

FRANCHISE DISCLOSURE DOCUMENT

Care  Patrol

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CAREPATROL FRANCHISE SYSTEMS, LLC.

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a Arizona Limited Liability Company

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Gilbert, Arizona 85296

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DEPARTMENT OF
BUSINESS OVERSIGHT
SAN FRANCISCO

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

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

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Chuck Bongiovanni, at 428 S. Gilbert Rd., Suite #113, Gilbert, AZ 85296; and 480-626-2450

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

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

sources of information on franchising.

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

Issuance Date: May 16, 2013

STATE COVER PAGE

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

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

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

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

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

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

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

4. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THIS DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS DISCLOSURE DOCUMENT.

5. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

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

REGISTRATION OF THIS FRANCHISE WITH THE STATE DOES NOT MEAN THAT THE STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THIS DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE STATE ADMINISTRATORS LISTED IN EXHIBIT F.

The Effective Date of this Disclosure Document is May 16, 2013, unless otherwise noted on the following page.

Effective Dates for States Requiring Registration and Notice Filings:

California: 5/16/13

Connecticut: 7/10/13

Florida: 7/22/2013

Hawaii:

Illinois:

Indiana: 11/9/2012

Kentucky: 6/17/2013

Maryland: 5/7/2013

Michigan: 11/9/2012

Minnesota: ~~11/26/2012~~

Nebraska: 7/12/13

North Carolina:

North Dakota:

New York:

Rhode Island: ~~4/11/13~~ 4/1/13

South Carolina: 7/12/13

South Dakota:

Texas: 3/10/09

Utah:

Virginia:

Washington: 2/8/2013

Wisconsin: 7/5/13

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EXHIBITS:

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

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

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

The Franchisor, any Parents, Predecessors and Affiliates:

CAREPATROL Franchise Systems, LLC. was formed under the laws of Arizona in January 2009. CAREPATROL does not do business under any other name. Our principal business address is 428 S. Gilbert Rd., Suite #113, Gilbert, AZ 85296. CAREPATROL’s agent for service of process is disclosed in **Exhibit F** to this Franchise Disclosure Document. CAREPATROL has never offered franchises in this or any other line of business and has no business other than offering franchises and assisting franchisees.

CAREPATROL Franchise Systems, LLC. has no parent companies.

CAREPATROL has no predecessors but we do have one affiliate, which is Arizona Placement Advisors whose principal business address is 428 S. Gilbert Rd., Suite #113, Gilbert, AZ 85296. Arizona Placement Advisors was formed under the laws of Arizona in January 2009.

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

Description of the Franchise

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

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

The Market and Competition

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

Regulations

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

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

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

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

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

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

General

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

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

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

ITEM 2 BUSINESS EXPERIENCE

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

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

Corporate Trainer & Coach: David Johnson, LMSW

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

Medical Social Worker for Banner Health located in Mesa, Arizona from November 2011 to March 2012. He also held the position of Psychiatric Social Worker for Maricopa Integrated Health System, located in Mesa, Arizona, from June 2011 through December 2011. Mr. Johnson was a Medical Social Worker for Phoenix Baptist Hospital, located in Phoenix, Arizona, from June 2010 to May 2011. From August 2009 to January 2011, he was a Therapist/Counselor for EAP Preferred's Phoenix and Tempe Arizona locations. Mr. Johnson served as a Case Manager for Gila River Health Care located in Sacaton, Arizona from June 2009 to June 2010. He also was a Manager of the Employee Assistance Program for Gila River Gaming Enterprise, located in Chandler, Arizona, from July 1998 through November 2007.

Director of Operations, Becky Bongiovanni, CSA

Becky Bongiovanni has been in the assisted living placement industry since 2004 as was the sole operator of Arizona Placement Advisors from January, 2006, until April, 2009. Becky became the Corporate Trainer for CarePatrol in April, 2009 and has been in charge of franchise operations including training of new franchisees and continued coaching for all franchisees as they progress through the system, to the present.

