



SPEECH & ABA THERAPY FRANCHISING, LLC

FRANCHISE DISCLOSURE DOCUMENT

ISSUANCE DATE: MAY 22, 2024

FRANCHISE DISCLOSURE DOCUMENT



SPEECH & ABA THERAPY FRANCHISING, LLC

A Texas limited liability company

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Missouri City, TX 77459

(414) 630-5410

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www.speechandabatherapy.com

As a Speech and ABA Therapy Franchising, LLC franchisee, you will own and operate a franchise in which you will operate and supervise a center where qualified and licensed professionals provide Applied Behavioral Analysis (ABA) therapy, speech therapy, and occupational therapy to individuals with developmental disabilities generally between the ages of eighteen months to six years old.

The initial investment necessary to begin operation of an Essential Speech and ABA Therapy franchise ranges from \$209,450 to \$669,120. This amount includes \$52,000 that must be paid to the franchisor or its affiliates.

The total investment necessary to begin operation of between two and four Essential Speech and ABA Therapy franchised businesses under an Area Development Agreement ranges from \$251,950 to \$774,120. This includes from \$94,500 to \$157,000 that must be paid to the franchisor or its affiliate(s) which includes (i) the cost to develop. Under our form of Area Development Agreement, you must agree to develop a minimum of two Essential Speech and ABA Therapy franchised businesses.

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 this disclosure document at least 14 calendar days before you sign a binding agreement with, or make any payment to, 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 to you. To discuss the availability of disclosures in different formats, contact Ben Gerding at 4638 Riverstone Blvd., Missouri City, Texas 77459 or by phone at 281-729-2152.

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.

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 for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

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How to Use This Franchise Disclosure Document

Here are some questions you may be asking about buying a franchise and tips on how to find more information:

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Exhibit C.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor’s direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Exhibit A includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Texas Speech & ABA Therapy business in my area?	Item 12 and the “territory” provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What’s it like to be a Speech and ABA Therapy Franchising, LLC franchisee?	Exhibit C lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

Continuing responsibility to pay fees. You may have to pay royalties and other fees even if you are losing money.

Business model can change. The franchise agreement may allow the franchisor to change its Manual and business model without your consent. These changes may require you to make additional investments in your franchise business or may harm your franchise business.

Supplier restrictions. You may have to buy or lease items from the franchisor or a limited group of suppliers the franchisor designates. These items may be more expensive than similar items you could buy on your own.

Operating restrictions. The franchise agreement may prohibit you from operating a similar business during the term of the franchise. There are usually other restrictions. Some examples may include controlling your location, your access to customers, what you sell, how you market, and your hours of operation.

Competition from franchisor. Even if the franchise agreement grants you a territory, the franchisor may have the right to compete with you in your territory.

Renewal. Your franchise agreement may not permit you to renew. Even if it does, you may have to sign a new agreement with different terms and conditions in order to continue to operate your franchise business.

When your franchise ends. The franchise agreement may prohibit you from operating a similar business after your franchise ends even if you still have obligations to your landlord or other creditors.

Some States Require Registration

Your state may have a franchise law, or other law, that requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends the franchise or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use the agency information in Exhibit B.

Your state also may have laws that require special disclosures or amendments be made to your franchise agreement or area development agreement. If so, you should check the State Specific Addenda in Exhibit I.

Special Risks to Consider About *This Franchise*

Certain states require that the following risk(s) be highlighted:

1. **Out-of-State Dispute Resolution.** The franchise agreement and area development agreement require you to resolve disputes with the franchisor by mediation, arbitration or litigation only in the state where the franchisor’s principal executive office is located. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in the state where the franchisor’s principal executive office is located than in your own state.
2. **Financial Condition.** The Franchisor’s financial condition as reflected in its financial statements (see Item 21) calls into question the Franchisor’s financial ability to provide services and support to you.
3. **Short Operating History.** This Franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise with a longer operating history.
4. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse’s marital and personal assets, perhaps including your house, at risk if your franchise fails.
5. **Mandatory Minimum Payments.** You must make minimum royalty or advertising fund payments, regardless of your sales levels. Your inability to make the payments, may result in termination of your franchise and loss of your investment.

Certain states may require other risks to be highlighted. Check the “State Specific Addenda” (if any) to see whether your state requires other risks to be highlighted.

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

The franchisor is Speech & ABA Therapy Franchising, LLC. The Franchisor is typically referred to as “we,” “us,” or “our” in this Disclosure Document and the person considering purchasing a franchise is referred to as “you” or “your.” If you are a corporation, limited liability company, partnership, or other legal entity (“Franchisee Entity”), certain provisions of the franchise agreement and any related agreements will apply to your shareholders, members, partners, officers, managers, and directors (“Principals”) at least one of whom must be appointed as your “Designated Representative.” Your Designated Representative must have authority over all business decisions related to your business and have the power to bind you in all dealings with us.

Franchisor

We are a Texas limited liability company formed on January 18, 2022. We do business under our Marks (as defined herein), our corporate name, and under the name “Essential Speech & ABA Therapy.” Our principal business address is 4638 Riverstone Blvd., Missouri City, Texas 77459. Exhibit B lists our agents for service of process.

