

d. Immediately deliver to HII the Operations Manuals and all other information proprietary to HII.

e. Promptly take such action as may be required to cancel all fictitious or assumed names or equivalent registrations relating to its use of any Mark.

f. Promptly notify the telephone company, including cellular phone service providers and all telephone directory publishers, of the termination of Franchisee's right to use any telephone number and any regular, yellow page or other telephone directory listing associated with the Marks; and to authorize transfer thereof to HII or its designee. Franchisee acknowledges that, as between it and HII, HII has the sole right to and interest in all telephone, telecopy or facsimile machine numbers and directory listings associated with any Marks. Franchisee authorizes HII, and hereby appoints HII as Franchisee's attorney-in-fact, to direct the telephone company and all telephone directory publishers to transfer any telephone, telecopy or facsimile machine numbers and directory listings relating to the HOMEWATCH CAREGIVERS Business to HII or its designee. If Franchisee fails or refuses to do so, the telephone company and all telephone directory publishers may accept this Agreement as conclusive evidence of HII's exclusive rights in such telephone number and directory listings and HII's authority to direct their transfer.

g. Provide to HII such Client and Caregiver information as HII may specify, including addresses and phone numbers, referral database information, all software programs used in the operation of the Business (including all data stored on the hard drives of the computers used in the Business), and any and all other business records specified by HII.

h. If applicable, take such action as may be required to remove from the Internet all sites referring to Franchisee's former HOMEWATCH CAREGIVERS Business or any of the Marks; and to cancel or assign to HII, in HII's sole discretion, all rights to any domain names for any sites on the Internet that refer to Franchisee's former HOMEWATCH CAREGIVERS Business or any of the Marks.

i. Abide by all restrictive covenants set forth in this Agreement.

Franchisee acknowledges that if Franchisee fails to perform one or more of the required actions set forth above, then HII shall be entitled to injunctive relief as set forth below.

8.8. State Law.

IF THE TERMS OF THIS AGREEMENT ARE INCONSISTENT WITH APPLICABLE STATE OR FEDERAL LAW, THAT LAW SHALL GOVERN FRANCHISEE'S RIGHTS REGARDING TERMINATION.

9. ASSIGNMENT OF THE FRANCHISE

9.1. No Assignment Without Consent.

The rights granted herein are personal to Franchisee, and except as stated below, Franchisee shall not voluntarily or involuntarily sell, assign, transfer, or convey this Agreement or any interest hereunder, any interest in the ownership of the Franchisee, or all or a substantial portion of the assets of the HOMEWATCH CAREGIVERS Business.

9.2. HII's Right of First Refusal.

If Franchisee wishes to sell, transfer or assign its rights under this Agreement or any interest in it, or any part or portion of any business entity that owns it, or all or a substantial portion of the assets of the HOMEWATCH CAREGIVERS Business, Franchisee agrees to grant to HII a thirty (30) day right of first refusal to purchase such rights, interest or assets on the same terms and conditions as are contained in the written offer to purchase submitted to Franchisee by the proposed purchaser; provided, however, all of the following additional terms and conditions will apply:

a. Franchisee will notify HII of such offer by sending a written notice to the HII (which notice may be the same notice as required by **Section 9.3** below), enclosing a copy of the written offer from the proposed purchaser.

b. The thirty (30) day right of first refusal period will run concurrently with the period in which HII has to approve or disapprove the proposed transferee.

c. The right of first refusal is effective for each proposed transfer and any material change in the terms or conditions of the proposed transfer will be deemed a separate offer on which a new thirty (30) day right of first refusal will be given to HII.

d. If the consideration or manner of payment offered by a third party is such that HII may not reasonably be required to furnish the same consideration, then HII may purchase the interest which is proposed to be sold for the reasonable cash equivalent. If the parties cannot agree within a reasonable time on the cash consideration, each of HII and Franchisee shall designate an independent appraiser who, in turn, shall designate a third independent appraiser. The third appraiser's determination will be binding upon the parties. All expenses of the appraiser shall be paid for equally between HII and Franchisee.

e. If HII chooses not to exercise its right of first refusal, Franchisee will be free to complete the sale, transfer or assignment, subject to compliance with **Sections 9.3** and **9.4** below. Absence of a reply to the Franchisee's notice of a proposed sale within the thirty (30) day period is deemed a waiver of such right of first refusal.

9.3. Conditions of Assignment.

Franchisee shall not sell, transfer or assign its HOMEWATCH CAREGIVERS Business or any interest in it, or any part or portion of any entity that owns it or any assets of the HOMEWATCH CAREGIVERS Business, unless Franchisee obtains HII's written consent, and Franchisee or the transferee (as applicable) complies with all of the following:

a. Payment of all amounts due and owing by Franchisee to HII and to third parties pursuant to this Agreement by Franchisee.

b. Agreement by the proposed transferee to satisfactorily complete the training programs described in this Agreement.

c. Execution of a Franchise Agreement in a form currently offered by HII, which shall supersede this Agreement in all respects. The terms of the new Franchise Agreement may differ from the terms of this Agreement; provided, however, transferee will not be required to pay any initial franchise fee;

d. Payment by Franchisee or the proposed transferee of a transfer fee of Six Thousand Dollars (\$6,000).

e. Provision by Franchisee of thirty (30) days prior written notice of the proposed transfer, including all terms and conditions of the proposed transfer.

f. Except if prohibited by applicable law, execution by Franchisee of a general release, in form satisfactory to HII, of any and all claims against HII and its officers, directors, employees and agents.

g. Affirmation by Franchisee that it will abide by the covenants of confidentiality and noncompetition contained in this Agreement.

9.4. HII Approval of Transfer.

HII has thirty (30) days from the date of receiving written notice to approve or disapprove of Franchisee's proposed transfer. If Franchisee and its proposed transferee comply with all conditions for transfer set forth herein and HII has not given Franchisee notice of its approval or disapproval within such period, approval is deemed granted.

9.5. Types of Transfers.

Franchisee acknowledges that HII's right to approve or disapprove of a proposed sale or transfer as provided for herein shall apply: (1) if Franchisee is a partnership, limited liability company, or other business association, to the addition or deletion of a partner or members of the association or the transfer of any partnership or membership among existing partners or members; (2) if Franchisee is a corporation, to any proposed transfer or assignment of 25% or more of the stock of the corporate Franchisee, whether the transfer occurs in a single transaction or several transactions; and (3) if Franchisee is one or more individuals, to the transfer from the individual or individuals to a business entity controlled by them; in which case, HII's approval will be conditioned upon: (i) the continuing personal guarantee of the individual (or individuals) for the performance of obligations under this Agreement; (ii) HII's prior written approval of the issuance and/or transfer of shares or other ownership interests that would effect a change in ownership of 25% or more of the ownership interests in the entity; (iii) a limitation on the business entity's business activity to that of operating the HOMEWATCH CAREGIVERS Business and related activities; and (iv) other reasonable conditions. With respect to a proposed transfer as described in subsection (1) and (3) of this Section, HII's right of first refusal to purchase, as set forth above, shall not apply and HII will waive any transfer fee chargeable to Franchisee for a transfer under these circumstances.

