

## Non-Disclosure Agreement with AFH Management

### PRIVATE AND CONFIDENTIAL

\_\_\_\_\_ (Date)

\_\_\_\_\_ (Adult Family Home Name)

In connection with our mutual consideration of a potential transaction involving your potential investment (the “**Proposed Transaction**”) in AFH Management, LLC (“**AFHM**” or the “**Disclosing Party**”) you (the “**Interested Party**”, and together with AFHM, the “**Parties**”), the Interested Party has requested certain information concerning AFHM. The requested information is confidential and proprietary to AFHM and is not otherwise available to the public. The purpose of this letter agreement (this “**Agreement**”) is to set forth certain agreements between the Parties pertaining to such information as well as other matters related to the Proposed Transaction.

The term “**Person**” as used in this Agreement shall be broadly interpreted to include, without limitation, any corporation, partnership, individual or other entity, and references in this Agreement shall be deemed to also include affiliates and subsidiaries of a Person as the context may require.

The Interested Party hereby represents and warrants to AFHM that the Interested Party is acting as principal in connection with the Proposed Transaction and not as an agent or broker for any other Person.

For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, each of the Parties agrees as follows:

#### 1. Confidentiality Agreement

The Interested Party hereby agrees to treat all information, whether written or oral, concerning the Disclosing Party, which the Disclosing Party or any of the directors, officers, employees, partners, agents, advisors or representatives (collectively, “**Representatives**”) of the Disclosing Party furnishes, whether before or after the date of this Agreement, to the Interested Party or its Representatives, together with all originals and copies of all reports, analyses, compilations, data, studies and other materials which contain or otherwise reflect or are generated from such information (collectively with such confidential information, the “**Evaluation Material**”), confidentially and in accordance with the provisions of this Agreement. Evaluation Material includes information relating to the Disclosing Party’s business, product development plans, systems, methods, technology and intellectual property, financial affairs, projections and forecasts, operations and customers. Notwithstanding the foregoing, the term “Evaluation Material” shall not for the purposes of this Agreement include any information that: (a) is generally available to and known by the public other than as a result of a disclosure by the Interested Party or its Representatives, or (b) was or becomes available to the Interested Party on a non-confidential basis from a source other than the Disclosing Party or any of its Representatives, provided that such source is not bound by a confidentiality agreement with, or other contractual, legal or fiduciary obligation to, the Interested Party, or (c) is independently developed by the Interested Party in the conduct of its business without the use of or reference to any information from the Disclosing Party, to the extent the Interested Party can establish such independent development.

#### 2. Use of Evaluation Material and Confidentiality

- (a) Subject to Section 2(b) below, the Evaluation Material will be kept confidential by the Interested Party and its Representatives and will not, without the prior written consent of the Disclosing Party, be disclosed, in whole or in part, to any third party by the Interested Party or any of its Representatives in any manner whatsoever, and will not be used by the Interested Party or any of its

Representatives, directly or indirectly, for any purpose other than the Interested Party's evaluation of the Proposed Transaction. In addition, the Interested Party hereby agrees to transmit Evaluation Material to only those of its Representatives who need to know the information for the purpose of evaluating the Proposed Transaction and are informed by the Interested Party of the confidential nature of the information. The Interested Party agrees not to make any such disclosure or transmission unless the Interested Party is satisfied that its Representatives will act in accordance with this Agreement. The Interested Party agrees that it will be responsible for any breach of any of the provisions of this Agreement by any of its Representatives and the Interested Party agrees to take, at its sole expense, all necessary measures to restrain its Representatives from prohibited or unauthorized disclosure or use of the Evaluation Material (including, without limitation, the initiation of court proceedings).