We offer and award franchises for the establishment, development, and operation of therapy centers (“Centers”) under the Essential Speech & ABA Therapy System (“System”). The System consists of our proprietary process, procedures, policies, methods, know-how, standards, and specifications (“System Standards”) and our trademarks, service marks, trade dress, interior and exterior décor, logos, advertising formats, and other indicia of origin (“Marks”). The System Standards are set forth in our confidential and proprietary Operations Manual and otherwise in writing (collectively, the “Manual”). We have not conducted a business of the type operated by the franchisee. We do not and have not engaged in any other business activities and have not offered franchises in any other line of business. We began offering Essential Speech & ABA Therapy Franchised Businesses in August 2022.

Parents, Predecessors, and Affiliates

We do not have any parents or predecessors.

We have two affiliates that provide services to franchisees: Essential Texas Speech Therapy, PLLC and Essential Staffing, LLC (“Essential Therapy” and “Essential Billing,” respectively, and collectively, the “Affiliates”).

Essential Therapy is a Texas professional limited liability company with a principal business address of 4638 Riverstone Blvd., Missouri City, Texas 77459. Essential Therapy currently operates three Centers (“Affiliate-Owned Centers”) under the names “Texas Speech & ABA Therapy,” “Texas Speech Therapy,” and “Texas ABA Therapy”. Essential Therapy operated a fourth location during the 2023 fiscal year but has temporarily closed it with plans to re-open in 2024. The Affiliate-Owned Centers are located in Missouri City, Texas, Katy, Texas, and Pearland, Texas. The Affiliate-Owned Centers provide applied behavior analysis therapy, occupational therapy, and speech therapy services (“Services”) in a manner substantially similar how you will administer your Center.

Essential Billing provides billing services for franchisees. All franchisees are required to obtain all billing from Essential Billing. You must execute the Billing Services Agreement, attached as Exhibit K to this Disclosure Document.

Except as disclosed above, we do not have any affiliates that provide goods or services to franchisees.

The Affiliates disclosed above do not engage in any other line of business and have not offered franchises or licenses in this or any other line of business.

Overview of Franchised Business

Franchise Agreement, Proprietary Marks, and System

You must enter into our then-current form of franchise agreement to govern each Center you are awarded the right to develop. Our current form of franchise agreement is attached to this Disclosure Document as Exhibit E (the “Franchise Agreement”). Your Franchise Agreement will grant you a license to operate a business according to the System.

Our System is comprised of various methods of business operation, standards, and specifications we have developed, including: (a) proprietary standards and specifications for certain of the Services; (b) trademarks, service marks, logos, interior and exterior designs, décor, and color schemes for the buildout and construction of a Center; (c) standards and specifications for the furniture, fixtures, and equipment necessary to operate a Center, (d) templates and other document forms for use in the business, (e) sales techniques and merchandising, marketing, advertising, and inventory management methodologies; (e) standardized management procedures, and (f) established vendor relationships or software programs.

We identify our System by the Marks. We continue to develop, use, and control the Marks in order to identify for the public the source of products and services marketed under the System, and to represent the System’s high standards of quality, appearance, and service. We may supplement, substitute, discontinue, or otherwise modify our Marks or System as we determine appropriate at any time on written notice to you.

Site and Territory

We will designate a geographical area on Attachment A to your Franchise Agreement wherein you will be permitted to look for and secure an approved Site for your Center (your “Territory”). See Item 12 for additional information about territorial rights.

Services and Products Generally

The array of services provided at Centers includes, but is not necessarily limited to, applied behavior analysis therapy, occupational therapy, and speech therapy. In addition to inventory and supplies, we may designate other goods “Products” you will be authorized or required to utilize or offer for sale at the Site.

We may supplement, substitute, discontinue, modify, and update the Services or Products via our Operations Manual or other instructional manual (collectively, the “Manual”) or otherwise on prior written notice, as we determine appropriate in our sole and absolute discretion.

Center Personnel

All of the Services provided at Centers must be supervised or performed by licensed or certified professionals. Accordingly, your Center must employ a Board-Certified Behavior Analyst (“BCBA”), Registered Behavior Technician(s) (“RBT”), a Speech-Language Pathologist (“SLP”), and an Occupational Therapist (“OT”) (collectively, “Licensed Personnel”). Your Licensed Personnel must possess and maintain the education, licensure, certifications, and qualifications we and applicable law require. You must employ at least the minimum number of Licensed Personnel for a Center. The Licensed Personnel

Multi-Unit Offering Under Development Agreement

We also offer qualified individuals the right to open and operate multiple Centers within a defined geographical area (the “Development Area”) by: (i) executing our current form of development agreement (the “Development Agreement”) attached as Exhibit F to this Disclosure Document; and (ii) paying our then-current development fee on execution of your Development Agreement, the amount of which will depend on the number of Centers you agree to open (the “Development Fee”).

