applies or may apply, and waive presentment and demand for payment thereof, protest, notice of protest and notice of dishonor or non-payment thereof, collection thereof including any notice of default in payment thereof or other notice to, or demand of payment therefore on, any party. The undersigned further waive any right to have security applied before enforcing this Guaranty, any right to require suit against the Franchisee or any other party before enforcing this Guaranty, and any right to subrogation to Franchisor's rights against the Franchisee until the Franchisee's liabilities and obligations to Franchisor are paid and satisfied in full. Payment by the undersigned shall be made at the office of Franchisor in **Gilbert, Arizona**, or such other location as Franchisor may designate in writing.

3.01 Rights Of Company

Franchisor may, at its option, at any time, without the consent of or notice to the undersigned, without incurring responsibility to the undersigned and without impairing or releasing the obligations of the undersigned, upon or without any terms or conditions and in whole or in part:

3.01.01 change the manner, place or terms of payment or change or extend the time of payment of, renew, or alter any obligation, liability or right of the Franchisee under the Franchise Agreement hereby guaranteed, or any liabilities incurred directly or indirectly hereunder, and the guaranty herein

made shall apply to the obligations and liabilities of the Franchisee, so changed, extended, renewed or altered;

3.01.02 exercise or refrain from exercising any rights against Franchisee or others, or otherwise act or refrain from acting;

3.01.03 settle or compromise any liabilities hereby guaranteed or hereby incurred, and may subordinate the payment of all or any part of such liabilities to the payment of any liabilities which may be due to Franchisor or others; and

3.01.04 apply any sums paid to any liability or liabilities of Franchisee to Franchisor regardless of what liability or liabilities of Franchisee remain unpaid. Franchisor may, at its option, without the consent of or notice to the undersigned, apply to the payment of the liability created by this guaranty, at any time after such liability becomes payable, any moneys, property, or other assets belonging to the undersigned in the possession, care, custody and control of Franchisor.

4.01 Irrevocable.

This agreement shall not affect in any manner the right of Franchisor to terminate the Franchise Agreement pursuant to the terms thereof, and this Guaranty shall survive the termination, expiration, or cancellation of the Franchise Agreement. Franchisor may at its option, elect to take no action pursuant to this Guaranty or the Franchise Agreement without waiving any rights under either. The undersigned do further agree that it will not be necessary for Franchisor, in order to enforce the terms of this agreement against them, to first institute suit or exhaust its remedies against the Franchisee or any others. This Guaranty shall operate as a continuing Guaranty and shall be non revocable, except with the express written consent of Franchisor.

4.02 Joint And Several Liability.

The undersigned, if more than one, shall be jointly and severally liable hereunder and the term "undersigned" shall mean the undersigned or any one or more of them. Anyone signing this Guaranty shall be bound thereto at any time. Any married person who signs this Guaranty hereby expressly agrees that recourse may be had against his/her community and separate property for all obligations under this Guaranty.

4.03 Successors And Assigns.

This Guaranty shall bind and inure to the benefit of the heirs, executors, administrators, successors, and assigns of Franchisor and of the undersigned.

4.04 Noncompetition.

The undersigned hereby agree that they shall be individually bound by the provisions of the Franchise Agreement relating to trade secrets, confidentiality, and non-competition.

4.05 Bankruptcy Or Insolvency Of Franchisee.

In the event that a petition in bankruptcy or for an arrangement or reorganization of the Franchisee under any state or federal bankruptcy law or for the appointment of a receiver for the Franchisee or any of its property is filed by or against the Franchisee, or if the Franchisee shall make an assignment for the benefit of creditors or shall become insolvent, all indebtedness and other obligations of the Franchisee shall, for purposes of this Guaranty be immediately due and payable.

WITNESS our hands at _____, on this the _____ day of _____, 20__.

SIGNATURE
_____ % owner of Franchisee

SIGNATURE
_____ % owner of Franchisee

SIGNATURE
_____ % owner of Franchisee

SIGNATURE
_____ % owner of Franchisee

SIGNATURE
_____ % owner of Franchisee

SIGNATURE
_____ % owner of Franchisee

EXHIBIT C



CAREPATROL Franchise Systems, LLC.

COMPLIANCE QUESTIONNAIRE

EXHIBIT C
CAREPATROL Franchise Systems, LLC.
COMPLIANCE QUESTIONNAIRE

As you know, CAREPATROL Franchise Systems, LLC. and you are preparing to enter into a Franchise Agreement for the operation of a CAREPATROL Franchised Business. In this Franchisee Disclosure Questionnaire, CAREPATROL Franchise Systems, LLC. will be referred to as "we" or "us." The purpose of this Questionnaire is to determine whether any statements or promises were made to you that we did not authorize and that may be untrue, inaccurate or misleading. It is also used to ensure compliance with the various state laws and regulations. Please review each of the following questions carefully and provide honest and complete responses to each question.

1. Have you received and personally reviewed the CAREPATROL Franchise Agreement and each exhibit attached to it?
Yes ____ No ____

2. Do you understand all of the information contained in the Franchise Agreement and each exhibit attached to it?
Yes ____ No ____

If "No", what parts of the Franchise Agreement do you not understand? (Attach additional pages, if necessary.)