Compliance Officer: Nita Rice

Mrs. Rice has worked for CarePatrol since its inception, in January, 2009. as the Franchise Compliance Officer She was hired in November, 2007 as Office Manager. Mrs. Rice became our Franchise Compliance Officer in January, 2011, and finally Chief Compliance Officer in January, 2012. Prior to that, Mrs. Rice worked in the same capacity for our affiliate company Arizona Placement Advisors, Inc., since January 2009.

**ITEM 3
LITIGATION**

On December 3, 2012, the Federal Trade Commission issued a complaint against CAREPATROL, Inc., regarding certain wording on CAREPATROL's web site. The Commission objected to wording that seemed to imply that CAREPATROL "monitors or grades the care history and violations of all or a substantial majority, of assisted living facilities in a consumer's desired location," that it was incorrect to list every state under a "Click Below to Meet our Consultants" heading, in states in which CAREPATROL does not have franchises, as CAREPATROL does not have consultants in every state, and that CAREPATROL "does not monitor or grade assisted living facilities based on most recent state inspections."

There was no intent to mislead, and the wording was for marketing and internet search engine optimization purposes only. In compliance, CAREPATROL modified the wording on its web site per FTC instructions. There was no fine or penalty imposed. Federal Trade Commission Docket No C-4379.

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

ITEM 4 BANKRUPTCY

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

ITEM 5 INITIAL FEES

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

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

Before your business opens, you must pay us a Grand Opening Fee of \$5,000 ~~and~~ which is for on-site marketing training, \$2500.00, and sales and marketing materials, \$2500.00.

After all on-site training has concluded a non-refundable ~~Strategic Partner Support Program Fee~~ Intensive Coaching Program Fee of \$600.00 will be paid to us for the first 4 months of your franchise operation, which totals \$2400.

We also require that you purchase one (1) license of our proprietary software for client data collection, for a one-time payment of \$250. There is no annual charge for this.

The total of the Initial Franchise fee, the Grand Opening fee, the Intensive Coaching Program Fee, and the proprietary software, which you must pay to us before and within the first four months after opening is \$52,150.

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

OTHER FEES

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

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

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

**ITEM 7
ESTIMATED INITIAL INVESTMENT**

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount (Low)	Amount (High)	Method of payment	When due	To whom payment is to be made
Initial Franchise Fee (Note 1)	\$44,500	\$44,500	Lump sum	Upon signing of a Franchise Agreement	Us
Travel and Living Expenses	\$1,000	\$1,500	As incurred	During training	Airlines, Hotels, Restaurants, etc.
Grand Opening Fee (Note 2)	\$5,000	\$5,000	Lump Sum	10 days prior to training	Us
Rent or Real Estate (Note 3)	\$0	\$2,500	As determined by Lessor	Prior to opening	Lessor
Certified Senior Advisor (4)	\$850	\$1,000	Lump Sum	Within first 6 months of operation	Vendor
Furniture & Fixtures	\$0	\$1,000	As determined by Vendors	Prior to opening or as arranged with Vendors	Vendors
Signage	\$0	\$1,000	As determined by Vendors	Prior to opening or as arranged with Vendors	Vendors
Miscellaneous Opening Costs (Note 5)	\$0	\$1,000	As incurred	Prior to opening	Suppliers, Utilities, etc.
Initial Inventory (Note 6)	\$0	\$0	As incurred	Prior to opening	Us
Insurance (Yearly basis)	\$2,000	\$3,000	As determined by Insurance Company	Prior to opening or as arranged with Insurance Company/Agent	Insurance Company/Agent
Computer Equipment and Proprietary Software (Note 7)	\$500	\$4,000	As determined by Vendors	Prior to opening or as arranged with Vendors	Vendors
Additional Funds for Initial three (3) Months (Note 8)	\$2,000	\$5,000	As incurred	As incurred	Suppliers, Utilities
TOTALS (Note 9)	\$55,850.00	\$69,500.00			