You will be required to enter into our then-current form of Franchise Agreement (which may differ from the current Franchise Agreement included with this Franchise Disclosure Document) for each Center you are required to open under the Development Agreement, and you must execute the Franchise Agreement for your initial Center contemporaneously with the execution of your Development Agreement. You must then ensure that you open and commence operations of each additional Center in the Development Area in accordance with the mandatory development schedule set forth in your Development Agreement (the “Mandatory Development Schedule”).

Industry-Specific Laws and Regulations

Responsibility

You are responsible for operating the Center in full compliance with all applicable laws, rules, and regulations. You must secure and maintain in force all required licenses, permits, and certificates relating to the operation of your Center. The behavior modification and mental health industry is heavily regulated and strictly enforced. Below are examples of potential healthcare regulatory issues that you should research to determine their application to the operation of your Center. It is entirely your responsibility to investigate and comply with all laws, regulations, orders, statutes, and rules applicable to your Center, and we strongly advise you to consult with an attorney and contact federal, state, and local agencies before signing a Franchise Agreement or other contract with us to determine your legal obligations and their possible effect on your costs and operations. State laws and regulations vary greatly from state to state so it is critical that you evaluate the specific laws and regulations applicable to the geographic area in which you operate. You are responsible for ensuring that your establishment and operation of a Center as described in this Disclosure Document conforms with state and federal law governing the provision of services of the same kind as the Services. You are also responsible for ensuring that the legal structure of your Center, any restrictions on your ability to operate a Center or employ the Licensed Personnel, and the permissibility of the proposed fee structure are in compliance with all applicable laws.

Anti-Kickback Regulations

Numerous federal and state “anti-kickback” regulations (including Medicare regulations) prohibit the receipt of compensation or fee-splitting in exchange for referring patients to licensed health care providers. In addition, the federal “Stark I” and “Stark II” laws and comparable state laws may prohibit you from filing a claim with Medicare or any other governmental or third-party payer if you or your business has a financial relationship with a physician (or an immediate family member of a physician) and that physician referred a patient to you or your business for health care related services. Accordingly, you will need to structure your compensation arrangements with your licensed medical professionals carefully to meet the statutory safe harbors or exceptions under these federal and state laws. Compensation arrangements should be based on the fair market value of the bona fide services that are provided and not based on the volume or value of referrals between you and the licensed medical professional. Violations of federal or state fraud and abuse laws can result in serious criminal and civil penalties.

Privacy Regulations

Various federal and state laws regulate the privacy and security of patient healthcare information. For example, under the federal Health Insurance Portability and Accountability Act (“HIPAA”), and the federal Health Information Technology for Economic and Clinical Health Act (“HITECH”), healthcare professionals have certain legal obligations to keep patient healthcare information confidential and must disclose that information to patients and third parties when requests are properly submitted. In addition, you must ensure the privacy and security of patient healthcare information you share with any “business associate,” as defined in HITECH. HITECH requires that any practice subject to federal law have a HIPAA compliance plan addressing the policies and procedures for security and privacy of patient health information. Many states also have laws regulating the privacy and security of patient healthcare information and these laws may impose even greater restrictions and obligations on your business regarding the privacy and security of patient healthcare information.

You should be particularly aware of the various federal, state, and local statutes, rules, regulations, ordinances, requirements, directives, and guidance relating specifically to the furnishing of health care services and items (“Health Care Requirements”). Health Care Requirements impose restrictions and requirements relating to many aspects of the rendering of health care services and items, including those relating to the following: health care facility licensing; billing; claims submission and reimbursement; patient rights and privacy; personnel qualifications and licensing; and fraud and abuse. Violations of Health Care Requirements may subject a person or entity to both civil and criminal liability. This discussion of Health Care Requirements is not a substitute for individual legal advice and counsel or guidance from regulatory agencies, as appropriate. Our System requires you to manage your Center in full compliance with all applicable laws, including Health Care Requirements. We are not responsible for notifying you of changes to the laws and Health Care Requirements summarized in this Disclosure Document. You are solely responsible for investigating and monitoring all changes and for keeping abreast of new Health Care Requirements.

You must secure and maintain in force all required licenses, permits, and certificates relating to the operation of the Center and the other licenses applicable to Center personnel (whether you decide to employ or otherwise engage such individual personnel). You must not employ any person in a position that requires a license unless that person is currently licensed by all applicable authorities and a copy of the license or permit is in your business files. Your Center may be subject to licensing and education requirements by the American Speech and Hearing Association (ASHA), American Occupational Therapy Association (AOTA), and the Behavior Analyst Certification Board. You must comply with all state and local laws and regulations regarding the operation of an applied behavior analysis therapy center. Each state also has regulatory authorities that determine rules and regulations governing the practice of certain licensed professions and the scope of services that may legally be offered by those members. The laws and regulations generally include requirements for state licensure and registration to work as health care providers in the state where the Center is located, and to hold required certifications by, or registrations in, any applicable professional association or registry. These laws and regulations vary from state to state and may change over time.

