

EXHIBIT B
FRANCHISE AGREEMENT

7

HOMEWATCH INTERNATIONAL, INC.



FRANCHISE AGREEMENT

FOR

HOMEWATCH CAREGIVERS BUSINESS

Franchisee: _____

Territory: _____

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Exhibits

I	Addendum
II	Guaranty
III	HOMEWATCH CAREGIVERS Services
IV	Franchise Literature/Image Package
V	Statement of Ownership
VI	Electronic Funds Transfer Authorization Agreement

HOMEWATCH INTERNATIONAL, INC.

FRANCHISE AGREEMENT

THIS AGREEMENT ("Agreement") is made this ____ day of _____, 2005, between **HOMEWATCH INTERNATIONAL, INC.**, a Colorado corporation, located at 2865 South Colorado Boulevard, Denver, Colorado 80222 ("HII") and _____, located at _____ ("Franchisee").

RECITALS

A. HII is the owner and developer of a method for establishing, operating and promoting a business that offers companionship, personal care services and minor medical services to private pay and insured clients living at home. The services are provided by home health aides, personal care providers, certified nurse assistants, licensed practical nurses and registered nurses to the aging, disabled, recovering, rehabilitating, convalescing and others ("**HOMEWATCH CAREGIVERS Business**" or "**Business**"), all provided in conjunction with distinctive and uniform designs, business methods, marketing systems, knowledge and expertise (the "**Licensed Methods**"); and operated in connection with HII's service marks "HOMEWATCH," "HOMEWATCH CAREGIVERS" and other exclusive trademarks, service marks, logotypes, commercial symbols and trade names (the "**Marks**").

B. HII grants the right to others to establish and operate **HOMEWATCH CAREGIVERS Businesses** under the Marks and pursuant to the Licensed Methods.

C. HII desires to grant to Franchisee the right to operate a **HOMEWATCH CAREGIVERS Business** under the terms and conditions that are contained in this Agreement, and Franchisee desires to establish and operate a **HOMEWATCH CAREGIVERS Business** under the terms and conditions of this Agreement.

D. Franchisee understands and acknowledges the importance of HII's high, uniform standards of quality and service and the necessity of operating the **HOMEWATCH CAREGIVERS Business** in conformity with HII's standards and specifications.

1. GRANT AND USE OF FRANCHISE

1.1. Grant of Franchise.

HII grants to Franchisee, and Franchisee accepts from HII, the right to use the Licensed Methods and Marks in connection with the operation of a **HOMEWATCH CAREGIVERS Business**. Franchisee's use of the Licensed Methods and the Marks in this Business shall be only in accordance with the terms and conditions of this Agreement. Each individual Franchisee, or each owner of Franchisee if Franchisee is an entity, represent that they have completely and truthfully completed all personal financial statements, resumes, authorizations for background checks, and other documents provided by HII to Franchisee to complete prior to the date of this Agreement; and each acknowledge that HII has relied on such information in awarding a franchise to Franchisee.

1.2. Term of this Agreement.

The term of this Agreement is for an initial term of ten (10) years from the date all parties execute this Agreement. This Agreement may be renewed in accordance with **Article 11** of this Agreement. This

Agreement may be terminated before the expiration of the initial term in accordance with the provisions of **Article 8** of this Agreement.

1.3. Licensed Location and Territory.

a. Franchisee has applied to own and operate a HOMEWATCH CAREGIVERS Business at the address and location that shall be set forth in Exhibit I, attached hereto and incorporated herein by this reference (“**Licensed Location**”). If, at the time of execution of this Agreement, the Licensed Location cannot be designated as a specific address because a location has not been selected by Franchisee and approved by HII, then Franchisee shall promptly take steps to choose and acquire a location for its HOMEWATCH CAREGIVERS Business within the city, county or other geographic area agreed upon by the parties (“**Territory**”), which Territory will be identified on Exhibit I. In that situation, Franchisee shall select and submit to HII for approval a specific location for the Licensed Location, which shall be set forth in the Rider to Exhibit I, which Rider is attached to this Agreement as Exhibit I-1, and incorporated herein by this reference.

b. The Licensed Location, once designated, may not be relocated unless HII permits Franchisee to do so in writing. Permission to relocate shall not be unreasonably withheld. Franchisee shall not operate another HOMEWATCH CAREGIVERS Business or offer services that are part of the Licensed Methods at any site other than the Licensed Location, except with the prior written approval of HII.

c. If Franchisee has met HII’s financial and experience requirements for an additional territory (“**Second Territory**”), HII may have offered a Second Territory to Franchisee. If so, and if Franchisee has accepted the Second Territory, the Second Territory will be defined on Exhibit I, and the initial franchise fee listed on Exhibit I will be for both the Territory and the Second Territory.

1.4. Exclusivity.

a. So long as Franchisee is in full compliance with this Agreement, HII shall not establish or license another person or entity to establish a HOMEWATCH CAREGIVERS Business within the Territory, and within the Second Territory (if applicable).

b. Franchisee may contact referral sources outside its Territory and Second Territory (if applicable), but Franchisee shall not provide any Care Services (as defined below) to, or provide other goods and services to, any persons residing outside of Franchisee’s Territory and Second Territory (if applicable).

1.5. HII’s Reservation of Rights.

HII retains the rights, among others: (1) to use, and to license others to use, the Marks and Licensed Methods in connection with the operation of HOMEWATCH CAREGIVERS Businesses at any location other than in Franchisee’s Territory; (2) to use the Marks and Licensed Methods to identify services and products other than those which Franchisee will sell, including without limitation, on the Internet, promotional and marketing efforts or related items, and to identify products and services similar to those Franchisee will sell, but made available through alternative channels of distribution other than through HOMEWATCH CAREGIVERS Businesses at any location, including within Franchisee’s Territory; and (3) to use and license the use of other proprietary marks or methods in connection with the sale of products and services similar to those Franchisee will sell, whether in alternative channels of distribution or in connection with the operation of businesses selling similar services or related products

or services, at any location, which businesses may be the same as, or similar to, or different from HOMEWATCH CAREGIVERS Businesses, on any terms and conditions HII deems advisable.

2. INITIAL FRANCHISE FEE AND ROYALTY

2.1. Initial Franchise Fee.

Franchisee shall pay to HII an initial franchise fee upon the signing of this Agreement, in an amount set forth in Exhibit I. The initial franchise fee is not refundable to Franchisee under any circumstances. The Franchise Literature/Image Package, which includes items, supplies, services, and marketing materials given to Franchisee in partial consideration for payment of the initial franchise fee, is described in Exhibit IV to this Agreement.