3. Have you received and personally reviewed our Disclosure Document we provided to you?
Yes ____ No ____

4. Do you understand all of the information contained in the Disclosure Document?
Yes ____ No ____

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

5. Have you discussed the benefits and risks of operating a CAREPATROL business with an attorney, accountant or other professional advisor and do you understand those risks?
Yes ____ No ____

6. Do you understand that the success or failure of your business will depend in large part upon your skills and abilities, competition from other businesses, interest rates, inflation, equipment and supplies cost, rent terms and other economic and business factors?
Yes ____ No ____

7. Has any employee or other person speaking on our behalf made any statement or promise concerning the revenues, profits or operating costs of a Franchised Business that we or our franchisees operate?
Yes ____ No ____

8. If you have answered "Yes" to question seven (7) ,please provide a full explanation of your answer in the following blank lines. (Attach additional pages, if necessary, and refer to them below.) If you have answered "No" to each of such questions, please leave the following lines blank.

9. Do you understand that in all dealings with you, our officers, directors and agents act only in a representative capacity and not in an individual capacity and such dealings are solely between you and us?
Yes ____ No ____

You understand that your answers are important to us and that we will rely on them.

By signing this Franchisee Disclosure and Compliance Questionnaire, you are representing that you have responded truthfully to the above questions.

Name of Franchisee/Applicant

Date: _____, 20____

Signature

Name and Title of Person Signing

EXHIBIT D



CAREPATROL Franchise Systems, LLC.

LIST OF FRANCHISEES

EXHIBIT D
CAREPATROL Franchise Systems, LLC.
LIST OF FRANCHISEES
12/31/2011

Affiliate Owned

Arizona Placement Advisors
625 N Gilbert Rd Suite 200, Gilbert, AZ 85234

Franchisee's

as of 12/31/2011	Office	Franchise City Location	Date Purchased
Sandy Messer	(480) 544-2204	Mesa AZ	04/01/09
Mike Messer		Scottsdale AZ	04/01/09
		West Valley AZ	04/01/09
Paula Vaughn	(520) 904-6011	Tucson AZ	04/01/09
Chet DeRouen	(480) 313-7511	Phoenix AZ	09/01/09
William Smith	(414) 755-2255	Milwaukee, WI	08/10/09
Donna Schaefer	(704) 771-1777	Charlotte NC	08/17/09
Clyde Jones	(973) 442-0400	Southern NJ	07/17/09
Denise Bingham	(480) 626-8835	SouthEast Valley Phoenix	12/11/09
Lynne Petchar	(304) 551-5678	Pittsburgh, PA	03/15/09
Paul Hawthorn	719-310-6923	Denver, CO	05/22/10
Ken Keeley	(503) 488-5815	Portland OR	08/30/10
Richard Russo	(203) 244-9562	Eastern Connecticut	01/05/10
Betzi Hitz	(505) 341-1234	Albuquerque NM	04/09/11
Shawn Barnes	(205) 543-5540	Birmingham AL	04/11/11
Abraham Dennis	(720) 979-7324	North Denver CO	06/23/11
Abbas Reza	(708) 880-9111	Chicago, IL	11/03/11

EXHIBIT E



CAREPATROL Franchise Systems, LLC.

TERMINATED FRANCHISEES

EXHIBIT E
CAREPATROL Franchise Systems, LLC.
LIST OF TERMINATED FRANCHISEES
As of December 31, 2011

No Franchisees have been terminated during this reporting period.

EXHIBIT F



CAREPATROL Franchise Systems, LLC.

**LIST OF STATE ADMINISTRATORS AND
AGENTS FOR SERVICE OF PROCESS**

EXHIBIT F
CAREPATROL Franchise Systems, LLC.

**LIST OF STATE ADMINISTRATORS AND
AGENTS FOR SERVICE OF PROCESS**

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
CALIFORNIA	Department of Corporations 71 Stevenson St., Suite 2100 San Francisco, CA 94105 (415) 972-8559	Corporations Commissioner 1515 K Street, Suite 200 Sacramento, CA 95814
CONNECTICUT	Securities and Business Investment Division Connecticut Department of Banking 260 Constitution Plaza Hartford, CT 06106 (203) 240-8299	Connecticut Banking Commissioner Same Address
FLORIDA	Department of Agriculture & Consumer Services P.O. Box 6700 Tallahassee, FL 32314-6700 (904) 922-2770	Same
GEORGIA	Office of Consumer Affairs 2 Martin Luther King Drive, S.E. Plaza Level, East Tower Atlanta, GA 30334 (404) 656-3790	Same
HAWAII	State of Hawaii Business Registration Division Department of Commerce and Consumer Affairs Securities Compliance Branch 335 Merchant St., Room 203 Honolulu, HI 96810 (808) 586-2744	Commissioner of Securities of the State of Hawaii Department of Commerce and Consumer Affairs Securities Compliance Branch 335 Merchant St., Room 203 Honolulu, HI 96813
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 Room E 111 302 West Washington Street Indianapolis, IN 46204 (317) 232-6681	Indiana Secretary of State 201 State House 200 West Washington Street Indianapolis, IN 46204