If you are awarded a franchise under this Disclosure Document, you must agree that (i) we are not engaging in the practice of any profession or business that requires specialized training, certification, license, or educational degree and (ii) the Franchise Agreement does not and may not be construed to interfere, limit, or otherwise affect the independent exercise of judgment (medical or otherwise) in connection with the Services by individuals that you engage to provide those Services that constitute “medical services” at your Center. You are solely responsible, at your own expense, for investigating and complying with all laws, regulations, and rules in the state where you wish to manage a Center including laws that regulate the corporate practice of medicine, related “captain-of-the-ship” regulations and the sharing of patient payments.

During the term of your Franchise Agreement, you must monitor and advise us of any changes to the applicable laws where your Center is located and any related impact or corrective action you are undertaking to address any negative impact the change might have on the operation of your Center.

Competition and Market

The market for ABA services and accessible autism treatment centers is developing and competitive and not seasonal in nature. The growing needs of the population have increased the demand for autism care center services. As a franchisee, the Center that you manage will compete with other mental health wellness centers (franchised and non-franchised) as well as school districts that provide early intervention special education services and other governmental social service agencies, non-profit autism support agencies, and counseling and therapy centers or that offer behavior modification services for people diagnosed with autism and learning disabilities similar to those provided by the Center.

**ITEM 2
BUSINESS EXPERIENCE**

Nafisa Obi - Owner and Founder

Ms. Obi is a certified clinical speech-language pathologist and one of the founders and owners of our affiliate Essential Therapy in Missouri City, Texas since February 2017. Ms. Obi serves in her current capacity at 4638 Riverstone Blvd., Missouri City, TX 77459.

Amber Lister - Owner and Founder

Ms. Lister is a certified clinical speech-language pathologist and one of the founders and owners of our affiliate Essential Therapy in Missouri City, Texas since February 2017. Ms. Lister serves in her current capacity at 4638 Riverstone Blvd., Missouri City, TX 77459.

Camila Trevino - Owner and Founder

Ms. Trevino is a certified clinical speech-language pathologist and one of the founders and owners of our affiliate Essential Therapy in Missouri City, Texas since February 2017. Ms. Trevino serves in her current capacity at 4638 Riverstone Blvd., Missouri City, TX 77459.

Shelby Nelson - Director of Clinical Quality

Ms. Nelson is a Board-Certified Behavior Analyst (BCBA) and the Director of Clinical Quality at Essential Speech and ABA since May 2023. She previously served as Director of Training and Development with Willow ABA Services from May 2020 through May, 2023 and before that she was the Clinical Director at ACI Learning Centers from August, 2017 through May, 2020. Ms. Nelson brings over a decade of experience in ABA and has been a BCBA since 2017. She serves in her current capacity at 4638 Riverstone Blvd., Missouri City, TX 77459.

Jessica Camp - Director of Franchise Operations

Ms. Camp has served as the Director of Franchise Operations at Essential Speech and ABA Therapy since June 2023. She previously held the role of Director of Operations with Element RCM from March, 2022 through May, 2023, she was the Director of Operations at Behavioral Perspective, Inc. from March, 2021 through March, 2022 and served as the Operations Development Manager with Behavioral Perspective, Inc. from December, 2019 through March, 2021. Ms. Camp brings over 12 years of healthcare experience and 5 years of ABA experience to the role. She serves in her current capacity at 4638 Riverstone Blvd., Missouri City, TX 77459.

Ben Gerding - Franchise Development Director

Mr. Gerding has served as the Franchise Development Director at Essential Speech and ABA Therapy since June 2023. In 2022 he worked for Darktrace doing contract roles. From 2019-2021 he was an undergraduate working towards a B.S. in Business Administration, which he completed in May, 2021. He serves in his current capacity at 4638 Riverstone Blvd., Missouri City, TX 77459.

**ITEM 3
LITIGATION**

No litigation is required to be disclosed in this Item.

**ITEM 4
BANKRUPTCY**

No bankruptcy information is required to be disclosed in this Item.

ITEM 5 INITIAL FEES

Initial Franchise Fee

You must pay us a non-refundable initial franchise fee of \$49,500 in a lump sum at the time you enter into your Franchise Agreement with us (“Initial Franchise Fee”). The Initial Franchise Fee will be due and deemed fully earned on execution of the Franchise Agreement.

Development Fee

If we award you the right to develop multiple Centers within a given Development Area, you must pay us a one-time Development Fee on execution of your Development Agreement for at least two Centers within the Development Area. Your Development Fee will depend on the number of Centers we grant you the right to develop within the Development Area and is calculated as follows:

Territories Awarded	Additional Unit Franchise Fee	Cumulative Development Fee
2	\$42,500	\$92,000
3	\$32,500	\$124,500
4	\$30,000	\$154,500+

You will be required to enter into our then-current form of franchise agreement for each Center you agree to establish under your Development Agreement, but you will not be required to pay any additional Initial Franchise Fee at the time you execute each of these franchise agreements. If you enter into a Development Agreement, you must execute our then-current form of Franchise Agreement for the first Center, we grant you the right to develop within your Development Area concurrently with the Development Agreement. The Development Fee is non-refundable and will be due and deemed fully earned on execution of the Development Agreement.