9.6. Franchisee's Death or Disability.

Upon the death or permanent disability of Franchisee (or the individual controlling the Franchisee entity), the executor, administrator, conservator, guardian or other personal representative of the person will transfer the Franchisee's interest in this Agreement or the interest in the Franchisee entity to an approved third party. The disposition of this Agreement or the interest (including, without limitation, transfer by bequest or inheritance) will be completed within a reasonable time, not to exceed one hundred twenty (120) days from the date of death or permanent disability, and will be subject to all terms and conditions applicable to transfers contained in this Article 9. Provided, however, that for purposes of this Section, there will be no fee charged by HII for the initial training program offered to the transferee. For the purposes hereof, the term "permanent disability" means a mental or physical disability, impairment or condition that prevents Franchisee or the owner of a controlling interest in the Franchisee entity from

supervising the management and operation of the HOMEWATCH CAREGIVERS Business for a period of one hundred twenty (120) days from the onset of such disability, impairment, or condition.

9.7. Assignment by HII.

This Agreement is fully assignable by HII and shall inure to the benefit of any assignee or other legal successor in interest; HII shall not, however, directly or indirectly convey, assign or otherwise transfer its responsibility to fulfill its obligations to Franchisee hereunder, unless HII believes the transferee can, and is contractually obligated to, fulfill those obligations.

10. RESTRICTIVE COVENANTS

10.1. Non-Competition During Term.

Franchisee acknowledges that, in addition to the license of the Marks hereunder, HII has also licensed commercially valuable information which comprises and is a part of the Licensed Methods; including without limitation, operations, marketing, advertising and related information and materials. Franchisee acknowledges that the value of this information derives not only from the time, effort and money that went into its compilation, but from the usage of the information and materials by all the franchisees of HII using the Marks and Licensed Methods. Franchisee therefore agrees that other than the HOMEWATCH CAREGIVERS Business licensed herein or authorized by separate agreement with HII, neither Franchisee, nor any of Franchisee's officers, directors, shareholders, limited liability company members or managers, and/or partners (as applicable), nor any member of his or their immediate families, shall during the term of this Agreement do any of the following:

- 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, officer, manager, employee, owner, consultant, representative, agent or otherwise for a Competitive Business.
- c. Divert or attempt to divert any business related to, or any customer or account of, the HOMEWATCH CAREGIVERS Business, HII's business or any other HOMEWATCH franchisee's business, by direct inducement or otherwise; or divert or attempt to divert the employment of any employee of HII, its affiliates or another franchisee licensed by HII to use the Marks and Licensed Methods, to any Competitive Business by any direct inducement or otherwise.

The term "**Competitive Business**" as used in this Agreement means any business operating, or granting franchises or licenses to others to operate a business which offers companionship, personal care, and minor medical services or related products and services offered by HOMEWATCH CAREGIVERS Businesses provided by home health aides, personal care providers, certified nurse assistants, licensed professional nurses and registered nurses to the aging, disabled, recovering, rehabilitating, convalescing, and similar persons at their homes (excluding businesses operating under other franchise agreements with HII), including private home and private pay agencies; or that is otherwise similar to a HOMEWATCH CAREGIVERS Business. Notwithstanding the foregoing, nothing in this Agreement shall prohibit Franchisee 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 5% or less of that class of securities issued and outstanding.

10.2. Post-Termination Covenant Not to Compete.

Upon termination or expiration of this Agreement for any reason, Franchisee and its officers, directors, shareholders, limited liability company members and managers, and/or partners or other owners (as applicable) agree that, for a period of two years commencing on the effective date of termination or expiration, or the date on which Franchisee ceases to conduct business, whichever is later, neither Franchisee nor its officers, directors, shareholders, limited liability company managers and members, partners or other owners (as applicable) shall have any direct or indirect interest (through the spouse or children 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, located or operating within a twenty-five (25) mile radius of Franchisee's Licensed Location or any other HOMEWATCH CAREGIVERS Business' location. The restrictions of this Section shall 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 5% or less of the number of shares of that class of securities issued and outstanding. Franchisee and its officers, directors, shareholders, limited liability company managers and members, partners and/or other owners (as applicable) 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.

10.3. Confidentiality of Proprietary Information.

Franchisee and its officers, directors, shareholders, limited liability company managers and members, partners, employees, agents, and representatives (as applicable) shall treat all information it/they receive that comprises or is a part of the Licensed Methods licensed hereunder as proprietary and confidential, and neither it, nor they, will not use the information in an unauthorized manner or disclose it to any unauthorized person without first obtaining HII's written consent. Franchisee and its officers, directors, shareholders, limited liability company managers and members, and partners (as applicable) acknowledge that the Marks and the Licensed Methods have valuable goodwill attached to them, that the protection and maintenance thereof is essential to HII and that any unauthorized use or disclosure of the Marks or Licensed Methods will result in irreparable harm to HII.

10.4. Confidentiality Agreement.

Franchisee shall cause each of its management personnel, officers, directors, partners, limited liability company managers and members, shareholders, and employees who have access to the Operations Manuals or any other proprietary information, and if Franchisee is an individual, family members who work in the business, to execute a nondisclosure and noncompetition agreement containing the restrictions above, in a form approved by HII.

11. RENEWAL

11.1. Renewal Terms.

At the end of the initial ten (10) year term of this Agreement, Franchisee may renew this Agreement for two additional terms of ten (10) years each, if Franchisee does all of the following:

- a. Executes the then-current Franchise Agreement being offered to prospective franchisees by HII.

b. Has substantially complied with all provisions of this Agreement during the current term, including the payment of all Royalties and other fees due hereunder.

c. Upgrades the HOMEWATCH CAREGIVERS Business and services (the necessity of which shall be in the reasonable but sole determination of HII) to conform to the HII's then-current standards and specifications.

d. Pays a renewal fee of 25% of the then current Franchise Fee.

e. Except if prohibited by law, executes a general release, in form satisfactory to HII, of any and all claims against HII and its officers, directors, employees and agents.

11.2. Exercise of Renewal Option.

Franchisee may exercise its renewal option by giving notice to HII not later than one hundred eighty (180) days prior to the scheduled expiration of this Agreement. An additional initial franchise fee will not be charged. Franchisee's failure to execute the Franchise Agreement and release referred to in Section 11.1 before the expiration of the term of this Agreement shall be deemed a waiver of Franchisee's rights to renewal of the HOMEWATCH CAREGIVERS Business.