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
IOWA	Iowa Securities Bureau Second Floor Lucas State Office Building Des Moines, IA 50319 (515) 281-4441	Same
KENTUCKY	Kentucky Attorney General's Office Consumer Protection Division 1024 Capitol Outlet Drive Frankfort, KY 40602 (502) 573-2200	Same
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	Same
MAINE	Department of Business Regulations State House - Station 35 Augusta, ME 04333 (207) 298-3671	Same
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, Maryland 21202-2020
MICHIGAN	Michigan Department of Attorney General Consumer Protection Division Antitrust and Franchise Unit 670 Law Building Lansing, MI 48913 (517) 373-7117	Michigan Department of Commerce Corporations and Securities Bureau Same Address
MINNESOTA	Minnesota Department of Commerce 85 7 th Place East, Suite 500 St. Paul, MN 55101 (651) 296-4026	Minnesota Commissioner of Commerce Same Address
NEBRASKA	Department of Banking and Finance Theftorium Street, Suite 311 (P.O. Box 95006) Lincoln, NE 68509-5006 (402) 471-3445	Director of the Department of Banking and Finance

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
NEW HAMPSHIRE	Attorney General Consumer Protection and Antitrust Bureau State House Annex Concord, NH 03301 (603) 271-3641	Same
NEW YORK	Bureau of Investor Protection and Securities New York State Department of Law 120 Broadway, 23rd Floor New York, NY 10271 (212) 416-8222	Secretary of State of New York 41 State Street Albany, New York 12231
NORTH CAROLINA	Secretary of State's Office Securities Division Legislative Annex Building 300 Salisbury Street Raleigh, NC 27602 (919) 733-3924	Secretary of State Secretary of State's Office 300 Salisbury Street Raleigh, NC 27602
NORTH DAKOTA	Office of Securities Commissioner Fifth Floor 600 East Boulevard Bismarck, ND 58505 (701) 328-4712	North Dakota Securities Commissioner Same Address
OHIO	Attorney General Consumer Fraud & Crime Section State Office Tower 15th Floor 30 East Broad Street Columbus, OH 43215 (614) 466-8831 or (800) 282-0515	Same
OKLAHOMA	Oklahoma Securities Commission 2915 Lincoln Blvd. Oklahoma City, OK 73105 (405) 521-2451	Same
OREGON	Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, OR 96310 (503) 378-4387	Director Department of Insurance and Finance Same Address
RHODE ISLAND	Department of Business Regulation Securities Division John O. Pastore Complex 1511 Pontiac Ave., Building 69-1 Cranston, RI 02910 (401) 462-9587	Department of Business Regulation Securities Division John O. Pastore Complex 1511 Pontiac Ave., Building 69-1 Cranston, RI 02910 (401) 462-9587

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
SOUTH CAROLINA	Secretary of State P.O. Box 11350 Columbia, SC 29211 (803) 734-2166	Same
SOUTH DAKOTA	Department of Revenue and Regulation Division of Securities 445 E. Capitol Pierre, SD 57501 (605) 773-4013	Director of South Dakota Division of Securities Same Address
TEXAS	Attorney General's Office Consumer Protection Division P.O. Box 12548 Austin, TX 78711 (512) 463-2070	Same
UTAH	Utah Department of Commerce Consumer Protection Division 160 East 300 South P.O. Box 45804 Salt Lake City, UT 84145-0804 (801) 530-6001	Same
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising 1300 E. Main Street, Ninth Floor Richmond, VA 23219 (804) 786-7751	Clerk of the State Corporation Commission State Corporation Commission 1300 E. Main Street Richmond, VA 23219
WASHINGTON	Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, WA 98507-9033 (360) 902-8760	Same
WISCONSIN	Commission of Securities P.O. Box 1768 Madison, WI 53701-1768 (608) 266-1365	Wisconsin Commissioner of Securities Same Address

EXHIBIT G



CAREPATROL Franchise Systems, LLC.

STATE AND PROVINCIAL LAW ADDENDUM

EXHIBIT G
CAREPATROL Franchise Systems, LLC.

STATE AND PROVINCIAL LAW ADDENDA TO
FRANCHISE DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT

The following modifications are to the CAREPATROL Franchise Systems, LLC. Franchise Disclosure Document and may supersede, to the extent then required by valid applicable state law, certain portions of the Franchise Agreement dated _____, 20__.

CALIFORNIA

1. The California Franchise Investment Law requires a copy of all proposed agreements relating to the sale of the franchise be delivered together with the Disclosure Document.
2. State whether the franchisor, any person or franchise broker in Item 2 of the FDD is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.
3. California Business and Professions Code 20000 through 20043 provides rights to the franchisee concerning termination or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.
4. 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.)
5. 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.
6. The franchise agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.
7. The franchise agreement requires binding arbitration. The arbitration will occur in Arizona with the costs being borne by both parties.
8. Prospective franchisees are encourage to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.
9. The franchise agreement requires application of the laws of Arizona. This provision may not be enforceable under California law.
10. Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form containing the information that the commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.
11. You must sign a general release if you renew or transfer your franchise. California Corporations Code §31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code §§31000 through 31516). Business and Professions Code §20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code §§20000 through 20043).