- (1) CAREPATROL will approve or decline your application within 45 days of our receipt of your completed application. Your Franchise Fee will be due upon signing the Franchise Agreement and is fully earned upon payment. We will not refund the Initial Franchise Fee under any circumstances. CAREPATROL, nor any affiliate finances any part of the initial investment.
- (2) Grand Opening Fee: Since we do not receive any Royalties from any of your local marketing efforts this fee is to compensate US for of our expenses for initial and continued training, coaching, local marketing materials development and coaching for local marketed clients.

- (3) **Rent/Real Estate:** You are not required to maintain an office for purposes of operating your CAREPATROL business. Instead, you may operate your CAREPATROL business from your home. If you choose a commercial location, you must lease the space for your Business. Generally, this will include first and last months' rent, plus a security deposit. Typical locations are commercial centers, strip centers or buildings on commercial streets with heavy traffic, and office buildings.
- (4) This fee is for your Certified Senior Advisor education and certification which is part of our mandatory education policy. This training is offered both online and live classroom settings and is given by the Society of Certified Senior Advisors. This fee does not include any travel or lodging expenses if you choose to be trained in a live classroom setting outside of your territory.
- (5) This fee also includes other deposits, utility costs, telephone, Internet, and communications costs and incorporation fees if you choose to have a store front office.
- (6) You will be provided with an initial inventory of marketing supplies, including 1,000 brochures, 1,000 business cards, and name plates. This initial inventory is included with the price of your Initial Franchise Fee.
- (7) While we do not require any specific vendors for computer, Internet, and communications equipment, we require that you meet certain minimum standards established periodically in the Manual. You are required to purchase or lease certain software for the operation of your franchise. Required software includes Microsoft Word, Access, Excel, PowerPoint, Publisher and Streets & Trips programs, FileMakerPro 11.0 and FileMakerGo for the Ipad.. This fee also estimates your cost to purchase a telephone system, a portable DVD player, smart phone, digital camera and GPS. See Item 11 of this Disclosure Document for additional information regarding the requirements for your computer hardware and software
- (8) This estimates your initial start-up expenses for an initial three-month period, not including payroll costs, and does not include any revenue generated by the operation of your Business. These figures are estimates and we cannot guarantee that you will not have additional expenses starting your Business. Your expenses will depend on factors such as: how much you follow our methods and procedures, your management skill, experience and business acumen, local economic conditions (e.g., the local market for Senior Referral and Placement), the prevailing wage rate, competition and the sales level reached during the initial period.
- (9) We relied on 21 years of experience in the Senior Referral and Placement business to compile these estimates. You should review these figures carefully with a business advisor before making any decision to purchase the franchise. If you obtain financing from others to pay for some of the expenditures necessary to establish and operate the franchise, the cost of financing will depend on your creditworthiness, collateral, lending policies, financial condition of the lender, regulatory environment, and other factors.

ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

We require that you establish and operate your franchised Franchise in compliance with your Franchise Agreement. You must strictly follow our specifications as set forth in the operations manual we provide to you or other written materials from us (collectively, the "**Manual**"), which we may modify from time to time, and which may be in print or electronic format. We reserve

the right to require you to use an electronic version of the Manual and to require you to access the document using the Internet or an intranet created and supported by us. Our standards and specifications have been prescribed in order to maintain a uniform standard of high quality, value, advertising support and availability to be furnished to the public in connection with our Marks. In operating the Franchise, all equipment and supplies must conform to our standards and specifications, which have been established through years of experience. In the future, we may modify our Outlet equipment and supplies.