11.3. Conditions of Non-Renewal.

HII shall not be obligated to renew this Agreement under any of the following circumstances:

a. Franchisee has not made the monthly Royalty or National Advertising Fee payments or other payments described in this Agreement on a timely basis.

b. Franchisee has had three (3) or more written notices of breach of this Agreement during the term hereof, whether or not such breaches have been cured.

c. Any condition exists at the time for renewal that would enable HII to terminate this Agreement under the terms and conditions for termination contained herein.

d. Franchisee fails to comply with any of the renewal conditions set forth above.

11.4. Continuation.

If for any reason, Franchisee continues to operate the Business with HII's consent or acquiescence beyond the term of this Agreement or any subsequent renewal period, it shall be deemed to be on a month-to-month basis under the terms of this Agreement and subject to termination upon 30 days notice or as required by law. If the holdover period exceeds 90 days, this Agreement is subject to immediate termination unless applicable law requires a longer period.

12. DISPUTE RESOLUTION

12.1. Arbitration.

a. Except for actions brought that are related to or based on the Marks or Article 10 of this Agreement, all disputes between HII, its subsidiaries and affiliated companies or their shareholders, officers, directors, limited liability company members or managers, partners, agents and employees, as

applicable (collectively “**HII Claimants**”), and Franchisee or its employees, officers, directors, limited liability company members or managers, partners, guarantors or Principal Operators, as applicable (collectively “**Franchisee Claimants**”) arising out of or related to this Agreement or the Licensed Methods, will be submitted for arbitration to the Denver, Colorado office of the Judicial Arbitrator Group (“JAG”), or if JAG ceases to exist, the American Arbitration Association (“AAA”), on demand of either party. Notwithstanding the language above, if the action is based on a separate agreement or instrument between HII and Franchisee (such as a promissory note or lease), the dispute resolution provision in that agreement or instrument will control rather than this Section. Arbitration proceedings will be conducted in Denver, Colorado, and will be heard by one arbitrator in accordance with the then-current Rules of the JAG or the AAA (as applicable) that apply to commercial arbitration. The arbitrator must be a Colorado resident knowledgeable of Colorado law, and the arbitration shall be conducted in English. The parties agree that, in connection with any arbitration proceeding, each will file any compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within 30 days after the date of the filing of the claim to which it relates. This **Section 12.1** will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

b. HII and Franchisee agree that arbitration will be conducted on an individual basis only. Neither party shall commence any arbitration with a third party against the other, or join with any third party in any arbitration involving HII and Franchisee. Further, neither HII nor Franchisee shall attempt to consolidate or otherwise combine in any manner an arbitration proceeding involving HII and Franchisee with another arbitration of any kind, nor shall HII or Franchisee attempt to certify a class or participate as a party in a class action against the other. Notwithstanding the foregoing, if Franchisee controls, is controlled by, or is in active concert with another Franchisee of HII, or if there is a guarantor of some or all of the Franchisee’s obligations to HII, then the joinder of those parties to any arbitration between HII and Franchisee shall be permitted; and in all events, the joinder of an owner, director, officer, limited liability company member or manager, partner or other representative or agent of HII or Franchisee shall be permitted.

c. Notwithstanding anything to the contrary contained in this Agreement, HII and Franchisee will each have the right in a proper case to obtain temporary or preliminary injunctive relief from a court of competent jurisdiction, in accordance with **Section 12.2**. Each party agrees that the other party may have such temporary or preliminary injunctive relief, without bond, but upon due notice, and with the sole remedy in the event of the entry of such injunctive relief being the dissolution of such injunctive relief, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of such injunction being expressly waived by each party).

d. The arbitrator will have the right to award or include in the award any relief which he/she deems proper in the circumstances, including, without limitation, money damages (with interest on unpaid amounts from the date due), specific performance, and attorneys’ fees and costs, in accordance with this provision; provided that the arbitrator will not award exemplary or punitive damages. The award and decision of the arbitrator will be conclusive and binding upon all parties hereto and judgment upon the award may be entered in any court of competent jurisdiction. Each party waives any right to contest the validity or enforceability of such award.

e. Any party may apply to the arbitrator for reasonable discovery from the other. In this Agreement, “reasonable discovery” means a party may submit no more than ten interrogatories, including subparts, 25 requests for admission, 25 document requests, and three depositions per side.

12.2. Governing Law/Consent to Jurisdiction.

If a claim is asserted in any legal proceeding involving Franchisee, the Franchisee Claimants, HII and/or the HII Claimants, which is not subject to mandatory arbitration, as specified in Section 12.1 above, the parties agree that the exclusive venue for disputes between them will be in the state and federal courts of Colorado, and each waive any objection either may have to the personal jurisdiction of or venue in the state and federal courts of Colorado. HII, the HII Claimants, Franchisee and the Franchisee Claimants each waive their rights to a trial by jury.

12.3. Dispute Resolution Expenses.

The prevailing party in any action arising out of or related to this Agreement (including an action to compel arbitration) is entitled to recover from the other party all costs and expenses, including reasonable attorneys' fees and costs of collecting monies owed, in addition to all amounts and damages awarded. If both parties are awarded a judgment in any dollar amount, the court or arbitrator, as applicable, shall determine the prevailing party taking into consideration the merits of the claims asserted by each party, the amount of the judgment received by each party and the relative equities between the parties.

12.4. Interest on Default.

Upon a default concerning money owed by Franchisee to HII, HII is entitled to recover interest on the past due amount at the rate of the lesser of 18% per annum or the highest rate permitted by applicable law, accruing from the date of default until fully paid.

13. CHOICE OF LAW

Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.) or other federal law, this Agreement will be interpreted under the laws of the State of Colorado, and any dispute between the parties will be governed by and determined in accordance with the substantive internal laws of the State of Colorado, which laws shall prevail in the event of any conflict of law.

14. MISCELLANEOUS PROVISIONS

14.1. Modification.

HII and Franchisee may modify this Agreement only upon execution of a written agreement between the two parties. Franchisee acknowledges that HII may, however, unilaterally modify its standards and specifications set forth in the Operations Manuals under any conditions and to the extent to which HII, in its sole determination, deems necessary to protect, promote, or improve the Marks and the quality of the Licensed Methods; but under no circumstances will such modifications be made arbitrarily.

14.2. No Waiver.

No waiver of any condition or covenant contained in this Agreement or failure to exercise a right or remedy by HII or Franchisee shall be considered to imply or constitute a further waiver of the same or any other condition, covenant, right, or remedy.