2.2. Royalty.

Franchisee shall pay to HII a monthly royalty (“**Royalty**”) of 5% of the total amount of monthly Gross Billings (as defined below) generated from or through the HOMEWATCH CAREGIVERS Business. “**Gross Billings**” means all amounts billed by Franchisee as a result of any and all services provided at, through, or in connection with, the Business; excluding sales taxes, but including all amounts received by Franchisee even if Franchisee has contracted with authorized third parties to provide certain of the authorized services to clients of the Business (“**Clients**”). Notwithstanding the foregoing, for all Clients who pay Franchisee’s Business using Medicaid, the Royalty shall be 2% of the amount of monthly Gross Billings. Medicaid receipts will not count toward the calculation of Franchisee’s Gross Billings for purposes of determining the Royalty owed on non-Medicaid receipts.

2.3. Payment of Royalty.

The Royalty shall be due and payable on or before the fifteenth (15th) day of each month, based on the Gross Billings by Franchisee in the previous month. Royalty fee payments shall be accompanied by a monthly report completely filled out, using the form prescribed by HII, containing information regarding Franchisee’s Gross Billings and other financial information, as specified by HII, for the previous month (“**Royalty Report**”). HII will have the right to verify such fees from time to time, as it deems necessary, in any reasonable manner. HII may charge interest at 12 percent per annum or a minimum of \$35 per instance on delinquent royalties, unless the state where Franchisee is located limits the interest charge to a lesser amount, in which case the lesser amount will be applicable. If any Royalty Report is not received by HII within 10 days after the due date, HII may assess a \$50.00 late fee. Franchisee shall pay Royalties by electronic funds transfer. Upon request by HII, Franchisee must accurately complete, and submit to HII, an authorization for electronic funds transfer, in the form attached to this Agreement as Exhibit VI, or such other form as required by the applicable financial institution.

3. ADVERTISING AND PROMOTION

3.1. Local Advertising and Marketing.

Franchisee shall spend a minimum of four percent (4%) of its monthly Gross Billings, on average each month, for local advertising and marketing expenses in its Territory. Franchisee will spend such amounts only for approved advertising and marketing, and Franchisee shall submit a report, in the form specified by HII, on or before the fifteenth (15th) day of each month, showing the amount spent on local advertising and marketing during the prior month. If requested by HII, Franchisee must also submit to HII documentation, in the form specified by HII, of the amounts spent. Franchisee is responsible for the

placement of all local marketing and advertising; provided, however, that all marketing and advertising is subject to HII's prior approval as described in **Section 3.3** below. This expense is not paid to HII.

3.2. Cooperative Advertising Program.

HII reserves the right to establish a cooperative advertising association ("Association") if two or more franchisees are located in one ADI (as defined below), where feasible. An Association, if established in HII's sole determination, will consist of other HOMEWATCH CAREGIVERS franchisees (and, if applicable, HII-owned HOMEWATCH CAREGIVERS Businesses) that are within a geographic area prescribed by HII, usually consisting of one or more marketing areas of dominant influence as determined by Neilson DMA ("ADI"). If an Association is established by HII within an ADI where Franchisee is located, Franchisee must join the Association and contribute into a fund established and maintained by the Association a sum of money up to four percent (4%) of Franchisee's monthly Gross Billings, as determined by the Association. Money contributed to the Association shall be due by the fifteenth (15th) day of each month, for all Gross Billings by Franchisee in the previous month, and will proportionally reduce Franchisee's local advertising commitment described in **Section 3.1** above. The Association shall be administered by a person selected by a majority vote of the Association members, with such assistance from HII as HII deems appropriate. The funds contributed to the Association can only be spent on those advertising and promotional programs that are approved by a majority of the members of the Association. HII reserves the right to seek reimbursement from the Association for reasonable administrative costs, salaries and overhead as HII may incur in activities related to the implementation and administration of the Association and marketing programs. Voting by Association members will be based on one vote per Business or one vote per franchisee, or based on the percentage of advertising fees paid to the Association by a particular Business compared to the total advertising fees paid to the Association by all members of the Association (depending on the Association's rules).

3.3. Franchisee Advertising.

Franchisee shall obtain HII's prior approval of all advertising that Franchisee desires to use in connection with its Business by submitting it to HII at least ten (10) days prior to publication or broadcast, including any advertising on the Internet. Franchisee may conduct its own advertising campaigns, including such items as direct mail, flyers, newspaper ads and other forms of advertising. Franchisee acknowledges that the advertising and promotion of its Business in accordance with HII's standards and specifications regarding advertising is an essential aspect of the Licensed Methods, and Franchisee shall strictly comply with all advertising standards and specifications. Franchisee agrees to list and advertise the HOMEWATCH CAREGIVERS Business in the manner prescribed by HII in the principal regular (white pages) and classified (yellow pages) telephone directories distributed within Franchisee's Territory, as determined by HII, and in such directory categories as HII specifies.

3.4. National Advertising Fee.

In addition to Royalties, Franchisee shall pay to HII a fee of one percent (1%) of the total amount of Franchisee's Gross Billings ("**National Advertising Fee**"). The National Advertising Fee shall be in addition to, and not in lieu of, the Franchisee's expenditures for local advertising and/or payments to an Association.

a. The National Advertising Fee will be paid concurrently with, but separately from, the payment of the Royalty, and is based on Gross Billings for the preceding month. Payment will be by electronic funds transfer.

b. The National Advertising Fee will be subject to the same late charges as the Royalty, in an amount and manner as set forth above.

c. Any National Advertising Fee collected by HII will be deposited by HII in one or more separate bank accounts, commercial accounts or savings accounts (referred to collectively below as the "Advertising Account"). Any interest earned by the Advertising Account belongs to the Advertising Account.

d. Upon Franchisee's request, HII will make available to Franchisee twice during each calendar year, no later than March 1 and September 1 of each year, an unaudited financial statement for the Advertising Account for the previous two quarters.

e. The Advertising Account will be administered by HII in its sole discretion, but in consultation with the HII Franchise Advisory Council (if the Council is in existence), and may be used for production and placement of media advertising, direct response literature, direct mailings, brochures, collateral material advertising, surveys of advertising effectiveness, or other advertising or public relations expenditures relating to advertising Franchisee's services and products.

f. HII may reimburse itself from the Advertising Account for independent audits, reasonable accounting, bookkeeping, reporting and legal expenses, taxes, salaries of HII employees who administer the account, and other reasonable direct and indirect expenses as may be incurred by HII or its authorized representatives in connection with the programs funded by the Advertising Account, subject to a maximum amount per year of 15% of the cost of the advertising programs. HII will not be liable for any act or omission with respect to such Advertising Account that is consistent with this Agreement and is done in good faith.

