



## FRANCHISE DISCLOSURE DOCUMENT

### COMPATIBLE HOME CARE, INC.

#### Compatible Home Care™

40 Washington  
Irvine, California, 92606  
949-752-0954

[www.franchiseCompatibleHomeCare.com](http://www.franchiseCompatibleHomeCare.com)

You will operate an agency that markets and provides supplemental non-medical and companion care to clients within their homes and to clients who are in assisted living or nursing facilities, operating under the Compatible Home Care Brand and using the Compatible Home Care System

The total estimated required initial investment to begin operation of a Compatible Home Care franchised business ranges from \$57,990 to \$135,390. This includes an Initial Franchise Fee of \$33,000 for a territory of up to 400,000 people which must be paid to the franchisor. You may purchase a territory with a population of over 400,000, subject to certain restrictions for an additional fee of \$0.07 per individual in the Territory.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar days before You can sign a binding agreement with, or make any payment to the franchisor or an affiliate in connection with the proposed franchise sale. **Note, 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 the Franchise Administration Department at 40 Washington, Irvine, CA 92606, or via telephone at 949-752-0954. The terms of your Franchise Agreement will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contract. Read your entire contract carefully, including the attachments. Show your contract and this disclosure document to an advisor, like a lawyer or accountant.

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

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

ISSUANCE DATE April 16, 2012

## STATE COVER PAGE

Your state may have franchise laws that require 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 OUR FRANCHISE, IF ANY, AND WHAT TERMS YOU MIGHT HAVE TO ACCEPT IN ORDER TO RENEW.

*Please consider the following RISK FACTORS before you buy this franchise.*

- 1. ALL DISPUTES (WITH LIMITED EXCEPTION) MUST BE MEDIATED AND IF NOT RESOLVED THROUGH MEDIATION, THEN THEY ARE TO BE RESOLVED BY ARBITRATION. BOTH MEDIATION AND ARBITRATION WILL BE HELD IN ORANGE COUNTY, CALIFORNIA. OUT OF STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO MEDIATE OR ARBITRATE WITH US IN CALIFORNIA THAN IN YOUR HOME STATE.**
- 2. CALIFORNIA LAW GOVERNS THE CONTRACT. CALIFORNIA LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS YOUR LOCAL LAW IF YOU RESIDE OUTSIDE OF CALIFORNIA.**
- 3. WE ARE A NEW FRANCHISE SYSTEM AND HAVE NOT OFFERED FRANCHISES PRIOR TO THE EFFECTIVE DATE OF THIS DISCLOSURE DOCUMENT.**
- 4. WE DO NOT HAVE A FEDERAL REGISTRATION FOR OUR PRIMARY TRADEMARK BUT IT HAS BEEN APPLIED FOR (SEE ITEM 13)**
- 5. YOU MUST MEET CERTAIN ANNUAL PERFORMANCE STANDARDS TO MAINTAIN YOUR EXCLUSIVE TERRITORY. FAILURE TO MEET THIS QUOTA MAY RESULT IN LOSS OF YOUR EXCLUSIVE RIGHT TO THE TERRITORY, LOSS OF YOUR RIGHT TO RENEW THE FRANCHISE AGREEMENT AND/OR AREA DEVELOPMENT AGREEMENT, AND, AT OUR OPTION, TERMINATION.**
- 6. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.**

***We use the services of one or more FRANCHISE BROKERS or referral sources to assist us in selling our franchise. A franchise broker or referral source represents us, not you. We pay this person a fee for selling our franchise or referring you to us. You should be sure to do your own investigation of the franchise. \*\*this provision must always be in bold***

Effective Date

Home care clients to whom your services will be marketed include individuals of varying needs requiring in-home care. You will design a customized care plan for each home care client after their needs have been evaluated by a case manager on your staff, and match the client or the client's family member with a qualified, pre-screened caregiver who is compatible with the client's needs. Other care that you will offer includes supervision of medications, ambulation and exercise according to care plans, recording of vitals as instructed, bathing and personal care, physical and occupational therapy, transportation, travel companion services, light house keeping, shopping, meal preparation and companionable activities.

You will have qualified homecare professionals available to your clients on a regular or intermittent basis, providing live-in and/or hourly care. Staffing services will be available to your clients and referral sources 24 hours a day, 7 days a week, 365 days per year. Live client support will be available to your clients at all times.

The market for your products is primarily the general public and specifically that segment that needs in-home assistance in order to remain independent and/or living in their own homes. You will compete with other national, regional and local custodial home care agencies, generally in well-developed markets. The market for in-home non-medical care is a developing market that will become increasingly competitive in the coming years. There are several other franchise systems and many independently owned companies that provide similar services to those that you will be providing. Your Licensed Business may operate in close proximity to major competitors. Some competitors will offer many goods and services that are the same as or similar to those you offer. The home care market is rapidly growing both in opportunity and in competition and it is likely that you will have several independent and franchise competitors in densely populated markets.

You, the prospective purchaser, must complete an application, a written personality profile assessment and receive our Franchise Disclosure Document ("FDD"). The application and the receipt for the FDD must be signed by You and, if applicable, Your spouse or business partner. You must visit one of Our affiliate's licensed stores in Chula Vista, CA prior to the purchase of a new or existing Compatible Home Care franchise.

## Prior Business Experience

We have no other business activities other than the offering of Compatible Home Care franchised businesses.

In March 2009 Lillia Smith-Pratt founded Compatible Home Care and became its CEO. In July 2009, Barbara DePass became a licensee under Our System and currently operates an agency in Chula Vista, CA substantially similar to the one being offered in this Disclosure. Miss DePass officially became a Compatible Home Care Franchisee on March 1, 2012. In February of 2012 John Alderson joined the company as President.

This is Our first offering of franchises in any line of business.

## Specialized Industry Regulation

You must comply with all federal, state and local laws that apply to your operations, including state and federal health care industry standards, local health care regulations, licensing standards, workers compensation, corporate tax, sanitation, and insurance, no smoking policy, EEOC, OSHA, non-discrimination, employment and sexual harassment laws. You must obtain, maintain and own any health care or employment related permits, licenses or other indications of authority for your Agency that may be necessary for operation of your business. Some states require you to obtain a license to provide employment services. We may require you, in our sole and absolute discretion, to obtain a particular permit or license. You should consult with your attorney and investigate whether there will be other laws or regulations in your state that are specific to the services offered by Compatible Home Care businesses and that may apply to the Licensed Business or its employees. You should also consider the effect of these laws and regulations and your cost of compliance.

## Item 2. Business Experience

### CEO & Director of Franchise Marketing and Sales - Lillia Smith-Pratt

Lillia Smith-Pratt founded the Compatible Home Care, Inc franchise in March 2009. She currently serves as our CEO & Director of Franchise Marketing and Sales. From March 2002 through the present, Lillia Smith-Pratt has served as CEO and President of A Better Solution in Home Care, Inc, a home care agency located in Jamul, CA, which she founded. Her work in home care prior to forming A Better Solution in Home Care, Inc includes the following roles: Staffing Director for California Home Care, San Diego, CA, from 1994 to 2001, Lead Staffer for All

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