14.3. Delegation of Duties.

HII reserves the right to delegate all or a portion of its obligations and duties to Franchisee hereunder to an authorized third party. Franchisee agrees in advance to any such delegation by HII of any or all of its obligations and duties.

14.4. Modifications by a Court.

Franchisee expressly agrees to be bound by any promise or covenant imposing the maximum duty permitted by law which is subsumed within the terms of any provision hereof, as though it were separately articulated in and made a part of this Agreement, that results from a court or arbitrator of competent jurisdiction striking from any of the provisions hereof any portion or portions held to be unreasonable and unenforceable in a final decision to which HII is a party, or from a court or arbitrator of competent jurisdiction reducing the scope of any promise or covenant. If any court or arbitrator of competent jurisdiction declares any provision(s) or covenant(s) (including, but not limited to, any covenant not to compete) of this Agreement unenforceable because of unreasonableness or being overly broad or any other reason, then Franchisee agrees to be bound to HII under the terms and conditions of such provision or covenant to the maximum extent allowed by law. The remaining provisions of this Agreement shall not be affected by such modification.

14.5. Notices.

All notices required by law or required or permitted to be given under this Agreement shall be given in writing, and personally delivered, sent by certified or registered mail with delivery receipt requested, or sent by a courier service that maintains and can provide to senders records of delivery. All such notices shall be given at the addresses set forth in the introductory paragraph of this Agreement, as may be later specified in a Rider to Addendum - Location Approval executed by Franchisee and HII, or at such other address as HII or Franchisee may designate in writing, and provide as a notice to the other party, from time to time prior to the giving of notice. Notices shall be deemed effectively given when received, unless delivery is refused or the party does not retrieve the notice after notification by the Postal Service or courier, in which case the notice is effective upon attempted personal delivery, mailing, or deposit with a courier service (as applicable).

14.6. Entire Agreement.

This Agreement, including all exhibits and addenda, contains the entire agreement between the parties and supersedes any and all prior agreements concerning the subject matter hereof. Franchisee agrees and understands that HII shall not be liable or obligated for any oral representations or commitments made prior to the execution hereof or for claims of negligent or fraudulent misrepresentation based on any such oral representations or commitments, and that no modifications of this Agreement shall be effective except those in writing and signed by both parties. HII does not authorize, and will not be bound by, any representation of any nature other than those expressed in this Agreement. Franchisee further acknowledges and agrees that no representations have been made to it by HII regarding projected sales volumes, marketing potential, revenues, or profits of Franchisee's HOMEWATCH CAREGIVERS Business, or operational assistance by HII, other than as stated in this Agreement and the HII Franchise Offering Circular and all exhibits thereto.

14.7. Effective Date.

This Agreement shall not be effective until accepted by HII as evidenced by the dating and signing of it by an officer of HII.

14.8. Opportunity to Review.

Franchisee acknowledges that it had a copy of this Agreement in its possession for a period of time not less than ten full business days, during which time Franchisee has had the opportunity to submit it for professional review and advice of Franchisee's choosing prior to freely executing this Agreement.

14.9. Set-Off.

Franchisee shall not be allowed to set off amounts owed to HII for Royalties, National Advertising Fees, other fees or other amounts due hereunder, against any monies owed to Franchisee; nor shall Franchisee in any event withhold such amounts due to any alleged non-performance by HII hereunder, which right of set off is expressly waived by Franchisee. HII shall be allowed to set off amounts owed to Franchisee against monies owed to HII by Franchisee.

14.10. Payment of Taxes.

Franchisee shall reimburse HII, or its affiliates and designees, promptly and when due, the amount of all sales taxes, use taxes, personal property taxes and similar taxes imposed upon, required to be collected or paid by HII, or its affiliates or designees, on account of services or goods furnished by HII, its affiliates or designees, to Franchisee through sale, lease or otherwise, or on account of collection by HII of the initial franchise fee, Royalties, National Advertising Fee or any other payments made by Franchisee to HII required under the terms of this Agreement.

14.11. Cumulative Rights.

The rights and remedies of HII and Franchisee hereunder are cumulative and no exercise or enforcement by HII or Franchisee of any right or remedy hereunder shall preclude the exercise or enforcement by HII or Franchisee of any other right or remedy hereunder which HII or Franchisee is entitled by law to enforce.

14.12. Cross Default; Cross Termination.

a. A default by Franchisee under this Agreement will be deemed a default of all franchise agreements between Franchisee and HII. A default by Franchisee under any other franchise agreement between HII and Franchisee will be deemed a default under this Agreement. A default by the Guarantor(s) of this Agreement or other franchise agreement guaranty will be deemed a default of this Agreement.

b. If this Agreement is terminated as a result of a default by Franchisee, HII may, at its option, elect to terminate any or all other franchise agreements between Franchisee and HII. If any other franchise agreement between Franchisee and HII is terminated as a result of a default by Franchisee, HII may, at its option, elect to terminate this Agreement. It is agreed that an incurable or uncured default under this Agreement or any other franchise agreement between Franchisee and HII will be grounds for termination of this Agreement and/or any and all franchise agreements between Franchisee and HII without additional notice or opportunity to cure.

14.13. Acknowledgement; Representations.

A. FRANCHISEE OR ITS PRINCIPAL OPERATOR(S) ("YOU" OR "YOUR") REPRESENT THAT YOU HAVE CONDUCTED AN INDEPENDENT INVESTIGATION OF THE FRANCHISE AND YOU HAVE BEEN AFFORDED THE OPPORTUNITY TO ASK QUESTIONS

AND REVIEW MATERIALS THAT YOU DEEM RELEVANT IN MARKING THE DECISION TO ENTER INTO THIS AGREEMENT AND ACQUIRE THE FRANCHISE.

B. YOU ACKNOWLEDGE THAT YOU HAVE BEEN ADVISED TO RECEIVE ADVICE OF LEGAL COUNSEL AS TO ALL MATTERS RELATING TO THE DUE DILIGENCE REVIEW OF THE FRANCHISE, INCLUDING THE REVIEW OF THE FRANCHISE OFFERING CIRCULAR AND THIS AGREEMENT.

C. YOU ACKNOWLEDGE THAT THE SUCCESS OF THE BUSINESS VENTURE CONTEMPLATED HEREIN INVOLVES SUBSTANTIAL RISKS AND DEPENDS UPON YOUR ABILITY AS AN INDEPENDENT BUSINESSPERSON AND YOUR ACTIVE PARTICIPATION IN THE DAILY AFFAIRS OF THE BUSINESS.