3.5. Opening Advertising Campaign.

Franchisee agrees to conduct an opening advertising and promotional campaign ("**Opening Advertising Campaign**") for the Business within the first 60 days after the Business opens, and Franchisee agrees to spend a minimum of Five Thousand Dollars (\$5,000) for the Opening Advertising Campaign. Expenditures for the Opening Advertising Campaign are in addition to local advertising expenditures described in **Section 3.1**. Franchisee agrees to provide HII with copies of its receipts and a summary of the Opening Advertising Campaign within 100 days after the Business opens. Franchisee's Opening Advertising Campaign must utilize the marketing and public relations programs and media and advertising materials that HII has either developed or approved. HII will advise Franchisee on materials and media to conduct this Opening Advertising Campaign.

3.6. Electronic Advertising.

a. Franchisee shall not develop, create, distribute, disseminate or use any Internet advertising or any multimedia, telecommunication, mass electronic mail, facsimile or audio/visual advertising, promotional or marketing materials, directly or indirectly related to the HOMEWATCH CAREGIVERS Business, the Marks, or the Licensed Methods ("**Electronic Advertising**"), without HII's prior written consent, which consent may be withheld in HII's sole determination. HII shall retain the exclusive right to develop and control the content of all Electronic Advertising for the HOMEWATCH CAREGIVERS Businesses. HII reserves the right, upon 30 days' prior written notice, to require Franchisee to participate in any Electronic Advertising of HOMEWATCH CAREGIVERS Businesses sponsored by HII. If HII permits Franchisee to develop any Electronic Advertising, Franchisee shall do so in strict compliance with HII's policies and rules regarding the creation, maintenance, use and content of such Electronic Advertising as set forth in this Agreement or the Operations Manual. Any amounts

that Franchisee spends to participate in Electronic Advertising shall be credited toward Franchisee's local advertising obligations.

b. Franchisee shall not post any of HII's confidential information on the Internet, and Franchisee shall not post any HII copyrighted material or information on the Internet without HII's prior written permission; nor shall Franchisee assist any other party in doing so. Franchisee shall not maintain a Website or otherwise maintain a presence or advertise on the Internet or any other public computer network in connection with the Franchisee's Business without HII's prior written approval, which HII may withhold for any reason or no reason. Franchisee agrees to obtain HII's prior written approval for any Internet domain name and/or home page address. Franchisee agrees to submit to HII for its approval before use true and correct printouts of all Website pages Franchisee proposes to use in its Website in connection with Franchisee's Business. Franchisee shall only use material that HII has approved. Franchisee's Website must conform to all of HII's Website requirements, whether set forth in the Manuals or otherwise. If HII grants approval for a Website: (1) Franchisee shall not use any of the Marks at the site except as HII expressly permits; (2) if Franchisee wishes to modify its approved site, all proposed modifications must also receive HII's prior written approval; (3) Franchisee explicitly understands that it must not post on its Website any material in which any third party has any direct or indirect ownership interest (including video clips, photographs, sound bites, copyrighted text, trademarks or service marks or any other text or image in which any third party may claim intellectual property ownership interests); (4) Franchisee agrees to list on its Website any Website maintained by HII, and any other information HII requires in the manner HII dictates; (5) Franchisee agrees to provide all hyperlinks or other links that HII requires; and (6) Franchisee agrees that HII may provide on the HII Website a link to Franchisee's Website. The requirement for HII's prior approval set forth in this Section will apply to all activities on the Internet or other communications network to be conducted by Franchisee, except that Franchisee may maintain one or more e-mail addresses (but Franchisee must use its e-mail addresses only for business of its HOMEWATCH CAREGIVER'S Business), and Franchisee may conduct individual e-mail communications without HII's prior written approval—provided that the address and communications comply with all of the requirements (including those pertaining to the use of the Marks) contained in this Agreement. Franchisee agrees to obtain HII's prior approval as provided above if it proposes to send advertising to multiple addresses via e-mail.

4. HII'S OBLIGATIONS TO FRANCHISEE

4.1. Pre-Opening Assistance.

HII, or its designated representatives, shall provide Franchisee with the following initial services prior to the commencement of Franchisee's HOMEWATCH CAREGIVER'S Business:

a. Assistance in the selection of and contracting with suppliers of equipment, supplies, and other items for the Business.

b. Loan one or more manuals, technical bulletins or other written materials (collectively referred to as "**Operations Manuals**"), covering operating techniques, standards and specifications for products and services, administration, marketing, operations and methods of doing business for the HOMEWATCH CAREGIVERS Business, including all updates and revisions thereto.

c. Prior to the commencement of operation of the Business, provision of an initial training program lasting five days for up to three people designated by Franchisee to manage and operate the Business. The initial training program will be held at HII's principal offices in Denver, Colorado or at another location selected by HII. Franchisee, or if Franchisee is not an individual, a majority owner of

Franchisee, and if applicable, the person designated by Franchisee to assume primary responsibility for the management of the franchise business (“**Principal Operator**”), must complete the entire initial training program prior to commencement of business. Franchisee must complete the pre-training tasks listed in the Operations Manuals before attending the initial training program. While HII does not charge any tuition or fee for this initial training program for three persons, Franchisee agrees it shall pay transportation, lodging, and other living expenses incurred while these people attend the training program. HII also offers a Lifetime Training Guarantee, whereby Franchisee may send new administrative or marketing personnel to HII’s regularly scheduled initial training program, subject to HII’s prior commitments to new franchisees, during the initial term of this Agreement, as further discussed below. Franchisee is responsible for transportation, lodging, and other living expenses for any additional personnel that attend all or part of the training program.

d. Provision of assistance, orientation and advice via teleconferences, faxes, electronic mail or by sending HII’s representative to meet with Franchisee regarding Franchisee’s Opening Advertising Campaign and related issues during the period beginning eight weeks before through eight weeks after the initial training program.