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

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

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

We expect to derive some income from Franchisees' required purchases from designated and approved suppliers in the next and following fiscal years through a program of rebates from some of our designated or approved suppliers. These rebates serve to partially reimburse us for our costs in the initial sourcing, approval and ongoing monitoring of compliance with our quality standards by our suppliers but we may receive rebates in excess of our cost to source, approve and monitor suppliers. In the fiscal year ended December 31, 2012, neither we nor our affiliates derived revenue from purchases or leases made by our Franchisees.

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

We do not have any purchasing or distribution cooperatives as of the date of this Disclosure Document, but we have acquired special below market rates for all of our printed marketing materials. We may negotiate purchase arrangements with other suppliers and distributors for the benefit of our Franchisees in the future and we may receive rebates or volume discounts from our purchase of equipment and supplies that we resell to you. We do not provide material benefits, such as renewing or granting additional franchises, to Franchisees based on their use of designated or approved suppliers.

WE maintain all internet sales and advertising. YOU are prohibited from purchasing advertising on the internet, obtaining a domain name or email address that is similar or can be used in the assisted living placement industry. You may not create an internet website promoting CarePatrol

or any other Senior Placement company of any type. You may not purchase leads from any company or individuals who operates a lead generation program for assisted living or similar services. You may not list your franchise or telephone number on any internet listing or advertising website.

Leases

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

Insurance

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

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

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

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

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

Computer Requirements

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

**ITEM 9
FRANCHISEE'S OBLIGATIONS**

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

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

**ITEM 10
FINANCING**

Neither CAREPATROL nor any agent of ours offers direct financing. Other than described below, we do not guarantee your note, lease, or obligation. Except as describe below we do not currently place financing with anyone and do not receive any payment or other benefit for placement of financing. We do not have any past or present practice to sell, assign or discount to

any third party, in whole or in part, any financing arrangements. We reserve the right to offer further financing or assist Franchisees in obtaining financing in the future.

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

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

Pre-Opening Obligations

Before you begin your Business, we will:

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

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

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

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

Training Program

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Orientation	Minimum of 1 Hour	None	Gilbert, Arizona
Safety and Insurance	Minimum of 1 Hour	None	Gilbert, Arizona
Marketing and Promotion	Minimum of 8 Hours	Minimum of 8 Hours	Gilbert, Arizona
Basic Management	Minimum of 8 Hour	None	Gilbert, Arizona

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Administration	Minimum of 4 Hours	None	Gilbert, Arizona
Client Assesment	Minimum of 3 Hour	None	Gilbert, Arizona/ Franchisee Location
Provider Assessment & Contracting	Minimum of 2 Hour	Minimum of 8 Hours	Gilbert, Arizona/ Franchisee Location
Operation:	Minimum of 13 Hours	None	Gilbert, Arizona/ Franchisee Location
TOTALS	Minimum of 40 Hours	Minimum of 16 Hours	

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

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

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

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

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

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

During the operation of the franchised business, CAREPATROL will:

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

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

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

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

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

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

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

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

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

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

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

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

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

Sales Lead Management

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

Schedule for Opening

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

Computer Systems, Proprietary Software, and Internet Access

We do not currently require you to purchase any particular brand of computer hardware to establish or operate the Business (except for an Apple Ipad, Apple Ipad3 with Wifi), but we do specify the standards for computer and communication equipment and Internet access. You will be required buy and/or license third-party software to use in the operation of your Franchise. Currently, the software requirements are Microsoft Word, Access, Excel, PowerPoint, Publisher and Streets & Trips programs, FileMaker Pro 11 & FileMakerGo. We currently use Microsoft 2007 or 2010 versions. We also require that you purchase one (1) license of our proprietary software for client data collection. The minimum requirement to run our software is a PC with 2 Gigabits RAM and 120 GB Hard Drive. This hardware and software may be obtained from any computer reseller such as Office Depot, or Best Buy and will cost from \$500 to \$4,000. We reserve the right to specify computer hardware or software and to specify other computer-related standards in the future. You must have access to the Internet, use our corporate electronic mail

address and check your electronic mailbox many times per day. We reserve the right to market and sell, over the Internet.