Onboarding Services Fee

You will be required to pay our affiliate, Essential Billing, an initial onboarding fee of \$2,500. The Onboarding Services Fee is non-refundable and due on execution of your Franchise Agreement. The Onboarding Services Fee includes the cost for our affiliate to create accounts on your behalf. Essential Billing will provide you the services described in the Billing Services Agreement attached as Exhibit K to this disclosure document.

Other Relevant Disclosures

Except as provided in this Item, we expect and intend to impose the fees above uniformly on our new System franchisees.

**ITEM 6
OTHER FEES**

Type of Fee	Amount	Due Date	Remarks
Royalty Fee ¹	5% of Gross Revenue ²	5 th day of each	Franchisee is required to present their revenue on the 5 th day of the month following when the Gross Revenue was earned. The Royalty Fee is due each month on the 5 th day of the month following revenue presentation. For simplicity, the Royalty Fee is collected on a 2-month delay from when the Gross Revenue is earned.
Billing Fee	\$70 per month, <i>plus</i> 4% of claims collected by EBS	Net 30 days after invoice	The monthly flat fee is a pass-through expense. You must use EBS for your first 18 months in operation. Thereafter, you may negotiate with third-party billing providers which would eliminate this Billing Fee, although you may be subject to higher rates from other providers.
Electronic Medical Records (EMR)	\$70 per user per month	Monthly	We have negotiated a group rate, each of your users will be added to the account we manage. We will bill you monthly as a pass-through. You will only be billed for the users you have at any point in the month being billed.
Local Advertising Requirement	\$300 per quarter	As arranged	You must spend at least this amount each quarter on advertising directed to your Territory. We reserve the right to direct you to spend this amount with designated vendors or to pay this amount directly to us to use on your behalf.
Brand Fund Contribution	Up to 3% of Gross Revenue Currently, not collected	5 th day of each month	If we establish one or more funds for the growth and promotion of the Essential Therapy brand (“Brand Fund”), you must contribute this amount to the Brand Fund. We may increase this amount on written notice to you of not less than thirty (30) days, up to a maximum of 3% of Gross Revenue.

Type of Fee	Amount	Due Date	Remarks
Brand Fund Materials	Our costs	As invoiced	<p>We may make available to you advertising templates in various formats for use in promoting your Center.</p> <p>You must pay us our costs for any advertising materials we provide you.</p>
Cooperative Advertising	As approved by a majority vote of the members of the cooperative	Established by cooperative	We have not established any advertising cooperatives as of the issuance date of this Disclosure Document. If we form an advertising cooperative, you must join and contribute the amounts determined by a majority vote of the members of the cooperative.
Technology Fee	\$50 per month for 3 accounts, <i>plus</i> our costs for each additional account.	5th day of each month	<p>The Technology Fee is assessed to cover the cost of digital and information technology services we license or provide to you for use in the Center.</p> <p>The amount of the Technology Fee depends on the total number of providers, employees, and devices you hire, purchase, or lease for use in the Center.</p>
BCBA Support Fee	\$2,500 per week <i>plus</i> travel and lodging expenses	Upon invoice after your request for support	Subject to availability at the time of your request, we will provide you a credentialed BCBA practitioner to support your Center. You will be billed per week if you request our support.

Type of Fee	Amount	Due Date	Remarks
Additional Training Fee	\$500 per day, plus costs and expenses of travel, including room and board and wages	Before training starts	<p>Your Owners, Office Manager, and BCBA must complete our initial training program to our satisfaction before you open your Center.</p> <p>You will bear all costs and expenses of travel for your or our personnel incurred in connection with all training.</p> <p>We may offer or require additional training for you, your Center Administrator, or your employees.</p> <p>If you elect or we require you, your Center Administrator, or your employees to complete additional or optional training, we may charge this fee for such training.</p>
Convention Fee	\$500 per attendee	At time of registration	<p>If we organize regional or national System conferences, we may charge you a fee for each of your representatives you elect or are required to register.</p> <p>We may increase the amount of this fee based on the cost to us of conducting such conventions.</p>
Transfer Fee	\$5,000 <i>plus</i> our costs	On demand, prior to and as a condition of our consent to any proposed transfer	If you transfer all or part of this Agreement or of the Franchisee to a third party you must pay us this fee in addition to any costs we incur such as but not limited to broker commissions, finder fees, and similar charges.
Renewal Fee	\$3,000	At least ninety days prior to the expiration of the then-current term.	In addition to any other conditions we impose on your right to renew your Franchise Agreement, you must pay us this fee concurrently with your notice of your intent to renew.
Interest	18% per annum	With payment of overdue amount	Applies only if you do not pay us any amount when due.