- (b) In the event that the Interested Party or any of its Representatives is requested or required (by law, or by authorities of competent jurisdiction pursuant to oral questions, interrogatories, requests for information or documents, subpoena, civil investigative demand or similar process) to disclose (i) any Evaluation Material, (ii) any information relating to the opinion, judgment or recommendation of any such Person concerning the Disclosing Party, or (iii) any other information supplied to the Interested Party in the course of the Interested Party's, or its Representatives', dealings with the Disclosing Party or its Representatives, the Interested Party will promptly notify the Disclosing Party of such request or requirement so that the Disclosing Party may, if it so elects, seek an appropriate protective order. If, in the absence of a protective order or the receipt of a waiver hereunder, the Interested Party or any of its Representatives is, in the reasonable opinion of such Person's counsel, compelled to disclose information, the Interested Party or such Representative may disclose that portion of the requested information which such Person's counsel advises such Person in writing that such Person is compelled to disclose. In any event, the Interested Party and its Representatives will furnish only that portion of the information which is legally required and will exercise its best efforts to obtain reliable assurance that confidential treatment will be accorded the information. Neither the Interested Party nor any of its Representatives will oppose action by the Disclosing Party to obtain an appropriate protective order or other reliable assurance that confidential treatment will be accorded to the Disclosing Party, and the Interested Party and its Representatives shall cooperate with the Disclosing Party to obtain such order or other assurance.
- (c) The obligations of the Interested Party in this Agreement with respect to the Evaluation Material, including with respect to the confidentiality, limitations on use, protection and non-disclosure thereof, shall be in effect for a period of three (3) years from the date of this Agreement; provided, however, that with respect to any Evaluation Material that rises to the level of a trade secret under applicable laws, the Interested Party's obligations hereunder shall continue to survive after said three (3) year period to the greatest extent permitted by applicable law. The Disclosing Party's rights under this Agreement are in addition to those rights such Party has under the common law or applicable statutes for the protection of trade secrets.

### 3. **Nondisclosure of Negotiations**

Except as otherwise expressly permitted hereby, without the prior written consent of the other Party, each Party hereby agrees that it will not, and will direct its Representatives not to, disclose to any Person the fact that any discussions with respect to the matters contemplated hereby (or any other discussions between or involving the Parties) are taking, have taken or are proposed to take place or

other facts with respect to such discussions, including the status thereof or the existence of this Agreement, or the fact (if such becomes the case) that any Evaluation Material has been made available to the other Party, nor otherwise make any public disclosure, whether written or oral, with respect to this Agreement or the actions or transactions contemplated hereby ("**Discussion Information**"); provided, however, that a Party may, without the prior consent of, but on the provision of advance written notice to, the other Party, issue such press release or make such public statement regarding Discussion Information as may be required by law or the applicable rules of any stock exchange. No request or proposal to amend, modify or waive any provision of this Agreement, including the provisions of Section 5 hereof, shall be made or solicited except in a non-public and confidential manner which does not give rise to any disclosure obligation on the part of either Party.

4. **Access to Employees; No Solicitation**

- (a) Unless otherwise agreed to by AFHM in writing, all (i) communications regarding the Proposed Transaction or any other possible transaction, (ii) requests for additional information, (iii) requests for facility tours or management meetings and (iv) discussions or questions regarding procedures, timing and terms, will be submitted or directed to Justin Moffitt.
- (b) The Interested Party agrees that, for a period of eighteen (18) months from the date of this Agreement, it will not solicit for employment any individual who became known to it in connection with the Proposed Transaction serving as an officer, employee, contractor or consultant of AFHM, without obtaining the prior written consent of AFHM.

5. **Return of Evaluation Material**

Upon the Disclosing Party's request, the Interested Party will: (a) promptly return all Evaluation Material furnished to the Interested Party or its Representatives, or (b) destroy and cause its Representatives to destroy all of such Evaluation Material; provided that the Interested Party may retain one copy of such materials to show compliance with this Agreement or to comply with applicable laws, rules or regulations or its internal document retention policies, or pursuant to a regularly maintained electronic data backup procedure. Such return or destruction will be confirmed in writing by the Interested Party upon written request of the Disclosing Party. For avoidance of doubt, the Interested Party and its Representatives will continue to be bound by its obligations set forth in this Agreement, notwithstanding the return or destruction of the Evaluation Material.