4.2. Continuing Assistance.

During the operation of the HOMEWATCH CAREGIVERS Business, HII or its designated representatives will provide to Franchisee the following assistance:

a. Advice and consultation, by telephone and electronic mail, regarding the continued operation and management of the Business.

b. Provision of news and updates through electronic mail containing information regarding the industry and the HOMEWATCH CAREGIVERS Business.

c. Periodically make advertising and promotional materials available, either free or at a price that covers HII’s costs in obtaining and providing the materials, at HII’s option.

d. Refer Franchisee to prospective clients in or near Franchisee’s Territory who contact HII seeking information regarding HOMEWATCH CAREGIVERS services, including prospective clients who inquire through a toll-telephone number or HII’s Web page.

e. Within the first 180 days after Franchisee’s Business opens, HII will provide, on a one-time-only basis, at no extra cost, one of HII’s staff for up to three days to assist Franchisee with operations; including public relations, account development, marketing, the Opening Advertising Campaign and other operations assistance. All advertising materials and supplies shall be paid for by Franchisee.

f. If such products and services are made available by HII from time to time, in HII’s sole discretion, provide Franchisee the option with a franchise owner mentor, orientation and training tapes, PowerPoint presentations for CareGivers, access to HII’s proprietary referral source databases, and access to databases from which Franchisee may obtain referrals to prospective clients. However, HII shall not be obligated to offer or continue to offer any of the products or services set forth in this paragraph in HII’s sole determination.

g. Website hosting, two electronic e-mail addresses, Intranet access, and maintenance for a monthly fee, which fee may be changed from time-to-time.

4.3. Additional Assistance.

If Franchisee requires additional assistance more than 180 days after Franchisee's Business opens, Franchisee can request, in writing, that a representative of HII visit the Business and provide the needed assistance. HII will provide the assistance on one or more occasions, as HII deems reasonable. Prior to such visit, HII may, in its sole option, require the Franchisee to pay a daily fee to HII for any such additional necessary assistance, in addition to reimbursing HII for its expenses related to such assistance.

5. FRANCHISEE'S OBLIGATIONS TO HII

5.1. Initial Training Program.

Franchisee, or if Franchisee is not an individual, a majority owner of Franchisee, and if applicable, the Principal Operator must attend the entire initial training program within 3 months of the effective date of this Agreement, but not less than one month before the target date for training established by HII. Franchisee, or if Franchisee is not an individual, a majority owner of Franchisee, and if applicable, the Principal Operator (as applicable) must successfully, in HII's sole assessment, complete the initial training program. Franchisee, a majority owner of Franchisee, or its Principal Operator attending training must bring a laptop computer to the training program.

5.2. Business Premises.

Execution of this Agreement by HII shall constitute approval of the Licensed Location. Franchisee agrees to obtain HII's prior written approval prior to any subsequent relocation of the Business premises and HII agrees not to unreasonably withhold approval of a new Licensed Location so long as it is located within the Territory. Franchisee acknowledges that it is responsible for the selection of the location of its HOMEWATCH CAREGIVERS Business and that HII's approval of a location does not infer or guarantee the success or profitability of an approved location in any manner whatsoever. Franchisee is not required to live in the Territory, but Franchisee must purchase or lease commercial office space for the Licensed Location, which shall be located in the Territory, not later than 6 months after Franchisee completes the initial training program, and at all times thereafter during the term of this Agreement.

5.3. Operational Covenants.

Franchisee acknowledges that it is largely responsible for the successful operation of its HOMEWATCH CAREGIVERS Business, but that the continued successful operation thereof, is in part, dependent upon Franchisee's compliance with this Agreement and the standards and specifications contained in the Operations Manuals, as they may be modified from time to time by HII. In addition to all other obligations contained in this Agreement and in the Operations Manuals, Franchisee agrees to all of the following:

a. Franchisee must open the Business within forty-five (45) days after completing the initial training program. As used in this provision, the business is "Open" when Franchisee has completed all pre-opening tasks, as specified in the Operations Manuals; Franchisee has completed the VIP mailing, as specified in the Operations Manuals; and Franchisee has hired enough caregivers to fully staff the business.

b. Franchisee shall use only such equipment, products, supplies and services, including computer hardware and related products and services, which are approved by HII in writing and purchased or leased from suppliers that HII has first approved in writing. If Franchisee proposes to

purchase or lease any equipment, products, supplies or services not previously approved by HII as meeting its specifications, or from suppliers not previously approved by HII, Franchisee shall first notify HII requesting approval, which approval shall not be unreasonably withheld.

c. Franchisee shall provide only the "Care Services," as defined below, which are approved by HII in writing in the Operations Manuals, as they may be modified from time to time by HII. The current list of Care Services is attached to this Agreement as Exhibit III, which is incorporated by this reference. HII will not unreasonably withhold its approval of modifications to the Care Services provided by its Business based on geographic location or programs that may be offered by particular states or state law.

d. Franchisee agrees that HII has the right to examine Franchisee's premises and to undertake an inspection to determine the quality of services provided to ensure compliance with all standards and specifications and with HII's philosophy and mission. HII shall conduct such inspections during regular business hours and Franchisee may be present at all inspections.

e. Franchisee shall attain and maintain the following minimum sales requirements ("**Minimum Sales Requirements**"): at the end of the 12th month after the Business opens, Franchisee shall attain and maintain a minimum of \$12,700 per month in Gross Billings; at the end of the 24th month after the Business opens, Franchisee shall attain and maintain a minimum of \$18,000 per month in Gross Billings; at the end of the 36th month after the Business opens, Franchisee shall attain and maintain a minimum of \$300,000 each year in Gross Billings and monthly Gross Billings must exceed \$25,000 a month during at least six months each calendar year for the remainder of the term of this Agreement. Franchisee acknowledges and agrees that if it fails to maintain these minimums, HII shall have the right (i) to reduce the size of the Territory, (ii) to establish or license another person or entity to establish a HOMEWATCH CAREGIVERS Business within the Territory or (iii) terminate this Agreement.

f. Franchisee acknowledges and agrees that HII reserves the right to change the published standards and specifications from time to time upon 30 days prior written notice to Franchisee and Franchisee shall make any necessary changes to its HOMEWATCH CAREGIVERS Business within a reasonable period of time.

g. Franchisee shall use the Licensed Methods only as specified in the Operations Manual.