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

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

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

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

ITEM 12 TERRITORY

You will receive an exclusive territory ("**Protected Territory**"). Your territory will consist of a zip code or zip codes with a minimum of 50 ~~assisted living facilities~~ licensed senior care independent living communities, and /or a minimum population of 600,000 people, or a minimum of 1,800 beds, within that range of zip codes. CAREPATROL will not operate, through our current trademarks or different trademarks, any CAREPATROL permanent Franchises or grant franchises for a similar or competitive business within your Protected Territory, but it has the right to do so anywhere outside your Territory. Once established, the boundaries of your Protected Territory will not be adjusted without our prior written consent regardless of whether the population of your Protected Territory increases or decreases over time.

You may not relocate your franchise unless you are in good standing and have our prior written consent. In considering a request for relocation, we shall take into account the business desirability of the proposed new location, its distance from other and future-planned franchised locations, security, cost, demographics of the area, and other such factors. Upon relocation you will need to turn over your current license, before receiving your new license for the new location. You will Relocation approval shall not be unreasonably withheld and shall be approved within 30 days.

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

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

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

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

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

You do not receive the right to acquire additional franchises within your area or any contiguous area by this agreement alone. Each Franchise Agreement is a separate and distinct transaction between you and us. We intend to develop a strong system of multi-unit owners. You are encouraged to purchase franchise rights to operate additional franchises within or outside your local trade area. You do not receive any rights to use any other channel of distribution for our products or services without our written consent.

Your retaining this exclusivity is dependent upon placement volume. You must meet Key Performance Indicators, as follows: During the last quarter of your first year you must be averaging 3 to 4 placements per month. After the end of your first year, and each year thereafter, you must be averaging 5 to 8 placements per month, in order to be in compliance with this Franchise Agreement.

We reserve the right, among others:

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

ITEM 13 TRADEMARKS

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

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

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

Care Patrol

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

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

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

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

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

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

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

Functions of Marks and Restrictions:

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

ITEM 14 PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Patents and Copyrights:

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

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

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

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

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

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

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

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

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

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

ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer and sell all products and services which are part of the CAREPATROL system, and all services and products we incorporate into the CAREPATROL system in the future.

CAREPATROL reserves the right, in our sole discretion, to change the types of authorized services upon reasonable notice to you. There are no contractual limits on CAREPATROL's right to make changes, but CAREPATROL will not make changes lightly. (See ITEMS 1, 8 & 9).

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

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

ITEM 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

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

THE FRANCHISE RELATIONSHIP

	Provision	Section in Franchise Agreement	Summary For Franchise Agreement
a.	Length of the franchise term	Section 3	5 years.
b.	Renewal or extension of term	Section 3	If you are in good standing you can renew for 3 additional terms of 5 years.
c.	Requirements for you to renew or extend	Section 3	Sign new agreement, be current in payments, and pay the Renewal Fee. You may be asked to sign a new Franchise Agreement with materially different terms and conditions than your original contract, but the boundaries of the territory will remain the same, and the Continuing Royalty on renewal will be no greater than Royalties that we impose on similarly-situated renewing franchisees.
d.	Termination by you	Section 13.01	Default by us.
e.	Termination by CAREPATROL with cause	Section 13.02	We can terminate if you commit any one of several violations with a written 90 days notice.
f.	Termination by CAREPATROL without cause	Not Applicable	Not Applicable