D. YOU REPRESENT THAT YOU HAVE RECEIVED AND READ A COPY OF HII'S FRANCHISE OFFERING CIRCULAR PRIOR TO SIGNING THIS AGREEMENT YOU REPRESENT THAT YOU HAVE READ AND UNDERSTOOD THIS AGREEMENT.

E. YOU ACKNOWLEDGE THAT NO ASSURANCE OR WARRANTY, EXPRESSED OR IMPLIED, HAS BEEN GIVEN TO YOU AS TO THE POTENTIAL SUCCESS OF THIS BUSINESS VENTURE OR THE EARNINGS LIKELY TO BE ACHIEVED.

F. YOU ACKNOWLEDGE THAT NO STATEMENT, REPRESENTATION OR OTHER ACT, EVENT OR COMMUNICATION, EXCEPT AS SET FORTH IN THIS AGREEMENT IS BINDING ON HII IN CONNECTION WITH THE SUBJECT MATTER OF THIS AGREEMENT, AND THAT THIS AGREEMENT SUPERSEDES ANY AND ALL OTHER AGREEMENTS AND REPRESENTATIONS CONCERNING THIS FRANCHISE.

G. YOU REPRESENT THAT NEITHER FRANCHISEE NOR ANY OF ITS OFFICERS, DIRECTORS, LIMITED LIABILITY COMPANY MANAGERS OR MEMBERS, PARTNERS, SHAREHOLDERS, OR OTHER OWNERS (AS APPLICABLE) ARE SUBJECT TO U.S. EXECUTIVE ORDER 13224.

THIS AGREEMENT is made effective as of the day and year first set forth above.

HOMEWATCH INTERNATIONAL, INC.

FRANCHISEE:

By: _____
Paul A. Sauer
Chief Executive Officer

(Print Name)

Individually

OR
(if a corporation, or other business entity):

Company Name

By: _____

Print Name: _____

Title: _____

**EXHIBIT I
TO FRANCHISE AGREEMENT**

ADDENDUM TO HOMEWATCH FRANCHISE AGREEMENT

THIS ADDENDUM to the Franchise Agreement ("Agreement") dated _____ is made as of the same date between Homewatch International, Inc. ("HII"), and _____ ("Franchisee"), to amend and supplement certain terms and conditions of the Agreement. If a conflict arises in the terms of the Agreement and this Addendum, the terms of this Addendum shall be controlling. All capitalized references not defined in this Addendum have the same meaning as set forth in the Agreement.

1. Licensed Location. The Licensed Location, from which Franchisee will operate its Business, referred to in **Section 1.3** of the Agreement, shall be: _____

2. Territory. The Territory referred to in **Sections 1.3 and 1.4** of the Agreement shall be: _____

3. Second Territory. The Second Territory referred to in **Sections 1.3 and 1.4** of the Agreement, if applicable, shall be (enter description or "N/A"): _____

4. Initial Franchise Fee. The initial franchise fee payable by Franchisee, referred to in **Section 2.1** of the Agreement shall be \$ _____.

Fully executed this ____ day of _____, 20__.

HOMEWATCH INTERNATIONAL, INC.

FRANCHISEE:

By: _____
Paul A. Sauer
Chief Executive Officer

(Print Name)

Individually

OR
(if a corporation, or other business entity):

Company Name

By: _____

Print Name: _____

Title: _____

**EXHIBIT I-1
TO FRANCHISE AGREEMENT**

RIDER TO ADDENDUM - LOCATION APPROVAL

1. **Licensed Location.** The Licensed Location, set forth in Section 1.3 of the Agreement shall be _____

2. **Business Address.** The business address for any notices mailed pursuant to Section 14.5 of the Agreement shall be changed to read as follows:

Fully executed this _____ day of _____, 20____.

HOMEWATCH INTERNATIONAL, INC.

FRANCHISEE:

By: _____
Paul A. Sauer
Chief Executive Officer

(Print Name)

Individually

OR
(if a corporation, or other business entity):

Company Name

By: _____
Print Name: _____
Title: _____

**EXHIBIT II
TO FRANCHISE AGREEMENT**

GUARANTY

In consideration of, and as an inducement to, the execution of the above Franchise Agreement (the "Agreement") by HOMEWATCH INTERNATIONAL, INC. ("HII"):

1. Each of the undersigned ("Guarantors") hereby personally and unconditionally:
 - a. Guarantees to HII and its affiliates and their successors and assigns for the term of the Agreement and thereafter as provided in the Agreement, that _____ ("Franchisee") shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement; and
 - b. Agrees personally to be bound by, and personally liable for the breach of, each and every provision in the Agreement.
2. Each of the undersigned waives all of the following:
 - a. Acceptance and notice of acceptance by HII and its affiliates of the foregoing undertakings.
 - b. Notice of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed.
 - c. Protest and notice of default to any party with respect to the indebtedness or non-performance of any obligations hereby guaranteed.
 - d. Any right he may have to require that an action be brought against Franchisee or any other person as a condition of liability.
 - e. Any and all other notices and legal or equitable defenses to which he may be entitled.
3. Each of the undersigned consents and agrees to all of the following:
 - a. His or her direct and immediate liability under this guaranty shall be joint and several.
 - b. He or she shall render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so.
 - c. This liability shall not be contingent or conditioned upon pursuit by HII or its affiliates of any remedies against Franchisee or any other person.
 - d. This liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which HII or its affiliates may from time to time grant to Franchisee or to any other person; including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims, none of which shall

in any way modify or amend this guaranty, which shall be continuing and irrevocable during the term of the Agreement.

e. He or she will be bound by the covenant not to compete and other restrictive covenants, the confidentiality provisions, the audit provisions, and the indemnification provisions contained in the Agreement.

4. The arbitration, injunctive relief, governing law and jurisdiction provisions contained in the Agreement will govern this Guaranty, and those provisions are incorporated into this Guaranty by this reference.

**PERCENTAGE OF OWNERSHIP
INTERESTS IN FRANCHISEE**

GUARANTOR(S)

**DATE OF FRANCHISE
AGREEMENT**

**EXHIBIT III
TO FRANCHISE AGREEMENT**

HOMEWATCH CAREGIVERS SERVICES

1. Assisting with Personal Care
2. Grooming and Bathing
3. Personal Hygiene
4. Dressing
5. Meal Preparation (Including Special Diets)
6. Laundering Clothes, etc.
7. Changing Linens and Beds
8. Medication Reminding
9. Transferring
10. Grocery Shopping
11. Running Errands
12. Accompanying Clients to Appointments, Events, Social Functions and Exercise Sessions
13. Hair Dressing
14. Assisting with Wheelchairs, Walkers and Other Equipment
15. Letter Writing and Other Communication
16. Local Site-seeing Trips
17. Engaging in Conversation
18. Providing Genuine Companionship
19. Housekeeping
20. Staffing other Facilities
21. Minor Medical Services
22. Care Management
23. Minor Handyman Services
24. Household Management Services
25. New Mother Care
26. Other Domestic and Homecare Services
27. See complete list of Minor Medical Services in Operations Manual
28. See complete list of Companionship Services in Operations Manual
29. See complete list of Personal Care Services in Operations Manual

These services can be modified due to variations in state law or regulations.