5.4. Operations Manuals.

The Operations Manuals are the sole property of HII and shall be used by Franchisee only during the term of this Agreement and in strict accordance with the terms and conditions hereof. The Operations Manuals may be updated periodically by HII, and Franchisee agrees to update the Operations Manuals as instructed by HII and to conform to the updated provisions. Franchisee shall not duplicate the Operations Manuals or disclose their contents to persons other than its employees who need to know the information in order to perform their job. Franchisee acknowledges that the master copy of the Operations Manuals maintained by HII at its principal office shall be controlling in the event of a dispute relative to the content of the Operations Manuals. Franchisee shall return the Operations Manuals to HII upon the expiration or termination of this Agreement or transfer of the Business.

5.5. Reports and Records.

Franchisee shall keep and shall supply to HII such reports in a manner and form as HII may, from time to time, reasonably require, including all monthly reports that shall accompany Franchisee's monthly

Royalty and National Advertising Fee payments. Franchisee agrees to all of the following with regard to the books and records of its HOMEWATCH CAREGIVERS Business:

a. Franchisee shall, within 30 days of the end of each fiscal quarter, provide to HII financial statements, including Profit and Loss Statements; and annually, by April 30th of each year, provide to HII Franchisee's state and federal income tax returns. If these financial statements or tax returns show an underpayment of any amounts owed to HII, these amounts shall be paid to HII concurrently with submission of the statements or returns.

b. Franchisee agrees to provide HII with monthly financial management reports in the form and manner prescribed by HII; including but not limited to, sales information, Client information, Caregiver information, referral sources, data and other specified information regarding the HOMEWATCH CAREGIVERS Business. The parties agree that all data and information will be exchanged in accordance with all applicable laws and regulations; including but not limited to, health insurance information privacy laws and regulations.

c. Franchisee shall maintain all books and records for its HOMEWATCH CAREGIVERS Business according to generally accepted accounting principles, consistently applied, and preserve these records for at least five years after the fiscal year to which they relate.

d. Franchisee shall permit HII to inspect and audit the books and records of the Business at any reasonable time, during regular business hours, at HII's expense. If any audit discloses a deficiency in amounts for payments owed to HII pursuant to this Agreement, then these amounts will become immediately payable to HII by Franchisee, with interest at 12% per annum, or the maximum rate allowed by law, whichever is less. In addition, if it is found by the audit that the Gross Billings of Franchisee have been understated by 2% or more, Franchisee shall pay all reasonable costs and expenses that HII incurred in connection with the audit.

5.6. Compliance with Laws.

Franchisee shall conduct itself and operate the Business in compliance with all applicable federal, state and local laws, rules, regulations and statutes, including any applicable bonding requirements. Franchisee shall obtain bonding for each person who provides services to Clients through Franchisee's Business. In addition, Franchisee shall conduct itself in such a manner so as to promote a good image to the public and to the business community. Franchisee is responsible for obtaining all applicable licenses, approvals, permits, and authorizations necessary for operation of the HOMEWATCH CAREGIVERS Business, and for meeting any codes and requirements of the franchisees state.

5.7. Payment of Third Party Obligations.

Franchisee shall promptly pay when due all taxes and obligations to all third parties incurred in the operation of the Business.

5.8. Operation and Management of Business.

Franchisee shall abide by all of the following in connection with its operation and management of the Business:

a. Franchisee acknowledges that proper management is important, and it shall cause a person who has completed HII's initial training program, whether it is Franchisee or a Principal Operator, to assume primary responsibility for the management of the Business. Franchisee or the Principal

Operator will directly supervise the Business at all times during its hours of operation. Franchisee shall provide HII with a list of all management personnel and keep the list updated to reflect changes in personnel from time to time.

b. Franchisee must run background checks, in accordance with HII's specifications, on all of its employees and independent contractors before hiring them, and annually thereafter.

c. Within sixty (60) days of commencing operation of the Business and at all times thereafter, Franchisee must employ a person dedicated solely to marketing activities for a minimum of 24 hours per week.

d. Franchisee shall refrain from operating or engaging in any other type of business or profession from the Licensed Location, without the written consent of HII, which consent may be withheld for any reason. In addition, Franchisee shall not operate or combine the operation or revenues of any other business with the HOMEWATCH CAREGIVERS Business, either in practice or through an entity, if Franchisee is an entity. If Franchisee is an entity, an authorized representative of Franchisee shall complete and submit all information and documents requested in the Statement of Ownership, attached hereto as Exhibit V and incorporated by this reference. Franchisee shall make changes to the Statement of Ownership during the term of this Agreement, and submit the changes to HII within 10 days of their occurrence, if any changes occur in the information requested therein. In addition, if Franchisee is an entity, the Principal Operator and the majority owner(s) of the outstanding ownership interests shall sign the Guaranty attached hereto as Exhibit II, and incorporated by this reference.

e. Franchisee shall at all times maintain the Licensed Location in a safe, clean and attractive condition, and shall provide its HOMEWATCH CAREGIVERS Business services to Clients in a professional, competent, efficient and timely manner.

f. Franchisee shall maintain at least two telephone lines dedicated solely to the HOMEWATCH CAREGIVERS Business, and maintain an answering service, or forwarding capability so that only live people answer telephone calls at all times during regular business hours. All persons answering telephone calls to Franchisee's Business, and the messages on its answering machine or service, must begin by saying "Homewatch Caregivers," unless otherwise instructed by HII. Franchisee shall maintain message recording and forwarding capability at all times 24 hours a day/seven days a week. In addition, one person must be on call 24 hours a day to return urgent phone messages. Persons returning telephone messages must inform the person answering the call that they are calling on behalf of "Homewatch Caregivers," unless otherwise instructed by HII.

g. Franchisee must maintain a cellular phone dedicated to the Business. Franchisee's telephone answering system must have Caller ID, and be capable of being rolled to Franchisee's cell phone; and it must also be capable of handling conference calls.

h. Franchisee must maintain, and run anti-virus and anti-spam computer programs, as specified or approved by HII from time to time.

i. HII may establish a central billing system, administered by HII or its designee, for all of Franchisee's Client billing. If so, Franchisee must participate in the system, as specified by HII, and pay the costs associated with that system, as specified by HII.