Type of Fee	Amount	Due Date	Remarks
Audit	All amounts shown to be due plus interest on such amounts and all costs to us of conducting the audit	On demand	Payable only if: (a) you did not submit Gross Revenue statements; (b) you did not keep full books and records, or (c) the total Gross Revenue you reported for any three months in any calendar year is more than 2% below Gross Revenue as determined by the auditor.
Non-Compliance Fee	\$50 for a first infraction, \$250 for subsequent infractions, plus reasonable compensation and our costs and expenses, including travel and lodging incurred in performing follow-up inspections	On demand	We are entitled to charge this fee if you fail to comply with the terms of your Franchise Agreement or the System Standards. We may charge an inspection fee if we require follow-up inspections.
Indemnification	Amount of claims plus costs of defense	As incurred	You must reimburse us if we incur any damages, losses, or expenses, including reasonable attorney's fees and other costs of dispute resolution or litigation, related to claims arising from the operation of your Center.
Reimbursement	Amounts we expend on your behalf to cover payments due from you to third parties plus an administrative charge of 10% of such amounts	On demand	You are obligated to reimburse us for any amounts that you owe to third parties and which we pay on your behalf plus an administrative charge equal to 10% of such amounts.
Management Fee	5% of your Gross Revenue while we manage your business	5th day of each month	Payable only if: (a) all qualified managers (see Item 15) die or are incapacitated and we elect to manage the business pending qualification of a new manager or transfer of the franchise, or (b) all qualified managers are arrested for or formally charged with a serious criminal offense, and we take over operation of the Center pending final disposition of the charges.

Type of Fee	Amount	Due Date	Remarks
Attorney’s Fees	Our costs and expenses	As incurred	You must pay our costs and expenses if we are involved in litigation by or against you, including attorney’s fees and costs of litigation or dispute resolution.

Notes to Table 6

1. **Generally.** Except as otherwise stated in this Item, all fees listed in Table 6 are imposed by and payable to us and are uniformly imposed on all of the franchisees in our System. These fees are payable in U.S. dollars and are non-refundable unless otherwise stated in this Item. Your Royalty Fee, as well as any other fees payable to us or our affiliates under the Franchise Agreement, may be collected by us via EFT from the bank account you are required to designate solely for use in connection with your Center (your “EFT Account”). You must provide us with the details of your EFT Account prior to opening and execute all documents necessary to authorize us to make withdrawals from this account throughout the term of your Franchise Agreement, including our then-current EFT Withdrawal Authorization form that is attached as Attachment D to our current form of Franchise Agreement. You must provide us with advance written notice of any change to the information related to your EFT Account.

2. **Gross Revenue.** The term “Gross Revenue” means all income (regardless of form) recognized on an invoice accrual basis by Franchisee or any spouse or child of Franchisee or its principal: (i) in connection with the operation of the franchised business or any competing business; (ii) from the sale of any authorized products or services (as modified from time-to-time by Franchisor in accordance with this Agreement); or (iii) from the sale of goods or services under, using, or in connection with the Marks. “Gross Revenue” does not include value-added, sales, use, excise, or other taxes that are separately stated and that Franchisee is required by law to collect and does collect from clients and pays to any governmental taxing authority.

**ITEM 7
ESTIMATED INITIAL INVESTMENT**

A. YOUR ESTIMATED INITIAL INVESTMENT – SINGLE UNIT OFFERING

Type of Expenditure ¹	Estimated Amount		Method of Payment	When Due	Recipient
	Low	High			
Initial Franchise Fee ²	\$49,500	\$49,500	Lump sum	On execution of franchise agreement	Franchisor
Onboarding Services Fee ³	\$2,500	\$2,500	Lump sum	On execution of franchise agreement	Franchisor
Training Expenses ⁴	\$3,000	\$6,000	As arranged	As incurred	Varies
Leasehold Improvements ⁵	\$0	\$100,000	As arranged	Before opening	Contractor/Landlord
Professional Photography Fee ⁶	\$500	\$1,000	As arranged	As incurred	Service providers
EMR Services ⁷	\$850	\$3,320	As arranged	As incurred	Approved Suppliers
Furniture and Fixtures ⁸	\$20,000	\$40,000	As arranged	Before opening	Approved Suppliers
Signage ⁹	\$2,000	\$15,000	As arranged	Before opening	Approved Suppliers
Technology ¹⁰	\$15,000	\$30,000	As arranged	Before opening	Approved Suppliers

Type of Expenditure ¹	Estimated Amount		Method of Payment	When Due	Recipient
	Low	High			
Rent (3 months) ¹¹	\$15,000	\$45,000	As arranged	As agreed	Landlord
Security Deposit ¹²	\$10,000	\$25,000	As arranged	As agreed	Landlord
Utilities ¹³	\$5,000	\$10,000	As arranged	As agreed	Utility Provider
Office Supplies ¹⁴	\$1,000	\$3,000	As arranged	As incurred	Approved Suppliers
Grand Opening Advertising Expenditure ¹⁵	\$5,500	\$5,500	As arranged	Before opening	Approved Suppliers
Local Advertising Requirement ¹⁶	\$300	\$300	As arranged	As incurred	Suppliers
Software ¹⁷	\$4,500	\$9,000	As arranged	Before opening	Approved Suppliers
Insurance ¹⁸	\$3,000	\$5,000	As arranged	Before opening	Carrier(s)
Permits and Licenses ¹⁹	\$2,500	\$5,000	As arranged	Before opening	Federal, State, and Local Government Agencies
Professional Fees ²⁰	\$1,500	\$4,000	As arranged	As incurred	Service Providers
Staffing and Payroll Costs ²¹	\$40,000	\$150,000	As arranged	As incurred	Employees, Contractors, and Service Providers
Therapy Materials ²²	\$5,000	\$15,000	As arranged	Before opening	Approved Suppliers
Credentialing Services ²³	\$7,800	\$20,000	As arranged	Before opening	Service Providers
Additional Funds (3 months) ²⁴	\$15,000	\$125,000	As arranged	As incurred	Varies
Total²⁵	\$209,450	\$669,120			