**EXHIBIT IV
TO FRANCHISE AGREEMENT**

**HOMEWATCH CAREGIVERS
FRANCHISE LITERATURE & IMAGE PACKAGE
(INITIAL FRANCHISE ITEMS)**

The following items will be distributed to Franchisee after Franchisee successfully completes the initial training program, as specified in the Franchise Agreement to which this Exhibit IV is attached. The cost of these items is included in the initial franchise fee paid by Franchisee to HII.

**MARKETING & ADVERTISING
MATERIALS**

Distributed concluding Training Week

<u>Quantity</u>	<u>Description</u>
1,000	Tri-fold Color Brochures
100	Large Service Brochures (8.5 x 11)

Provided on Homewatch Owner Document CD

1	Classified Ad Sample set
1	Post Card Sample set
1	Price Sheet Samples
1	Homewatch Stationery Set
1	Generic Interest Letter Sample

RETAIL MATERIALS:

Provided on Homewatch Owner Document CD

<u>Quantity</u>	<u>Description</u>
1	Inquiry Sheets
1	Care Service Agreement Forms Part I
1	Care Service Agreement Forms Part II
1	Client Assessment Forms
1	Care Plan Forms Part I
1	Care Plan Forms Part II
1	Home Safety Evaluations
1	Transportation Liability
Release Waivers	
1	Key & Entry Agreement Forms
1	Advance Client Directive Example
1	Client's Rights Forms
1	Quality Assurance Evaluations
1	Quality of Care Evaluations
1	Critical Incident Reports
5	Assessment Packets Assembled
5	Orientation Packets Assembled
1	HIPAA Client Form Packets
1	HIPAA Staff Form Packets
1	HIPAA Business/ Vendor Form Packets

MANUALS:

Distributed on the First Day of Training Week

<u>Quantity</u>	<u>Description</u>
1	Operations Manual
1	Marketing Manual
1	Business Administration Manual
1	Safety & Training Manual
1	Employee Handbook

OUT-SOURCING MATERIALS:

Provided on Homewatch Owner Document CD

<u>Quantity</u>	<u>Description</u>
1	Outside Agency Service Contract

OPERATIONAL MATERIALS:

Provided on Homewatch Owner Document CD

<u>Quantity</u>	<u>Description</u>
1	Employment Applications
1	CareGiver Availability Sheets
1	I-9 Forms
1	W-4 Forms
1	CareGiver Non-Compete Forms
1	Acknowledgment of Receipt Forms
1	CareGiver Guidelines
1	Anti-Harassment Forms
1	Daily Charting Sheets
1	Caregiver Time Sheets
1	Office Staff Non-Compete Forms

CAREGIVER MATERIALS:

Distributed at conclusion of Training Week.

<u>Quantity</u>	<u>Description</u>
2	Smocks
2	Tote Bags
10	Badge Straps
10	Laminating Covers

RECRUITMENT MATERIALS:

Provided on Homewatch Owner Document CD

<u>Quantity</u>	<u>Description</u>
1	Sample CareGiver Advertisement Set

MISCELLANEOUS:

Provided on Homewatch Owner Document CD

<u>Quantity</u>	<u>Description</u>
1	Mission Statement

**EXHIBIT V
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 of 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 Articles of Organization certified by the Secretary of State of 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 name 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 of 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 HII in writing.

Date

Name

Print Name

**EXHIBIT VI
TO FRANCHISE AGREEMENT**

ELECTRONIC FUNDS TRANSFERS AUTHORIZATION AGREEMENT

The undersigned depositor ("Franchisee") agrees to electronic funds transfer from Franchisee's account designated below to the designated account(s) of Homewatch International, Inc. ("HII") for payment of Royalties, National Advertising Fees, and other obligations owed to HII related to Franchisee's HOMEWATCH CAREGIVERS[®] franchise(s).

Franchisee authorizes and requests the financial institution (the "**Bank**") to accept the payment entries presented to the Bank by HII, and to deduct them from the Franchisee's account without responsibility for the correctness of these payments.

Franchisee's Name: _____

Franchisee's Address: _____

Contact Name: _____

Franchisee's Bank Account Information:

Bank Name: _____

Bank Address: _____

Attach a voided check to this form and HII will complete the following information for Franchisee:

Transit Routing Number: _____ Checking Account Number: _____

Franchisee agrees: (1) that this authorization will remain in effect for its HOMEWATCH CAREGIVERS franchise throughout the duration of the Franchise Agreement for that franchise, unless HII agrees to an earlier termination of the authorization; (2) not to revoke any authorization for funds transfer prior to the termination of the applicable Franchise Agreement, without prior written consent of HII; (3) that the Bank cannot cancel this authorization without receiving written consent from HII; and (4) that termination of this authorization does not relieve Franchisee of its obligation to make payments to HII.

If Franchisee is an entity:

By: _____

Title: _____

Date: _____

If Franchisee is one or more individuals:

Signature

Signature

**ILLINOIS RIDER TO THE
HOMEWATCH INTERNATIONAL, INC. FRANCHISE AGREEMENT
BETWEEN HOMEWATCH INTERNATIONAL, INC.
AND _____
DATED _____**

1. Section 12.2 is deleted in its entirety and the following provision is substituted in its place:

12.2 Governing Law/Consent to Jurisdiction. All disputes to be arbitrated by Franchisor and Franchisee shall be governed by the Federal Arbitration Act and no procedural arbitration issues are to be resolved pursuant to any state statutes, regulations or common law. Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 *et seq.*), or other federal law, all matters regarding this Agreement arising out of the Illinois Franchise Disclosure Act of 1987 shall be governed thereby.

2. Section 14.6 is deleted in its entirety and the following provision is substituted in its place:

14.6 Entire Agreement. This Agreement, including all exhibits, riders and addenda, contains the entire agreement between the parties and supersedes any and all prior agreements concerning the subject matter hereof. No modifications of this Agreement shall be effective except those in writing and signed by both parties. HII does not authorize any representation of any nature other than those expressed in this Agreement and the Franchise Offering Circular.

3. Section 14.8 is deleted in its entirety and the following provision is substituted in its place:

14.8 Opportunity to Review. Franchisee acknowledges that it has received a copy of this Agreement and has had the opportunity to submit it for professional review and advice of the Franchisee's choosing prior to freely executing this Agreement.