5.9. Authorized Services.

Franchisee agrees and acknowledges that the services offered through its Business are those of home health aides, personal care providers, certified nurse assistants, licensed professional nurses and registered nurses who will provide companionship, personal care and minor medical services to the aging, disabled, recovering, rehabilitating, convalescing, and others at their homes (“Care Services”). The current list of Care Services is attached hereto as Exhibit III. Franchisee shall not offer for sale or sell at or through the HOMEWATCH CAREGIVERS Business any products or services not previously authorized by HII. Franchisee acknowledges that it has the right, but only with the prior written approval of HII, and subject to the standards and specifications of HII, to contract out to third parties to provide certain services offered by the Business. Franchisee’s Business shall offer all the Care Services as modified from time to time and as permitted under applicable state law. Franchisee shall operate the Business on a full-time basis.

5.10. Additional Training.

a. Under HII’s Lifetime Training Guarantee, Franchisee may send its employees to HII’s regularly scheduled training sessions, if space is available, giving priority to first-time franchisees, during the initial term of this Agreement. The Lifetime Training Guarantee will extend for the initial term of this Agreement, subject to early termination or transfer of this Agreement resulting in the end of this guarantee.

b. Franchisee or its Principal Operator shall attend any mandatory, ongoing training programs, seminars or conventions as may be offered by HII. HII agrees to give Franchisee 30 days prior written notice of any ongoing training programs, seminars or conventions which are deemed mandatory. HII will not require that Franchisee attend more than one annual convention and one regional conference per year. HII may charge tuition for ongoing training programs.

c. HII may, but is not obligated to, give Franchisee the opportunity to offer optional service programs through its Business (if any). If so, and if Franchisee desires to offer any of the programs, Franchisee will be required to complete training concerning those programs, and pay any training fee charged by HII or third parties.

d. Franchisee acknowledges that it will be responsible for all transportation, lodging, and other living expenses incurred by its employees in connection with any initial or on-going training programs, seminars and conventions. Franchisee or one of Franchisee’s attendees at training programs must bring a laptop computer to the programs.

5.11. Insurance and Bonding.

a. Franchisee must obtain and provide to HII proof of insurance, and maintain the following insurance coverage: (i) comprehensive general liability and professional liability insurance for the Licensed Location and its Business with an initial limit of not less than \$1,000,000 combined single limit; (ii) bonding of Franchisee’s caregiver employees or independent contractors, and employees with accounting or bookkeeping duties, in the amount of \$10,000 per employee or independent contractor; (iii) automobile liability insurance covering all employees with authority to operate a motor vehicle in an amount not less than \$1,000,000; (iv) unemployment and workers’ compensation insurance with a broad form all-states endorsement coverage sufficient to meet the requirements of applicable law; and (v) all-risk personal property insurance in an amount equal to at least 90% of the replacement costs of the contents and tenant improvements located at the Licensed Location. As soon as Franchisee achieves annualized Gross Billings of \$1,500,000 or more, Franchisee’s minimum coverage requirement for

comprehensive general liability and professional liability insurance will be \$2,000,000 combined single limit. Franchisee shall be required to maintain bonding and liability insurance in the amounts as set forth in the Operations Manuals, which amounts may change from time to time as solely determined by HII.

b. All of the required policies of insurance shall list HII as an additional insured and shall provide for a 30-day advance written notice of cancellation to HII. Franchisee will provide proof of insurance to HII prior to commencement of operations of its HOMEWATCH CAREGIVERS Business. This proof will show that the insurer has been authorized to inform HII in the event any policies lapse or are canceled. HII has the right to change the type of insurance Franchisee is required to maintain, and upon 60 days prior written notice to Franchisee change the minimum amount of insurance Franchisee is required to maintain, giving due consideration to what is reasonable and customary in a similar business. In the event of any lapse of insurance coverage, in addition to all other remedies, HII shall have the right to demand that Franchisee cease operation of the HOMEWATCH CAREGIVERS Business until coverage is reinstated, or in the alternative, HII may pay any delinquencies and premiums and charge the amount back to Franchisee.

c. Franchisee shall also be responsible for assuring that each driver who operates his or her own vehicle for the HOMEWATCH CAREGIVERS Business maintains liability insurance meeting or exceeding the minimum statutory requirements under the laws of the state(s) in which the HOMEWATCH CAREGIVERS Business is located.

5.12. Office Equipment, Hardware and Software.

a. Franchisee shall purchase or lease office equipment, computer hardware, including a laptop computer, and computer software, and shall establish and maintain Internet connections and an e-mail account, in accordance with the standards and specifications of HII for use in the operation of the HOMEWATCH CAREGIVERS Business.

b. On an annual or monthly basis, at Franchisee's option, Franchisee shall pay a fee to HII, in an amount set by HII from time to time, for Webpage hosting, e-mail service, electronic commerce maintenance, and automated backups.

c. Throughout the term of this Agreement, Franchisee shall upgrade or update the designated office equipment, computer system and software, and maintain the systems, at its sole cost, to meet HII's then current standards and specifications.

5.13. Enhancements Developed by Franchisee.

If Franchisee or its officers, directors, partners, limited liability company managers or members, employees, agents or representatives, develop, enhance or otherwise improve any aspect of, or related to, Franchisee's Business or the Licensed Methods, any and all plans, methods, ideas and systems related to the development, enhancement, or other improvement shall inure to the benefit of HII, shall be owned by HII as part of the Licensed Methods; and may, in HII's sole discretion, be made available to other franchisees of HII.

6. BUSINESS RELATIONSHIP

6.1. Independent Business Persons.

HII and Franchisee acknowledge that each of them are independent business persons and their only relationship is by virtue of this Agreement, and that no fiduciary relationship is created hereunder.

Neither party may bind the other to any obligations, and neither party is liable or responsible for the other's debts or obligations. HII and Franchisee acknowledge that neither of them will hold themselves out to be the fiduciary, agent, employer or partner or related party of the other.

6.2. Indemnification.

a. Except as specified below, Franchisee agrees to indemnify, defend and hold harmless HII, its subsidiaries and affiliates, and their respective shareholders, directors, officers, employees, agents, successors and assignees, (the "**Indemnified Parties**") against, and to reimburse them for, all claims, obligations and damages described below, any and all third party obligations described in **Section 5.7**, and any and all claims and liabilities directly or indirectly arising out of the operation of the HOMEWATCH CAREGIVERS Business or arising out of the use of the Marks and Licensed Methods in any manner not in accordance with this Agreement. For purposes of this indemnification, "claims" means and includes all obligations, actual and consequential damages and costs reasonably incurred in the defense of any claim against the Indemnified Parties, 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. HII 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.

b. HII agrees to indemnify, defend and hold harmless Franchisee, its affiliates and their respective agents, heirs, successors and assigns (the "**Franchisee Parties**") against, and to reimburse them for, all claims, obligations and damages described in this **Section 6.2** arising out of Franchisee's use of the Marks and Licensed Methods, provided that Franchisee has used the Marks and Licensed Methods in accordance with the terms of this Agreement.