12. “The earnings claims figure(s) does (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 franchise business. Franchisees or former franchisees, listed in the Disclosure Document, may be one source of this information.”
13. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF CORPORATIONS. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF CORPORATIONS at www.corp.ca.gov.
14. IN THE STATE OF CALIFORNIA, YOU MUST PAY TO US THE ENIRE FRANCHISE FEE FOR ALL FRANCHISES BEING PURCHASED IN A LUMP SUM WHEN WE HAVE FULFILLED ALL OF OUR INITIAL OBLIGATIONS TO YOU.

ILLINOIS

Any provision in a franchise agreement that designates jurisdiction or venue in a forum outside the State of Illinois will not be enforceable and is amended to the extent required by Illinois law.

The governing law or choice of law clause described in the Disclosure Document and contained in the Franchise Agreement will not be enforceable under Illinois law. This governing law clause shall not be construed to negate the application of the Illinois Franchise Disclosure Act in all situations to which it is applicable.

Section 5(2) of the Illinois Franchise Disclosure Act requires 14 calendar days’ disclosure prior to the signing of a binding agreement or the payment of any fees to us. Item 23 of the Disclosure Document is amended accordingly, to the extent required by Illinois law.

INDIANA

It is unlawful for any franchise agreement between any franchisor and a franchisee who is a resident of Indiana or a non-resident who is to operate the franchise in Indiana to contain a provision that requires a franchisee not to compete with the franchisor in an area greater than the exclusive territory granted in the franchise agreement or, if no exclusive territory is granted, in an area of more than reasonable size, upon Termination of a franchise agreement. (Ind. Code § 23-2-2.7-1(9)). Accordingly, both the Franchise Agreement and Item 17 of the Disclosure Document are amended to apply to the area within a 50-mile radius of the CAREPATROL.

The Franchise Agreement requires binding arbitration. The arbitration will occur in a state other than Indiana, with costs being borne by the non-prevailing party. The provision concerning the place where arbitration will occur is deleted from the Franchise Agreement.

The Franchise Agreement requires application of the laws of another state. This provision is deleted from the Indiana Franchise Agreement.

Item 17 of the Disclosure Document, Sections (u), (v), and (w), is amended to omit any reference to selection of an out-of-Indiana forum or choice of law.

The franchise agreement requires you to sign a general release of claims as a condition of renewing or reselling the franchise. Under the law of Indiana any provision that purports to bind a person acquiring a franchise to waive compliance with the franchise laws of Indiana is void. The Franchise Agreement and Item 17 of the Disclosure Document, Sections (b) (renewal) and (k) (transfer) are amended to omit the requirement that an Indiana Franchisee sign a general release of claims as a condition of renewal or resale. This will not prevent Franchisor from requiring you to sign a general release of claims as part of a settlement of a dispute.

MARYLAND

The following amends Item 17 of the FDD and Franchise Agreement:

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.). Item 17H of the FDD and Section 5.05 of the Franchise Agreement is amended to add this provision.

The Franchise Agreement says that CAREPATROL may require you to sign a general release of claims as a condition of renewal or resale of your franchise. Under Maryland law, COMAR 02.02.08.16L(1), this condition will not apply to any liability under the Maryland Franchise Registration and Disclosure Law, therefore Item 17M of the FDD and Section 14.04(b) of the Franchise Agreement is amended accordingly.

Section 4-216 (c) (25) of the Maryland Franchise Registration and Disclosure Law requires a franchisor to file an irrevocable consent to be sued in Maryland.

The Maryland Franchise Registration and Disclosure Law requires the franchisor to sign an irrevocable consent to be sued in Maryland, therefore, Section 16.06 of the Franchise Agreement is amended to permit a franchisee to bring suit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

Any claims arising under the Maryland Franchise Registration and Disclosure law must be brought within three years after the franchise is granted.

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:

- (f) A prohibition on your right to join an association of franchisees.

(g) A requirement that you assent to a release, assignment, notation, 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.

(h) 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.

(i) 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.

(j) 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.

(k) 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 franchise outside this state.

(l) A provision which permits a 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.

(m) 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).

(n) 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.

ESCROW REQUIREMENTS (IF ANY): _____

Any questions regarding this notice should be directed to:

State of Michigan
Department of Attorney General
Consumer Protection Division
Attn: Franchise
670 Law Building
Lansing, Michigan 48913
Telephone Number: (517) 373-7117

MINNESOTA

We will comply with Minnesota Statute 80C.14 subdivisions 3, 4, and 5, which require except in certain specific cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement.

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

In accordance with Minnesota Rule 2860.4400J, to the extent required by law, the Disclosure Document and Franchise Agreement are modified so that we can not require you to waive your rights to a jury trial or to waive rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction, or to consent to liquidated damages, termination penalties, or judgment notes; provided that this part shall not bar an exclusive arbitration clause.

Minnesota Rule 2860.4400D prohibits us from requiring you to assent to a general release. The Disclosure Document and Franchise Agreement are modified accordingly, to the extent required by Minnesota law.