6. **No Definitive Agreement**

Each Party agrees that unless and until a definitive Agreement between the Parties with respect to the Proposed Transaction has been executed and delivered neither Party will be under any legal obligation of any kind whatsoever with respect to any such transaction by virtue of this or any written or oral expression with respect to such transaction by either of the Parties or their respective Representatives except, in the case of this Agreement, for the matters specifically agreed to herein. Each Party further acknowledges and agrees that it reserves the right, in its sole discretion, to reject any and all proposals made by the other Party or any of its Representatives with regard to any Proposed Transaction, and to terminate discussions and negotiations concerning a Proposed Transaction with the other Party at any time. The Interested Party further agrees that AFHM and its Representatives shall be free to conduct the process, if any, for the Proposed Transaction as AFHM in its sole discretion determines (including, without limitation, negotiating with any prospective buyer(s) or partner(s), furnishing similar or different information as that discussed herein to a third party, and entering into a definitive agreement with a third party without prior notice to the Interested Party) and that any procedures relating to the Proposed Transaction may be changed by AFHM at any time without notice to the Interested Party.

7. **Accuracy of Evaluation Material**

The Interested Party acknowledges and agrees that the Disclosing Party is making no representation or warranty as to the accuracy or completeness of the Evaluation Material and assumes no obligation to revise or update the Evaluation Material. The Interested Party agrees that it shall assume full responsibility for all conclusions it derives from the Evaluation Material and that neither the Disclosing Party nor any of its Representatives shall have any liability with respect to the Evaluation Material or the use or content thereof, and neither the Interested Party nor any Representative thereof shall make any claims whatsoever against the Disclosing Party with respect to, or arising out of, the Evaluation Material. In no event shall the Interested Party or its Representatives be deemed to have acquired any right, interest or license of any kind in or to the Evaluation Material.

8. **Expenses**

Each of the Parties hereto shall be solely responsible for the fees and expenses incurred by it in connection with its assessment of the Proposed Transaction.

9. **Remedies**

Each Party agrees that monetary damages would not be a sufficient remedy for any breach of this Agreement and that in addition to all other remedies, each Party shall be entitled to specific performance and injunctive or other equitable relief as a remedy for any such breach, and each Party further agrees to waive and to use its reasonable efforts to cause its Representatives to waive any requirement for the securing or posting of any bond in connection with any such remedy.

10. **Waiver and Amendment**

Each Party understands and agrees that no failure or delay by the other Party or any of its Representatives in exercising any right, power or privilege hereunder will operate as a waiver thereof, nor will any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any right, power or privilege hereunder. The agreements set forth herein may only be waived or modified by an agreement in writing signed by both Parties.

11. **Successors and Assigns**

This Agreement shall inure to the benefit of and be enforceable by each of the Parties and their successors and permitted assigns.

12. **Severability**

In case provisions of this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions of this Agreement shall not in any way be affected or impaired thereby. This Agreement contains the entire agreement between the Parties regarding its subject matter and supersedes all prior agreements, understandings, arrangements and discussions between the Parties regarding such subject matter.

13. **Governing Law; Venue**

The validity, interpretation, performance and enforcement of this Agreement shall be governed by the laws of the State of Washington, without giving effect to its principles or rules regarding conflicts of laws. The Parties hereby irrevocably and unconditionally consent to the exclusive jurisdiction of the federal and state courts of the State of Washington located in King County for any action, suit or proceeding arising out of or relating to this Agreement or the Proposed Transaction, and agree not to commence any action, suit or proceeding related thereto except in such courts. The Parties further hereby irrevocably and unconditionally waive any objection to the laying of venue of any action, suit or proceeding arising out of or relating to this Agreement in the courts of the State of Washington located in King County and hereby further irrevocably and unconditionally waive and agree not to plead or claim in

any such court that any such action, suit or proceeding brought in any such court has been brought in an inconvenient forum. Each of the Parties further agrees that service of any process, summons, notice or document by U.S. registered mail to its address set forth herein shall be effective service of process for any action, suit or proceeding brought against it in any such court.

14. **Counterparts**

This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which shall constitute the same agreement.

Please acknowledge your agreement to the foregoing by countersigning this Agreement in the place provided below and returning it to the undersigned.

Very truly yours,

**AFH Management, LLC**

Date: \_\_\_\_\_

Signature: \_\_\_\_\_

Name: Justin Moffitt

Title: Chief Operating Officer

Accepted and agreed:

**INTERESTED PARTY:**

\_\_\_\_\_ (Adult Family Home Name)

Date: \_\_\_\_\_

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_