7. MARKS AND PROPRIETARY INTERESTS

7.1. Marks.

Franchisee acknowledges that HII has the sole right to own and license the Marks, and to control Franchisee's use of the Marks; and that such Marks shall remain under the sole and exclusive ownership and control of HII. No Marks other than HOMEWATCH CAREGIVERS or such other Marks as may be specified by HII shall be used in the identification, marketing, promotion or operation of the HOMEWATCH CAREGIVERS Business. Franchisee shall use the Marks only as specified in the Operations Manuals.

7.2. Trademark Infringement.

Franchisee shall notify HII in writing of any possible infringement or illegal use by others of a service mark or trademark the same as or confusingly similar to the Marks that comes to its attention. Franchisee acknowledges that HII shall have the right to determine whether any action will be taken on account of any possible infringement or illegal use. HII shall commence or prosecute such action in HII's own name and may join Franchisee as a party thereto, if HII determines it to be reasonably necessary or desirable for the continued protection and quality control of the Marks and Licensed Methods. HII shall bear the reasonable cost of any such action, including attorneys' fees. Franchisee will not institute any action on account of any possible infringement or illegal use without first obtaining HII's prior written consent.

7.3. Change of Proprietary Marks.

If HII, in its sole determination, decides that it is necessary or desirable to modify or discontinue use of any of the Marks, or to develop additional or substitute proprietary marks, Franchisee shall, within a reasonable time after receipt of written notice of such a modification or discontinuation from HII, take such action, at Franchisee's sole expense, as may be necessary to comply with such modification, discontinuance, addition or substitution.

7.4. Franchisee's Name.

Franchisee shall not use the names "Homewatch," or any portion of it, or "Caregivers" as part of its business entity name, except with the prior written consent of HII, which consent may be withheld for any reason. When this Agreement is terminated, Franchisee shall execute any assignment or other document HII requires to transfer any rights Franchisee may possess in the Marks. Franchisee shall not identify itself as being associated with HII in any manner other than as a franchisee or licensee. Franchisee shall, in all advertising and promotion and promotional materials, display its business name only in obvious conjunction with the a phrase to identify itself as an independent owner of the HOMEWATCH CAREGIVERS Business, as may from time to time be prescribed in the Operations Manuals. At all times Franchisee must also display a sign at its Licensed Location, of such size and design as specified by HII, containing this phrase.

7.5. Discontinuance of Use of Marks.

If this Agreement is terminated for any reason, Franchisee shall immediately cease using the Marks and Licensed Methods, trade names, trade dress, trade secrets, copyrights or any other symbols used to identify the HOMEWATCH CAREGIVERS Business; and all rights Franchisee has to use them shall automatically terminate. Franchisee agrees to execute any documents of assignment as may be necessary to transfer any rights Franchisee may possess in and to the Marks.

7.6. Licensed Methods.

Franchisee acknowledges that the Licensed Methods are the sole property of HII, portions of which constitute confidential trade secrets of HII; and Franchisee acknowledges that HII has valuable rights in and to such trade secrets. Franchisee further acknowledges that it has not acquired any right, title or interest in the Licensed Methods except for the right to use the Licensed Methods in the operation of the HOMEWATCH CAREGIVERS Business as it is governed by this Agreement and that it is obligated to maintain the confidentiality of the Licensed Methods in accordance with this Agreement.

8. DEFAULT AND TERMINATION

8.1. Immediate Termination by HII.

HII shall have the right, at its option, to terminate this Agreement and all rights granted Franchisee hereunder, without affording Franchisee any opportunity to cure any default (subject to any state laws to the contrary, where state law shall prevail), effective upon notice from HII, upon the occurrence of any of the following events:

a. **Unauthorized Disclosure.** Franchisee or any person under Franchisee's control, intentionally or negligently discloses to any unauthorized person, or copies or reproduces, the contents of or any part of HII's Operations Manuals or any other trade secrets or confidential information of HII.

b. **Abandonment.** Franchisee ceases to operate the HOMEWATCH CAREGIVERS Business or otherwise abandons the HOMEWATCH CAREGIVERS Business for a period of five consecutive days, or any shorter period that indicates an intent by Franchisee to discontinue operation of the HOMEWATCH CAREGIVERS Business, unless and only to the extent that full operation of the HOMEWATCH CAREGIVERS Business is suspended or terminated due to fire, flood, earthquake or other similar causes beyond Franchisee's control and not related to the availability of funds to Franchisee.

c. **Insolvency; Assignments.** Franchisee becomes insolvent or is adjudicated a bankrupt; or any action is taken by Franchisee, or by others against Franchisee under any insolvency, bankruptcy or reorganization act, (this provision may not be enforceable under federal bankruptcy law, 11 U.S.C. §§ 101 *et seq.*), or if Franchisee makes an assignment for the benefit of creditors, or a receiver is appointed by Franchisee.

d. **Unsatisfied Judgments; Levy; Foreclosure.** Any material judgment (or several judgments which in the aggregate are material) is obtained against Franchisee and remains unsatisfied or of record for 30 days or longer (unless a supersedeas or other appeal bond has been filed); or if execution is levied against Franchisee's Business or any of the property used in the operation of the HOMEWATCH CAREGIVERS Business and is not discharged within five days; or if the real or personal property of Franchisee's Business is sold after levy thereupon by any sheriff, marshal or constable.

e. **Criminal Conviction.** Franchisee is convicted of a felony, a crime involving moral turpitude, or any crime or offense that is reasonably likely, in the sole opinion of HII, to materially and unfavorably affect the Licensed Methods, Marks and the associated goodwill and reputation thereof.

f. **Repeated Non-Compliance.** Franchisee has received three notices of material default from HII within a 12 month period, regardless of whether the defaults were cured by Franchisee.

g. **Unauthorized Transfer.** Franchisee sells, transfers or otherwise assigns the Business, an interest in the Franchisee entity, this Agreement, the HOMEWATCH CAREGIVERS Business, or a substantial portion of the assets of the HOMEWATCH CAREGIVERS Business owned by Franchisee without complying with the provisions of transfer in this Agreement.

h. **U.S. Executive Order 13224.** Franchisee or any officer, director, shareholder, limited liability company manager or member, partner, or other owner of Franchisee (as applicable) becomes subject to U.S. Executive Order 13224.