	Provision	Section in Franchise Agreement	Summary For Franchise Agreement
g.	"Cause" defined - curable defaults	Section 13.01(a)	You have 30 days to cure, including failure to comply with the System, non-payment of fees and other obligations, failure to comply with federal, state or local laws or regulations.
h.	"Cause" defined - non-curable	Section 13.01(b)	Non-curable defaults include misrepresentation by you, behaviors that cause damage to the brand, conviction of a felony, failure to complete initial training, bankruptcy, insolvency, or appointment of receiver, abandonment, trademark misuses and unapproved transfers. (Termination upon bankruptcy may not be enforceable under U.S. Bankruptcy Law.)
i.	Your obligations on termination/nonrenewal	Sections 13.03, 13.04	Obligations include complete de-identification, non-competition and payment of amounts due.
j.	Assignment of contract by CAREPATROL	Section 14	No restriction on our right to assign.
k.	"Transfer" by you - definition	Section 14.03	Includes transfer of contract or assets or ownership change.
l.	CAREPATROL approval of transfer by Franchisee	Section 14.04-14.06	We have the right to approve all transfers but will not unreasonably withhold approval.
m.	Conditions of approval of transfer	Section 14.04	New Franchisee qualifies, Transfer Fee paid, purchase agreement approved, training arranged, release signed by you, and current agreement signed by new Franchisee.
n.	CAREPATROL's right of first refusal to acquire your Business.	Section 14.07	We can match any offer for your Business.
o.	CAREPATROL's option to purchase your Business	Section 14.07	We may purchase Business if Franchise is terminated for any reason by Right of First Refusal
p.	Your death or disability	Section 14.06	Franchise must be assigned by estate to approved transferee within 120 days.
q.	Non-competition covenants during the term of franchise	Section 15.01	No involvement in competing business anywhere in U.S.
r.	Non-competition covenants after the franchise is terminated or expires	Section 15.01	No competing business for 1 years within 50 mile radius from the boundary of your Protected Territory or from another CAREPATROL franchise or company-owned Franchise (including after assignment).

	Provision	Section in Franchise Agreement	Summary For Franchise Agreement
s.	Modification of agreement	Sections 7.04, 8.09	No modifications generally but Manual subject to change.
t.	Integration/merger clause	Section 18.01	Only the terms of the Franchise Agreement are binding (subject to state law). Any other promises may not be enforceable. Nothing in the Agreement or in any related agreement is intended to disclaim the representations we made in the FDD.
u.	Dispute resolution by arbitration or mediation	Section 16	Except for certain claims, all disputes must be arbitrated.
v.	Choice of forum	Section 16.06	Arbitration and actions for injunctive relief, claims based on the Marks, or on covenants not to compete must be in the State of Arizona.
w.	Choice of law	Section 16.06	Arizona law applies.

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

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

ITEM 18 PUBLIC FIGURES

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

ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS

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

~~We do not make any representations about a franchisee's future financial performance or the past financial performance of company owned or franchised outlets. We also do not authorize~~

~~our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Chuck Bongiovanni, at 428 S. Gilbert Rd., Suite #113, Gilbert, AZ 85296; and 480-626-2450, and the Federal Trade Commission, and the appropriate state regulatory agencies.~~

We are unable to reliably predict the results that you might achieve. Any volume, profit, and possible success are primarily dependent on your ability and efforts as an independent business operator, market conditions, competition, your business abilities, and the degree to which you follow the System, as well as other factors and conditions that are beyond our control. There are many variables in business and no one, including us, can reliably make an estimate of the results that you may achieve. We cannot guarantee your success, and we do not authorize any sales, income, or profit estimates or projections of any kind.

This information is based on historical results and is our only Financial Performance Representation. This information was prepared from company records of affiliated companies that operate a business similar to the business being franchised and has not been audited. There is no assurance that you will do as well. A new franchisee's results are likely to differ from the results shown below. This information must not be considered as the actual or probable results that you will or can achieve.

We do not furnish, or authorize our employees or representatives or salespersons to furnish, any oral or written information concerning the actual or potential sales, income, or profits from the operation of an INFOclosure.com franchised business. However, we are providing the following historical information from company records. Revenues and earnings will vary from location to location, and we cannot estimate the results of any particular franchised location. Your financial results are likely to differ from the results stated in the earnings claim below. Substantiation of the data used to prepare the figures below will be made available to you upon reasonable request.