The tables in this Item estimate the total investment required to open a Center. Table 7(A) sets forth the fees and expenditures needed to open and begin operating a single Center under our current Franchise Agreement. Table 7(B) estimates the cost to open and begin operating your first Center under a Development Agreement between two and four Centers.

Notes:

1. Generally. Fees listed in this table payable to Franchisor or its affiliates are non-refundable. The refundability, payment method, and timing of payments to non-affiliated third-party suppliers will be as agreed between you and the third-party. The estimates in Table 7(A) are, in part, based on (a) our experience establishing and operating System Centers in Texas, (b) estimates we have received from our Approved Suppliers and certain other third-party suppliers, and (c) the experience of certain of our business advisors in working with franchise brands that have a business with a similar footprint or business concept as the Center offered in this Disclosure Document.

Our standard franchise offering assumes that a System franchisee will timely open and commence Speech and ABA Therapy Franchising, LLC
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operations of the Center within the time period set forth in Item 11 of the FDD and open before the “Rent Commencement Date” or comparable date under the terms of the lease agreement.

2. Initial Franchise Fee. The Initial Franchise Fee is uniform among franchisees except as provided otherwise in this Disclosure Document. See Item 5.

3. Onboarding Services Fee. The Onboarding Services Fee is uniform among franchisees except as provided otherwise in this Disclosure Document. See Item 5.

4. Training Expenses. There is no fee for initial training for up to two of your representatives. Typically, we will conduct training onsite at your location, for which you are *not* responsible for paying our costs and expenses. If you request, we may host you for training at our headquarters or another agreed upon location. In that case, you will be responsible for all costs and expenses of travel for you, your employees, as well as for any wages or salary for your trainees.

5. Leasehold Improvements. The cost to you of leasehold improvements can vary dramatically depending on a variety of factors including the size and location of the Site, the terms of your lease or purchase agreement, the condition of the property, and the extent of alterations required. You should investigate all these costs in the area in which you wish to establish the Center. You may incur greater or lesser leasehold improvement costs depending on your ability to negotiate leasehold improvements with your landlord. We base our estimates on the costs that our affiliate incurred when building out the Affiliate-Owned Centers.

6. Professional Photography Fee. You will be required to take professionally prepared photos of your Business (both inside and outside), and professional headshots or family photos for website and social media accounts. Such photos may be taken with any professional photographer, provided however, that we must approve of all photos prior to usage.

7. EMR Services. You must obtain EMR services from a provider approved by us. We recommend CentralReach, which is the basis of this estimate. If you choose to request our approval to use a different EMR provider, the prices may vary.

8. Furniture & Fixtures. This estimate includes the cost of common furniture and fixtures such as a reception desk and chairs, office furniture, and furniture suitable for children as well as furniture and fixtures common to an educational environment like dry erase boards, filing cabinets, storage containers, wall posters, light exercise equipment, and other items.

9. Signage. You will be required to purchase and install door decals, a sign constructed from vinyl displaying the Essential Speech & ABA Therapy name and logo, as well as a sign made from PVC with the same elements for the interior and exterior of the Site, and both interior and exterior facing murals and window graphics. We will provide you with specifications for all required and elective signage and decorative elements.

10. Technology. You must purchase at least two desktop or laptop computers, between five and seven Chromebooks, twelve tablets with cases, a tablet charging cart, between two and four multi-function printers, a modem, router, flat screen television, camera surveillance system, time clock kiosk, and a phone system with one to three phones for use in the operation of your Center.

11. Rent. This estimate is based on a Site of 2,500 to 5,000 square feet in size in an office building, strip center, or free-standing building with moderate visibility. Real estate costs depend on geography, location, size, visibility, economic conditions, accessibility, and competitive market conditions. The space must be enclosed and separate from other businesses with an independent secure access point.

12. Security Deposit. Your lease may require you to put down a security deposit. The amount of this

deposit and its refundability will be determined by your ability to negotiate with your landlord, the size and condition of the space, and other factors.

13. Utilities. You will most likely be responsible for paying for the cost of utilities such as heating, air conditioning, electricity, water and sewer, and others for your Center. This amount will vary depending on the terms of your lease, size and condition of your Center, and the geographic region where your Center is located.

14. Office Supplies. You will need to purchase or lease a laminating machine and shredder. Fungible office supplies commonly needed to operate a Center include printer paper, ink, pens, laminating sheets, tape dispensers, tape, manila folders, clipboards, staplers and staples, command strips, Velcro, scissors, envelopes, hole punches, binders, post-it notes, dry erase markers, hand soap, napkins, toilet paper, dish soap, trash bags, plastic utensils, cleaning supplies, gloves, disinfectant wipes, first aid supplies, safety corner bumpers, and outlet covers.