8.2. **Ten-Day Cure Period.**

HII has the right to terminate this Agreement upon the occurrence of any of the following events, if Franchisee fails to cure the default within 10 days after written notice from HII:

a. **Misuse of Marks.** Franchisee misuses or fails to follow HII's directions and guidelines concerning use of HII's Marks.

b. **Non-Payment of Amounts Owed; Delinquent Royalty Reports.** Franchisee fails to pay when due any amounts owed to HII or its affiliates, or fails to provide Royalty Reports when due.

c. **Health or Safety Problem.** Franchisee is in violation of any health or safety law, regulation, or ordinance, any order of any governmental agency, or any health or safety standard of HII. If HII, in its sole determination, considers the problem to be of a serious nature, HII may require

Franchisee to immediately correct the problem, or to cease operating until the problem is corrected; subject to HII's right to terminate this Agreement as stated in this **Section 8.2**.

8.3. Fifteen-Day Cure Period.

HII has the right to terminate this Agreement upon the occurrence of any of the following events, if Franchisee fails to cure the default within 15 days after written notice from HII:

a. **Loss of Right to Occupy.** Franchisee loses its right to occupy the Licensed Location of its HOMEWATCH CAREGIVERS Business.

b. **Loss of Insurance, Bonding, or Licenses.** Franchisee loses its insurance, bonding, or any license required by HII or by federal, state or local authorities to operate the Business.

c. **Lease and Other Agreement Defaults.** Franchisee defaults under any term of the lease, sublease or lease assignment for the Licensed Location, any equipment lease, or any other agreement material to the HOMEWATCH CAREGIVERS Business or the Franchise Agreement or any other agreement between HII and Franchisee, and such default is not cured within the time specified in such lease, sublease, or other agreement.

d. **Failure to Meet Minimums.** Franchisee fails to attain and/or maintain the Minimum Sales Requirements as set forth in this Agreement.

Notwithstanding the foregoing, if the breach is curable, but is of a nature which cannot be reasonably cured within 15 days, and Franchisee has commenced and is continuing to make good faith efforts to cure the breach, Franchisee shall be given an additional reasonable period of time to cure the breach, and this Agreement shall not automatically terminate without written notice from HII.

8.4. Thirty-Day Notice.

HII shall have the right to terminate this Agreement if Franchisee breaches any other provision of this Agreement and fails to cure the breach within 30 days after written notice from HII; provided that if the breach cannot be cured, HII may terminate this Agreement immediately upon written notice to Franchisee.

8.5. Termination by Franchisee.

Franchisee may terminate this Agreement if HII fails to comply with any of the provisions set forth in this Agreement and HII does not cure any such breach within sixty (60) days after receipt of written notification from Franchisee; provided, however, that if the breach cannot reasonably be cured within that time period, and HII diligently pursues a cure, HII will have an additional reasonable period to cure the breach.

8.6. Purchase of Franchised Business.

Upon termination or expiration of this Agreement for any reason, and if this Agreement is not being transferred in accordance with **Article 9** below, HII will have the option to purchase the HOMEWATCH CAREGIVERS Business, which may include, at HII's option, all or part of Franchisee's interest, if any, in the office equipment and office lease used in connection with the HOMEWATCH CAREGIVERS Business, at fair market value, less any amount apportioned to the goodwill of the HOMEWATCH CAREGIVERS Business that is attributable to HII's Marks and Licensed Methods, and

less any amounts owed to HII by Franchisee. The following additional terms will apply to HII's exercise of this option:

a. HII's option hereunder will be exercisable by providing Franchisee with written notice of its intention to exercise the option given to Franchisee no later than the effective date of termination, in the case of termination, or at least 90 days prior to the expiration of the term of this Agreement, in the case of non-renewal.

b. If HII and Franchisee cannot agree to a fair market value of the HOMEWATCH CAREGIVERS Business assets being purchased by HII, then the fair market value will be determined by an independent third party appraisal. HII and Franchisee will each select one independent, qualified appraiser, and the two so selected will select a third appraiser, all three to determine the cash consideration to be paid by HII for the HOMEWATCH CAREGIVERS Business assets. The cash consideration will be the average of the values as determined by the three appraisers and such determination shall be binding upon the parties. All expenses of the appraisers shall be paid for equally between HII and Franchisee.

c. HII and Franchisee agree that the terms and conditions of this right and option to purchase may be recorded, if deemed appropriate by HII, in real or personal property records; and HII and Franchisee further agree to execute such additional documentation as may be necessary and appropriate to effectuate such recording.

d. The closing for the purchase of the HOMEWATCH CAREGIVERS Business (if applicable) will take place within 60 days after the termination or non-renewal date. HII will pay the purchase price in full at the closing, or, at its option, in five equal consecutive monthly installments with interest at a rate of ten percent per annum. Franchisee must sign all documents of assignment and transfer as are reasonably necessary for purchase of the HOMEWATCH CAREGIVERS Business by HII.

If HII does not exercise its right to repurchase Franchisee's Business as set forth above, Franchisee will be free to keep or to sell, after such termination or expiration, to any third party, all of the physical assets of its HOMEWATCH CAREGIVERS Business; provided, however, that all appearances of the Marks are first removed in a manner approved in writing by HII. HII will only be obligated to repurchase any assets of the HOMEWATCH CAREGIVERS Business in the event and to the extent it is required by applicable state or federal law.

8.7. Post-Termination Obligations.

Franchisee agrees, upon termination or non-renewal of this Agreement, to do all of the following:

a. Pay to HII all Royalties, National Advertising Fees, other fees, and any and all amounts or accounts payable then owed and unpaid pursuant to this Agreement, or pursuant to any other dealings between the parties, within fifteen (15) days of the effective date of such termination or non-renewal.

b. Immediately cease to identify itself, the Licensed Location, or any part or portion of its Business as being, or having been, associated with HII; and immediately cease using any proprietary Mark of HII (or colorable imitation thereof) for any purpose.

c. Deliver to HII all signs, sign-faces, catalogs, advertising materials, forms and other materials bearing any of HII's Marks or otherwise identified with HII; and HII agrees to reimburse Franchisee, at Franchisee's cost, for any such items which Franchisee purchased from HII.