Pursuant to Minn. Stat. Sec. 80C.12, Subd. 1(g), to the extent required by law, the Franchise Agreement and Item 13 of the Disclosure Document are amended to state that we will protect your right to use the primary trademark, service mark, trade name, logotype or other commercial symbol or indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of our primary trade name.

NEW YORK

The cover page of the Disclosure Document will be supplemented with the following, inserted at the bottom of the cover page:

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

Add to Item 3 of the Franchise Disclosure Document as follows, as the last paragraph:

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

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

(C) Except as described above, neither we, our predecessor, a person identified in Item 2, nor an affiliate offering franchises under our principal trademark is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a federal, State or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in

the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

Add the following language to Item 4 of the Franchise Disclosure Document, the last paragraph:

A. Except as described above, neither we, our affiliates, predecessors nor officers during the ten-year period immediately before the date of the Disclosure Document: (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 the officer or general partner held this position in the company or partnership.

Add at the end of the first paragraph of Item 5 of the Disclosure Document:

The purpose of the initial fee is to pay for our training, sales, legal compliance, salary, and general administrative expenses, and profit.

The first paragraph of Item 17 of the Disclosure Document is modified to read as follows:

THIS TABLE LISTS CERTAIN IMPORTANT PROVISIONS OF THE FRANCHISE AND RELATED AGREEMENTS PERTAINING TO RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION. YOU SHOULD READ THESE PROVISIONS IN THE AGREEMENTS ATTACHED TO THIS DISCLOSURE DOCUMENT.

Add in Item 17d of the Disclosure Document:

You may terminate the agreement on any grounds available by law.

Add at the end of the choice of law clause in the Franchise Agreement and in Item 17w of the Disclosure Document:

The foregoing choice of law should not be considered a waiver of any right conferred upon either you or us by the General Business Law of the State of New York, Article 33.

NORTH DAKOTA

In the State of North Dakota, all initial fees and payments will be deferred until CAREPATROL has fulfilled all initial obligations owed to Franchisee and Franchisee is open for business.

Item 17(c) Disclosure Document and Section 1.2 of the Franchise Agreement requiring you to sign a general release upon renewal of the franchise 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(i) of the Disclosure Document and Section 16.2 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 Disclosure Document and Section 16.2 of the Franchise Agreement restricting competition are generally considered unenforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Item 17(u) of the Disclosure Document and Section 18.06 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. The site of arbitration or mediation must be agreeable to all parties.

Item 17(w) of the Disclosure Document and Section 18.06 of the Franchise Agreement relating to choice of law, 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.

Sections of the Disclosure Document and Section 18.16 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.

Sections of the Disclosure Document and Sections 17 and 18.16 of the Franchise Agreement requiring the franchisee 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.

Sections of the Disclosure Document and Section 18.16 of the Franchise Agreement requiring the franchisee to consent to a limitation of claims within one year 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 18.16 of the Franchise Agreement stipulates that the franchisee shall pay all costs and expenses incurred by the franchisor in enforcing the agreement, which 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. The prevailing party in any enforcement action is entitled to recover costs and expenses including attorney's fees.

RHODE ISLAND

The Rhode Island Securities Division requires the following specific disclosures to be made to prospective Rhode Island franchisees:

§19-28.1-14 of the Rhode Island Franchise Investment Act provides that “A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under the Act.”

SOUTH DAKOTA

The Franchise Agreement includes a covenant not to compete after termination of the franchise. Covenants not to compete upon termination or expiration of the franchise agreement are generally unenforceable in the State of South Dakota, except in certain instances provided by law.

The Franchise Agreement provides for arbitration in Arizona. Under South Dakota law, arbitration must be conducted in a mutually agreed upon site in accordance with Section 11 of the Commercial Arbitration Rules of the American Arbitration Association.

The Franchise Agreement designates Arizona law as the governing law, except that the arbitration clause is to be construed under the Federal Arbitration Act. Franchise registration, employment, covenants not to compete, and other matters of local concern will be governed by the laws of the State of South Dakota; but contractual and all other matters, will be subject to application, construction, enforcement, and interpretation under the governing law of Arizona.

Any provision in a franchise agreement which designates jurisdiction or venue or requires the franchisee to agree to jurisdiction or venue outside South Dakota is void with respect to any cause of action which is governed by the law of South Dakota.

Under South Dakota law, termination provisions covering breach of the franchise agreement, failure to meet performance and quality standards, and failure to make royalty payments contained in the Disclosure Document and franchise agreement must afford a franchisee thirty (30) days written notice with an opportunity to cure the default prior to termination.

Pursuant to SDCL 37-5A-86, any condition, stipulation or provision purporting to waive compliance with any provision of this chapter or any rule or order thereunder is void. Any acknowledgement provision, disclaimer or integration clause or a provision having a similar effect in a franchise agreement does not negate or act to remove from judicial review any statement, misrepresentation or action that would violate this chapter or a rule or order under this chapter.

VIRGINIA

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for CAREPATROL Franchise Systems, LLC. for use in the Commonwealth of Virginia shall be amended as follows:

Additional Disclosure. The following statements are added to Item 11 regarding Training.

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

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the Franchise Agreement involves the use of undue influence by the franchisor to induce a franchisee to surrender any rights given to him under the franchise, that provision may not be enforceable.