4. Subparts C, E, and F of Section 14.13 are deleted in their entirety and the following provision is substituted in their place:

BEFORE SIGNING THIS AGREEMENT, YOU SHOULD READ IT CAREFULLY WITH THE ASSISTANCE OF LEGAL COUNSEL. YOU ACKNOWLEDGE THAT THE SUCCESS OF THE BUSINESS VENTURE CONTEMPLATED HEREIN INVOLVES SUBSTANTIAL RISKS AND DEPENDS UPON YOUR ABILITY AS AN INDEPENDENT BUSINESS PERSON AND YOUR ACTIVE PARTICIPATION IN THE DAILY AFFAIRS OF THE BUSINESS.

5. Section 41 of the Illinois Franchise Disclosure Act states that "any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act is void."

HOMEWATCH INTERNATIONAL, INC.

FRANCHISEE (Print Name)

By: _____
Title: _____

By: _____
Title: _____

**INDIANA RIDER TO THE
HOMEWATCH INTERNATIONAL, INC. FRANCHISE AGREEMENT
BETWEEN HOMEWATCH INTERNATIONAL, INC.**

AND _____

DATED _____

1. The following language is added at the end of Sections 9.3.f and 11.1.e:

“...excluding only such claims as Franchisee may have that have arisen under the Indiana Franchise Disclosure Law and the Indiana Deceptive Franchise Practices Act.”

2. Section 10.2 is deleted in its entirety and the following is substituted in its place:

Upon termination or expiration of this Agreement for any reason, Franchisee and its officers, directors, shareholders, limited liability company managers and members, and/or partners agree that, for a period of two years commencing on the effective date of termination or expiration, or the date on which Franchisee ceases to conduct business, whichever is later, neither Franchisee nor its officers, directors, shareholders, limited liability company managers and members, and/or partners shall have any direct or indirect interest (through a member of any immediate family of Franchisee or its owners or otherwise) as a disclosed or beneficial owner, investor, partner, director, officer, limited liability company manager or member, employee, consultant, representative or agent or in any other capacity in any Competitive Business, defined in **Section 10.1** above, located or operating within a twenty-five (25) mile radius of Franchisee's Licensed Location. The restrictions of this Section shall 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 5% or less of the number of shares of that class of securities issued and outstanding. Franchisee and its officers, directors, shareholders and/or 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.

3. The following language is added at the end of Section 10.4:

If HII requires any immediate family member to execute a Non-Disclosure and Non-Competition Agreement subsequent to the execution of this Agreement by Franchisee, Franchisee must use its best efforts to cause that immediate family member to execute the Non-Disclosure and Non-Competition Agreement.

4. Section 12.1 is deleted in its entirety and the following language is substituted in its place:

Except for controversies, disputes or claims related to or based on the Marks, the enforcement of covenants not to compete, or any lease of real estate, all controversies, disputes and claims between HII, its subsidiaries, and affiliated companies and their shareholders, officers, directors, limited liability company managers and members, agents, employees and attorneys (collectively, the “**HII Claimants**”), and Franchisee, its officers, directors, partners, limited liability company members and managers,

employees, agents, guarantors, and Principal Operators, as applicable (collectively, the “**Franchisee Claimants**”) relating to any provision hereof or other agreements between the parties, any specification, standard or operating procedure or any other obligation of Franchisee prescribed by HII, or any obligation of HII, or the alleged breach thereof, shall be submitted for arbitration to the American Arbitration Association on demand of either party. Such arbitration proceedings shall be conducted at a location in the State of Indiana agreed upon by the parties in accordance with the then-current Commercial Arbitration Rules of the American Arbitration Association, and shall be heard by one arbitrator in accordance with such rules. This language has been included in this Franchise Agreement as a condition to registration. HII and Franchisee do not agree with the above language and believe that each of the provisions of the Franchise Agreement, including all venue provisions, are fully enforceable. HII and Franchisee intend to fully enforce all of the provisions of the Franchise Agreement and all other documents signed by them, including but not limited to, all venue, choice-of-law, arbitration provisions and other dispute avoidance and resolution provisions and to rely on federal pre-emption under the Federal Arbitration Act.

The arbitrator shall have the right to award or include in the award any relief which he deems proper in the circumstances, including, without limitation, money damages (with interest on unpaid amounts from the date due), specific performance, injunctive relief and attorneys’ fees and costs, in accordance with **Section 12.3** of this Agreement. The award and decision of the arbitrator shall be conclusive and binding upon all parties hereto and judgment upon the award may be entered in any court of competent jurisdiction. The parties agree to be bound by the provisions of any applicable limitation on the period of time by which claims must be brought under applicable law or this Agreement, whichever is less. The parties further agree that, in connection with any such arbitration proceeding, each shall file any compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within thirty (30) days after the date of the filing of the claim to which it relates. This provision shall continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

5. The second sentence of Section 12.1.c is deleted in its entirety.

6. Section 12.2 is deleted and the following language is inserted in its place:

All disputes to be arbitrated by HII and/or the HII Claimants, and Franchisee and/or the Franchisee Claimants, shall be governed by the Federal Arbitration Act and no procedural arbitration issues are to be resolved pursuant to any state statutes, regulations or common law. Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.) or other federal law, disputes related to a breach of this Agreement governed by the Indiana Franchise Disclosure Law or the Indiana Deceptive Franchise Practices Law shall be governed thereby, and all other matters regarding this Agreement shall be governed by the laws of the State of Colorado. This language has been included in this Franchise Agreement as a condition to registration. HII and Franchisee do not agree with the above language and believe that each of the provisions of the Franchise Agreement, including all venue provisions, are fully enforceable. HII and Franchisee intend to fully enforce all of the provisions of the Franchise Agreement and all other documents signed by them, including but not limited to, all venue, choice-of-law, arbitration provisions and other dispute avoidance and resolution provisions and to rely on federal pre-emption under the Federal Arbitration Act. With respect to disputes not related to a breach of this Agreement governed by the

Indiana Franchise Disclosure Law or the Indiana Deceptive Franchise Practices Law, Franchisee and HII 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, and/or the Franchisee Claimants, and HII and/or the HII Claimants, the parties agree that the exclusive venue for disputes between them shall be in the state and federal courts of Colorado and each waive any objection either may have to the personal jurisdiction of or venue in the state and federal courts of Colorado. HII, the HII Claimants, Franchisee, and the Franchisee Claimants each waive their rights to a trial by jury.

7. The following language is added at the end of Section 13.8:

Notwithstanding anything to the contrary in this Section, Franchisee does not waive any right under the Indiana Franchise Disclosure Law and the Indiana Deceptive Franchise Practices Act with regard to prior representations made by HII.