	<u>Jan 1 – Dec 31,</u> <u>2010</u>	<u>Jan 1 – Dec 31,</u> <u>2011</u>	<u>Jan 1 – Dec 31,</u> <u>2012</u>
<u>Gross Sales</u>	<u>\$208,786</u>	<u>\$207,169</u>	<u>\$222,508</u>
<u>Cost of Labor</u>	<u>85,141</u>	<u>67,924</u>	<u>55,132</u>
<u>Gross Profit</u>	<u>\$123,645</u>	<u>\$139,245</u>	<u>\$167,376</u>

The numbers above are based on a single location operated by our affiliate, Arizona Placement Advisors Inc., in Maricopa County, Arizona, with no other company or franchised outlets in the area and no geographic restrictions. These numbers were prepared by our management team with information provided INFOclosure.com. Additionally, there may be other costs and expenses not identified, and the costs and expenses of affiliate locations may differ from franchise locations. A franchisee-owned location may have costs that a similar, affiliate-owned location would not, such as royalty and advertising fees.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
System Wide Outlet Summary
For years 2010 to 2012 (As of December 31 of each year)

COLUMN 1 OUTLET TYPE	COLUMN 2 YEAR	COLUMN 3 OUTLETS AT THE START OF THE YEAR	COLUMN 4 OUTLETS AT THE END OF THE YEAR	COLUMN 5 NET CHANGE
Franchised	2010	12	15	+3
	2011	15	20	+5
	2012	20	38	+18
Company- Owned	2010	1	3	+2
	2011	3	3	0
	2012	3	4	+1
Total Outlets	2010	13	18	+5
	2011	18	23	+6
	2012	23	42	+19

Table No. 2
Transfers of outlets from Franchisees to New Owners (other than the Franchisor)
For years 2010 to 2012

STATE	YEAR	NUMBER OF TRANSFERS
All States	2010	0
	2011	0
	2012	0
Total Outlets	2010	0
	2011	0
	2012	0

Table No. 3
Status of Franchised Outlets
For years 2010 to 2012

STATE	YEAR	OUTLETS AT START OF YEAR	OUTLETS OPENED	TERMINATIONS	NON-RENEWALS	REACQUIRED BY FRANCHISOR	CEASED OPERATIONS-OTHER REASONS	OUTLETS AT END OF THE YEAR
Alabama	2010	0	0	0	0	0	0	0
	2011	0	1	0	0	0	0	1
	2012	1	0	0	0	0	0	1
Arizona	2010	6	0	0	0	0	0	6
	2011	6	0	0	0	0	0	6
	2012	6	0	0	0	0	0	6
California	2010	0	0	0	0	0	0	0
	2011	0	0	0	0	0	0	0
	2012	0	4	0	0	0	0	4
Colorado	2010	0	1	0	0	0	0	1
	2011	1	1	0	0	0	0	2
	2012	2	1	0	0	0	1	2
Connecticut	2010	0	0	0	0	0	0	0
	2011	0	1	0	0	0	0	1
	2012	1	1	0	0	0	0	2
Georgia	2010	0	0	0	0	0	0	0
	2011	0	0	0	0	0	0	0
	2012	0	1	0	0	0	0	1
Idaho	2010	0	0	0	0	0	0	0
	2011	0	0	0	0	0	0	0
	2012	0	1	0	0	0	0	1
Illinois	2010	0	0	0	0	0	0	0
	2011	0	1	0	0	0	0	1
	2012	1	0	0	0	0	0	1
Kansas	2010	0	0	0	0	0	0	0
	2011	0	0	0	0	0	0	0
	2012	0	1	0	0	0	0	1
Kentucky	2010	0	0	0	0	0	0	0
	2011	0	0	0	0	0	0	0
	2012	0	1	0	0	0	0	1
Michigan	2010	0	1	0	0	0	0	1
	2011	1	0	0	0	0	0	1
	2012	1	1	0	0	0	0	2