Pursuant to subsections D and e of new Rule 21 VAC 5-110-55, to conform certain language to terms in the Va. Retail Franchising Act, a modified FTC Cover page and a modified Item 23 Receipt page is required. These pages are modified to add the words "or grant" following the word "sale" in the statements required by Instruction (e)(2) of the FTC Cover Page and Instruction (1) of the Item 23 Receipt page.

WASHINGTON

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

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

Transfer fees are collectible to the extent that they reflect our reasonable estimated or actual costs in effecting a transfer, to the extent required by Washington law.

ACKNOWLEDGMENT:

It is agreed that the applicable foregoing state law addendum, if any, supersedes any inconsistent portion of the Franchise Agreement dated _____, 20__, and of the Franchise Disclosure Document, but only to the extent they are then valid requirements of an applicable and enforceable state law, and for only so long as such state law remains in effect.

DATED this _____ day of _____, 20__.

FRANCHISOR:

CAREPATROL Franchise Systems, LLC.

By: _____

Title: _____

FRANCHISEE

By: _____

Title: _____

By: _____

Title: _____

**(MUST BE SIGNED BY ALL OWNERS AND MANAGERS OF AN ENTITY
FRANCHISEE)**

EXHIBIT H



CAREPATROL Franchise Systems, LLC.

OPERATIONS MANUAL TABLE OF CONTENTS

EXHIBIT H
CAREPATROL Franchise Systems, LLC.

The

The CarePatrol Operations Manual is available to be reviewed at your Discovery Day prior to purchasing the franchise.

EXHIBIT I



CAREPATROL Franchise Systems, LLC.

NONDISCLOSURE AND NONCOMPETITION AGREEMENT

EXHIBIT I
CAREPATROL Franchise Systems, LLC.

NONDISCLOSURE AND NONCOMPETITION AGREEMENT

This Nondisclosure and Noncompetition Agreement (“**Agreement**”) is made and entered into effective the ____ day of _____, 20____ by and between **CAREPATROL Franchise Systems, LLC.**, a Arizona Limited Liability Company (“**Company**”), located at 625 N Gilbert Rd., Suite 200, Gilbert, Arizona, 85234, and _____ (“**Associate**”, “**You**”, or “**Franchisee**”), who resides at _____, and is associated with Franchisee of the Business as _____.

RECITALS

A. The Company is engaged in the business of selling franchises for the operation of a franchise to provide Senior Referral and Placement (“**Business**”), known as “**CAREPATROL**” (“**Outlets**”). The Business is operated under the Company’s service mark “**CAREPATROL**” and other service marks, trademarks, logo types, architectural designs, trade dress and other commercial symbols (collectively “**Marks**”);

B. The Company has developed methods for establishing, operating and promoting Franchise pursuant to the Company’s distinctive business format, plans, methods, data, processes, supply systems, marketing systems, formulas, techniques, designs, layouts, operating procedures, trademarks, proprietary marks and information and know-how of the Company (“**Confidential Information**”) and such Confidential Information as may be further developed from time to time by the Company;

C. The Company has established substantial goodwill and an excellent reputation with respect to the quality of Senior Referral and Placement, which goodwill and reputation have been and will continue to be of major benefit to the Company;

D. Associate is or will become involved with the Company in the capacity of an officer, partner, director, agent, employee, principal, or as a beneficial owner of the person or entity that has acquired the right to operate a Business of the Company (“**Franchisee**”), or as an immediate family member of the Franchisee and will become privileged as to certain Confidential Information; and

E. Associate and the Company have reached an understanding with regard to nondisclosure by Associate of Confidential Information and with respect to noncompetition by Associate with the Company.

NOW THEREFORE, in consideration of the foregoing, the mutual promises contained herein and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, Associate and the Company, intending legally to be bound, agree as follows:

1. Confidential Information. Associate and the Company acknowledge that the distinctive business format, plans, methods, data, processes, supply systems, marketing systems, formulas, techniques, designs, layouts, operating procedures, trademarks, proprietary marks, non-public information, marketing materials, business strategies and financial information, reports, plans, data, and other confidential information, along with work papers, studies, and other documents prepared by or on behalf of Company which contain or reflect such information and information and know-how of the Company which are developed and utilized in connection with the operation of the Business are the Company's Confidential Information. Such Confidential Information is unique, exclusive property and a trade secret of the Company. Associate acknowledges that any unauthorized disclosure or use of the Confidential Information would be wrongful and would cause irreparable injury and harm to the Company. Associate further acknowledges that the Company has taken numerous precautions to guard the secrecy of the Confidential Information and that it would be very costly for competitors to acquire or duplicate the Confidential Information. Confidential Information will not include information that is already in the public domain, information that comes into the public domain through no fault or breach by you, and information that is already known to you before this agreement.

2. Lists and Operations Manuals as Trade Secrets. It is understood that Confidential Information, constituting "trade secrets", as used in this Agreement, is deemed to include, without limitation, product components, supplier information and any and all information contained in the Company's Manual (as defined in the Franchise Agreement), which may be provided as one or more separate print or electronic manuals, or written instructional guides, as the same are changed or supplemented from time to time, and any information of whatever nature which gives the Company an opportunity to obtain an advantage over its competitors who do not have access to, know or use such lists, written materials, or information.