HOMEWATCH INTERNATIONAL, INC.

FRANCHISEE (Print Name)

By: _____

By: _____

Title: _____

Title: _____

**MARYLAND RIDER TO THE
HOMEWATCH INTERNATIONAL, INC. FRANCHISE AGREEMENT
BETWEEN HOMEWATCH INTERNATIONAL, INC.
AND _____
DATED _____**

1. The following language is added to the end of Section 9.3.f (Conditions of Assignment) and Section 11.1.e. (Renewal Terms):

(Any release executed in connection herewith will not apply to any claims that may arise under the Maryland Franchise Registration and Disclosure Law.)

2. The following paragraph is added to the end of Section 12.2 (Governing Law/Consent to Jurisdiction):

Franchisee may commence any cause of action against HII in any court of competent jurisdiction, including the state or federal courts of Maryland. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.

3. The following sentence is added to the end of Section 14.6 (Entire Agreement) and Section 14.13 (Acknowledgement):

Provided, however, that this provision is not limited to, nor shall it act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Laws.

HOMEWATCH INTERNATIONAL, INC.

FRANCHISEE (Print Name)

By: _____

By: _____

Title: _____

Title: _____

**NEW YORK RIDER TO THE
HOMEWATCH INTERNATIONAL, INC. FRANCHISE AGREEMENT
BETWEEN HOMEWATCH INTERNATIONAL, INC.
AND _____
DATED _____**

1. The following sentence is added after the fourth sentence of Section 5.4 and at the end of Section 14.1:

Any new or different requirement set forth in the Operations Manuals shall not unreasonably increase the Franchisee's obligations or place an excessive burden on the Franchisee's operation of its Business.

2. After the first sentence of Section 6.2, the following sentence is added:

However, Franchisee shall not be required to indemnify HII for any liabilities that arose as a result of HII's breach of this Agreement or other civil wrongs committed by HII.

3. Section 8.5 is deleted and the following is inserted in its place:

Franchisee may terminate the Agreement upon any grounds available by law, provided that HII will have a reasonable period in which to cure any breach of the Franchisee Agreement by HII before termination by Franchisee (if applicable).

4. The following language is added at the end of Sections 9.3.f and 11.1.e:

Provided however, that all rights enjoyed by the Franchisee and any causes of action arising in the Franchisee's favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provision of GBL 687.4 and 687.5 be satisfied.

5. The following language is added to Section 13:

However, the foregoing choice of law shall not be considered a waiver of any right conferred upon the Franchisee by the provisions of Article 33 of the New York State General Business Law. This language has been included in this Franchise Agreement as a condition of registration. HII and Franchisee do not agree with the above language and believe that each of the provisions of the Franchise Agreement including all choice of law provisions, are fully enforceable. HII and the Franchisee intend to fully enforce all of the provisions of the Franchise Agreement and all other documents signed by them, including but not limited to, all venue, choice-of-law, arbitration provisions and other dispute avoidance and resolution provisions and to rely on federal pre-emption under the Federal Arbitration Act.

6. Section 13.4 is deleted and the following language is inserted in its place:

This Agreement is fully assignable by HII and shall inure to the benefit of any assignee or other legal successor in interest, and HII shall in such event be fully released from this Agreement, provided no assignment shall be made except to an assignee who, in HII's good faith judgment, is willing and able to assume the HII's obligations under this Agreement.

HOMEWATCH INTERNATIONAL, INC.

FRANCHISEE (Print Name)

By: _____

By: _____

Title: _____

Title: _____

**WASHINGTON RIDER TO THE
HOMEWATCH INTERNATIONAL, INC. FRANCHISE AGREEMENT
BETWEEN HOMEWATCH INTERNATIONAL, INC.
AND _____**

DATED _____

1. These states have statutes that may supersede the Franchise Agreement in your relationship with us, including the areas of termination and renewal of your franchise: ARKANSAS [Stat. Sections 4-72-201 to 4-72-210], CALIFORNIA [Bus. & Prof. Code Sections 20000-20043], CONNECTICUT [Gen. Stat. Ch. 739, Sections 42-133e to 42-133h], DELAWARE [Title 6, Ch. 25, Code Sections 2551-2556], HAWAII [Title 26, Rev. Stat. Section 482E-6], ILLINOIS [ILCS, Ch.815, Sections 705/1-705/44], INDIANA [Code Section 23-2-2.7-1 to 7], IOWA [Title XX, Code Sections 523H.1-523H.17], MARYLAND [MD. CODE ANN., BUS. REG. Sections 14-201 to 14-233 (1998 Repl. Vol. & Supp. 2001)], MICHIGAN [1979 Comp. Laws, Section 445.1527], MINNESOTA [1996 Stat. Section 80C.14], MISSISSIPPI [Code Sections 75-24-51 to 75-24-63], MISSOURI [Rev. Stat. Sections 407.400-407.410, 407.413, 407.420], NEBRASKA [Rev. Stat. Sections 87-401 to 87-410], NEW JERSEY [Rev. Stat. Sections 56:10-1 to 56:10-12], SOUTH DAKOTA [Codif. L. Section 37-5A-51], VIRGINIA [Code Sections 13.1-557-574], WASHINGTON [Rev. Code Sections 19.100.180, 19.100.190], WISCONSIN [Stat. Sections 135.01 - 135.07], DISTRICT OF COLUMBIA [Code Sections 29-1201 to 29-1208], PUERTO RICO [Ann. Laws, Title 10, Ch. 14, Sections 278-278d], VIRGIN ISLANDS [Code Ann., Title 12A, Ch. 2, Subch. III, Sections 130-139]. These and other states may have court decisions that may supersede the Franchise Agreement in your relationship with the Franchisor, including the areas of termination and renewal of your franchise.

Arbitration shall take place in the state of Washington, but only if "in-state" arbitration is a valid requirement of the Washington Franchise Investment Practices Act.

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

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

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

HOMEWATCH INTERNATIONAL, INC.

FRANCHISEE (Print Name)

By: _____

By: _____

Title: _____

Title: _____

**WISCONSIN RIDER TO THE
HOMEWATCH INTERNATIONAL, INC. FRANCHISE AGREEMENT
BETWEEN HOMEWATCH INTERNATIONAL, INC.
AND _____
DATED _____**

1. The following statement is added to Section 8.8:

The conditions under which the Franchise Agreement can be terminated or not renewed may be affected by the Wisconsin Fair Dealership Law, Wisconsin Statutes 1981-82, Title XIV-A, Chapter 135.

HOMEWATCH INTERNATIONAL, INC.

FRANCHISEE (Print Name)

By: _____

By: _____

Title: _____

Title: _____