Missouri	2010	1	0	0	0	0	0	1
	2011	1	0	0	0	0	0	1
	2012	1	0	0	0	0	0	1
New Jersey	2010	1	0	0	0	0	0	1
	2011	1	0	0	0	0	0	1
	2012	1	1	0	0	0	0	2
New Mexico	2010	0	0	0	0	0	0	0
	2011	0	1	0	0	0	0	1
	2012	1	0	0	0	0	0	1
North Carolina	2010	1	1	0	0	0	0	2
	2011	2	0	0	0	0	0	2
	2012	2	0	0	0	0	0	2
Ohio	2010	0	0	0	0	0	0	0
	2011	0	0	0	0	0	0	0
	2012	0	2	0	0	0	0	2
Oregon	2010	0	1	0	0	0	0	1
	2011	1	0	0	0	0	0	1
	2012	1	0	0	0	0	0	1
Pennsylvania	2010	0	1	0	0	0	0	1
	2011	1	0	0	0	0	0	1
	2012	1	0	0	0	0	0	1
South Carolina	2010	0	0	0	0	0	0	0
	2011	0	0	0	0	0	0	0
	2012	0	1	0	0	0	0	1
Texas	2010	2	1	1	0	0	2	0
	2011	0	0	0	0	0	0	0
	2012	0	3	0	0	0	0	3
Utah	2010	0	0	0	0	0	0	0
	2011	0	0	0	0	0	0	0
	2012	0	1	0	0	0	0	1
Wisconsin	2010	1	0	0	0	0	0	1
	2011	1	0	0	0	0	0	1
	2012	1	1	0	0	0	0	2
Total Units	2010	12	6	1	0	0	2	15
	2011	15	5	0	0	0	0	20

	2012	20	20	1	0	0	1	38
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Table No. 4
Status of Company-Owned Outlets
For years 2010 to 2012

STATE	YEAR	OUTLETS AT START OF YEAR	OUTLETS OPENED	TERMINATIONS	NON-RENEWALS	REACQUIRED BY FRANCHISOR	CEASED OPERATIONS-OTHER REASONS	OUTLETS AT END OF THE YEAR
Arizona	2010	1	0	0	0	0	0	1
	2011	1	0	0	0	0	0	1
	2012	1	0	0	0	0	0	1
Texas	2010	1	0	0	0	0	0	0
	2011	0	0	0	0	0	1	0
	2012	0	0	0	0	0	0	0
Washington	2010	0	0	0	0	0	0	0
	2011	1	0	0	0	0	0	1
	2012	1	1	0	0	0	0	2
Maryland	2010	0	0	0	0	0	0	0
	2011	1	0	0	0	0	0	1
	2012	1	0	0	0	0	0	1
Total Outlets	2010	2	0	1	0	1	0	2
	2011	2	1	0	0	0	0	3
	2012	3	1	0	0	0	0	4

TABLE NO. 5
PROJECTED OPENINGS AS OF DECEMBER 31, 2013

State	Franchise Agreements Signed But Franchises Not Open	Projected Franchised New Franchises In The Next Fiscal Year	Projected Company Owned Openings In Next Fiscal Year
Florida	0	4	0
California	0	8	0
Colorado	0	3	0
Ohio	0	2	0
Georgia	0	2	0
Texas	0	3	0
North Carolina	0	2	0

TOTALS	0	24	0
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Lists of Current and Former Franchises:

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

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

Confidentiality Agreements:

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

Associations and/or Organizations:

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

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

**ITEM 21
FINANCIAL STATEMENTS**

Attached to the Disclosure Document as **Exhibit A** are our audited financial statements as of December 2010, 2011, and 2012.

**ITEM 22
CONTRACTS**

Attached to this Disclosure Document are the following contracts:

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

**ITEM 23
RECEIPT**

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