3. Nondisclosure of Confidential Information. Associate shall not at any time, publish, disclose, divulge or in any manner communicate to any person, firm, corporation, association, partnership or any other entity whatsoever or use, directly or indirectly, for its own benefit or for the benefit of any person, firm, corporation or other entity other than for the use of the Company or the Business, any of the Confidential Information of the Company.

4. Noncompetition Covenant. Associate acknowledges that, in addition to the license of the Marks hereunder, which shall be defined as any trademarks, trade names, service marks, and logos, which the Franchisor has also licensed commercially, as well as valuable information which comprises and is a part of the System, including without limitation, proprietary processes, operations, marketing and related information and materials and that the value of this information derives not only from the time, effort and money which went into its compilation, but from the usage of the same by all franchisees of Franchisor using the Marks and System. Associate therefore agrees that other than the Business licensed herein, neither Associate, any manager of the Business nor any of Franchisee's officers, directors, shareholders, partners, members or managers, nor any member of his, her or their immediate families, will during the term of this Agreement:

- (a) have any direct or indirect controlling interest as a disclosed or beneficial owner in a Competitive Business (as defined below);

(b) perform services as a director, partner, officer, manager, employee, consultant, representative, agent or otherwise for a Competitive Business; or

(c) divert or attempt to divert any business related to, or any customer or account of the CAREPATROL, the Franchisee's Business, the Company's business, by direct inducement or otherwise, or divert or attempt to divert the employment of any employee of Company or another franchisee licensed by Company, to any Competitive Business by any direct inducement or otherwise.

The term "**Competitive Business**" as used in this Agreement will mean any business offering, similar to, or businesses granting franchises or licenses to others to provide description of business; provided, however, Associate, Franchisee, its owners, members, partners, principals, and if an individual, members of its immediate family will not be prohibited from owning securities in a Competitive Business if such securities are listed on a stock exchange or traded on the over-the-counter market and represent in the aggregate five percent (5%) or less of that class of securities issued and outstanding.

5. Post-Termination Covenant Not to Compete. Upon termination or expiration of this Agreement for any reason, Franchisee, and its officers, directors, shareholders, and partners agree that, for a period of two (2) years commencing on the effective date of termination or expiration, or the date on which Associate ceases to conduct business, whichever is later, neither you, any manager of the Business, nor any of Franchisee's officers, directors, shareholders, managers, members, or partners will have any direct or indirect interest (through any immediate family member of Franchisee, or its owners or otherwise) as a disclosed or beneficial owner, investor, partner, director, officer, employee, consultant, representative or agent or in any other capacity in any Competitive Business, as defined above, (i) located or operating within a fifty (50) mile radius from the boundary of your Protected Territory, which is defined as a Territory consisting of a 2 mile radius of your franchise, and from any other franchised or company-owned CAREPATROL; (ii) on the Internet; and (iii) on any other multi-area marketing channels used by us. The restrictions of this Section will not be applicable to the ownership of shares of a class of securities listed on a stock exchange or traded on the over-the-counter market that represent five percent (5%) or less of the number of shares of that class of securities issued and outstanding. Franchisee, and its officers, directors, shareholders, managers, members and partners expressly acknowledge that they possess skills and abilities of a general nature and have other opportunities for exploiting such skills. Consequently, enforcement of the covenants made in this Section will not deprive them of their personal goodwill or ability to earn a living.

6. Injunction. You hereby acknowledge and agree that in the event of any breach or threatened breach of this Agreement, the Company shall be authorized and entitled to seek, from any court of competent jurisdiction, preliminary and permanent injunctive relief in addition to any other rights or remedies to which the Company may be entitled.

7. Effect of Waiver. The waiver by Associate or the Company of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach thereof.

8. Binding Effect. This Agreement shall be binding upon and inure to the benefit of Associate and the Company and their respective heirs, executors, representatives, successors and assigns.

9. Entire Agreement. This instrument contains the entire agreement of Associate and the Company relating to the matters set forth herein. It may not be changed verbally, but only by an agreement in writing, signed by the party against whom enforcement of any waiver, change, modification, extension or discharge is sought.

10. Governing Law. This instrument shall be governed by and construed under the laws of the state of Arizona.

11. Jurisdiction and Venue. In the event of a breach or threatened breach by Associate of this Agreement, Associate hereby irrevocably submits to the jurisdiction of the state and federal courts of Arizona, and irrevocably agrees that venue for any action or proceeding shall be in the state and federal courts of Arizona. Both parties waive any objection to the jurisdiction of these courts or to venue in the state and federal courts of Arizona. Notwithstanding the foregoing, in the event that the laws of the state where the Associate resides prohibit the aforesaid designation of jurisdiction and venue, then such other state's laws shall control.

12. Severability. If any provision of this Agreement shall be held, declared or pronounced void, voidable, invalid, unenforceable or inoperative for any reason, by any court of competent jurisdiction, government authority or otherwise, such holding, declaration or pronouncement shall not affect adversely any other provisions of this Agreement which shall otherwise remain in full force and effect.

13. Attorneys' Fees. In any action at law or in equity to enforce any of the provisions or rights under this Agreement, the unsuccessful party in such litigation, as determined by the court in a final judgment or decree, shall pay the successful party or parties all costs, expenses and reasonable attorneys' fees incurred therein by such party or parties (including without limitation such costs, expenses and fees on any appeals), and if such successful party shall recover judgment in any such action or proceeding, such costs, expenses and attorneys' fees shall be included as part of such judgment.

Signatures on following page

IN WITNESS WHEREOF, the parties have signed this Agreement on the date first above written.

CAREPATROL Franchise Systems, LLC.

Signature

Print Name

Title: _____

ASSOCIATE:

Signature

Print Name

CAPACITY WITH FRANCHISED BUSINESS

EXHIBIT J



CAREPATROL Franchise Systems, LLC.

SUMMARY OF INDUSTRY-SPECIFIC LAWS

EXHIBIT J
CAREPATROL Franchise Systems, LLC.

**SUMMARY OF SPECIAL LAWS AND REGULATIONS
PERTAINING TO THE FRANCHISE BUSINESS**

The business of operating a **CAREPATROL** franchise is subject to all of the laws, codes and regulations (referred to below generally as "laws") normally applicable to Senior Referral and Placement businesses. These include: (1) federal, (2) state, and (3) in most instances, city, county, parish, borough, municipality or other local laws.

1. **General Laws Regulating the Senior Referral and Placement Industry.** Many jurisdictions have Senior Referral and Placement laws which require licensing, bonding, insurance, building code, safety, hours, licensing, fingerprinting, criminal background checks and other similar requirements.

2. **Federal.** Examples of other federal laws affecting many small businesses are wage and hour, occupational health and safety, equal employment opportunity, taxes, hazardous materials communication to employees, hazardous waste and environmental, and the Americans With Disabilities Act.

3. **State.** State laws may cover the same topics as federal laws. Examples of other state laws affecting many small businesses include environmental, occupational health and safety, fire, taxes, health, and building and construction laws.

4. **Local.** Local laws may cover the same topics as federal and state laws. Examples of other local laws affecting many small businesses include health and sanitation, building codes, fire codes, permits, and waste disposal.

The foregoing are examples of some, but not all of the laws that may be applicable to the franchised business described in the Disclosure Document. The Franchise Agreement places the responsibility for complying with all applicable laws and regulations upon you, the franchisee. You should research these requirements before you invest.

It is your sole responsibility, to investigate, satisfy and remain in compliance with all local, state and federal laws, since they vary from place to place and can change over time.

EXHIBIT K



CAREPATROL Franchise Systems, LLC.

**FRANCHISEE ORGANIZATIONS WE HAVE
CREATED, SPONSORED OR ENDORSED**

FRANCHISEE ORGANIZATIONS WE HAVE CREATED, SPONSORED OR ENDORSED

NONE

EXHIBIT L



CAREPATROL Franchise Systems, LLC.

INDEPENDENT FRANCHISEE ASSOCIATIONS

INDEPENDENT FRANCHISEE ASSOCIATIONS

NONE

EXHIBIT M



CAREPATROL Franchise Systems, LLC.

RECEIPT

EXHIBIT M
RECEIPT (FRANCHISOR COPY)

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 CAREPATROL Franchise Systems, LLC. offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement or make a payment with the franchisor or an affiliate in connection with the proposed franchise sale.

Maryland law requires that we provide the franchise 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.

If CAREPATROL Franchise Systems, LLC. does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and State law may have occurred and should be reported to the Federal Trade Commissioner, Washington, D.C. 20580 and the state agency listed on Exhibit F for your state.

Date of Issuance: _____

The franchise seller for this offering is _____ (name), _____ (title), at CAREPATROL Franchise Systems, LLC., 625 N Gilbert Rd., Suite 200, Gilbert, Arizona 85234; and Phone: 877-654-0344.

See Exhibit F for our registered agents authorized to receive service of process.

I have received a disclosure document dated _____ that included the following Exhibits:

- A Financial Statements
- B Franchise Agreement
 - Attachment I Addendum to Franchise Agreement
 - Attachment II Electronic Payment Authorization
 - Attachment III Collateral Assignment of Telephone Numbers
 - Attachment IV Statement of Ownership
 - Attachment V Guaranty of Franchisee's Obligations
- C Compliance Questionnaire
- D List of Franchisees
- D-1 List of Affiliate Owned Franchises
- E Terminated Franchises
- F State Administrators and Agents for Service of Process
- G State and Provincial Addendum
- H Manual Table of Contents
- I Nondisclosure and Noncompetition Agreement
- J Summary of Industry-Specific Laws
- K Franchisee Organizations We Have Created, Sponsored or Endorsed
- L Independent Franchisee Associations
- M Receipt

Dated: _____

PROSPECTIVE FRANCHISEE:

(Print Name)

By: _____

Please sign this copy of the receipt, date your signature, and return it to CAREPATROL Franchise Systems, LLC..

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- L Independent Franchisee Associations
- M Receipt

Dated: _____

PROSPECTIVE FRANCHISEE:

(Print Name)

By: _____

Please sign this copy of the receipt, date your signature, and retain it for your records.