15. Grand Opening Advertising. These funds will be used to purchase brochures, business cards, and advertising. Marketing expenses will vary depending on several factors including your business plan, growth rate, cost of media in your area, and ability to attract clients. \$1,000 of your Grand Opening Advertising spend must be spent running a pre-registration/pre-sale advertising campaign which is approved by us, \$1,000 must be spent in the promotion of your Grand Opening Event, and the remainder (\$3,500) must be spent in executing your Grand Opening Event, which should include kid friendly activities approved by us, such as balloon twisters, petting zoo, face painters, bounce house, etc.

16. Local Advertising Requirement. In addition to Grand Opening Advertising, you are required to expend this amount on local advertising every quarter during the term of your Franchise Agreement.

17. Software. You must purchase or license designated software to perform the following functions: information security, accounting, payroll, therapy data collection, electronic medical records software, billing clear house, company email, cloud storage, scheduling, and timekeeping. We may elect to obtain copies or licenses of designated software on your behalf, and have you pay us the cost of acquiring such software or license or we may require you to obtain the designated software from approved suppliers which may include our affiliates.

18. Insurance. You are required to purchase insurance of the kinds and in the amounts that we specify. See Item 8. You may also elect to purchase additional or greater amounts of insurance coverage. This estimate is based on our experience operating businesses of the same kind as the business offered in this Disclosure Document.

19. Permits and Licenses. You must obtain all required permits and licenses required to qualify to open and operate a business of the kind of the Center in your Territory.

20. Professional Fees. You should engage professional advisors such as attorneys and accountants to assist you in evaluating this investment opportunity and in establishing your Center in compliance with your Franchise Agreement and applicable law.

21. Staffing & Payroll Costs. You must employ a board-certified behavior analyst, behavior technicians, and may be required to hire a Center Administrator and other administrative/non-clinical staff to operate the Center. This estimate is based on our experience and our knowledge of typical wages and salary for the Center Personnel at a typical Center.

22. Therapy Materials. You must purchase certain assessments and clinical or therapeutic tools including speech, occupational therapy, and ABA assessments, various sized mats, and a variety of books, games, puzzles, and other items used in the Services. We will provide you with a comprehensive list of required therapy materials.

23. Credentialing Services. You will be required to pay a third-party provider for setting up credentialing services with all major insurance carriers on your behalf.

24. Additional Funds. This amount estimates the minimum working capital needed for the start-up of your Center. It includes estimates of miscellaneous costs such as additional equipment, product, and supplies, hiring additional employees, marketing expenses, workers compensation insurance payments (if applicable), taxes, utilities, prepaid expenses, additional permits, shipping and delivery fees, legal fees, accounting fees, and other miscellaneous costs.

25. Total Estimated Initial Investment. This total amount is based upon the Affiliate Owned Businesses' experience developing and operating the Affiliate-Owned Businesses in Missouri City, Katy, and Pearland, Texas as well as industry data, and the experience of our management team in operating similar businesses. The figures in this table are estimates. We do not offer direct or indirect financing to you for any items. The availability of financing through third-party lenders, if any, will depend on factors such as the lending policies of such financial institutions, the collateral you may have, your creditworthiness, and the general availability of financing. Unless otherwise noted above, all of the expenditures listed in the Item 7 Chart above are typically non-refundable.

You may need to secure an approved Site for your Center before you or your suppliers are in a position to establish the actual costs of construction, furnishing, and other costs associated with that specific Site, given such suppliers will need to account for all variables such as size of Site, leasehold allowances, landlord's work, and building code requirements. We recommend you conduct pre-lease due diligence with a third-party general contractor or other business advisor with experience in construction to determine as much as you can about all the buildout costs associated with turning the contemplated Site into a System Center. If the due diligence reveals an estimated buildout that exceeds the high end of this estimate, then it will be a business decision for you as to whether or not to move forward (provided we otherwise approve the site you are proposing).

B. YOUR ESTIMATED INITIAL INVESTMENT – MULTI-UNIT OFFERING UNDER DEVELOPMENT AGREEMENT

If we grant you the right to develop multiple Centers, you will be required to pay us a non-refundable Development Fee on execution of your Development Agreement for at least two Centers within the Development Area. The Development Fee is discussed in greater detail in Item 5 and in Note 2 to Table 7(B) below. The Table below estimates the amount of your initial investment to open your first Center under a Development Agreement for three Centers.

Type of Expenditure	Estimated Amount		Method of Payment	When Due	Recipient
	2 Centers	4 Centers			
Development Fee	\$92,000	\$154,500	Lump Sum	On execution of Development Agreement	Franchisor
Initial Investment to Open (minus Initial Franchise Fee)	\$159,950	\$619,620	See Table 7(A) above		
Total	\$251,950	\$774,120			

Notes:

1. Generally. All fees and payments are non-refundable, unless otherwise stated or permitted by the payee. This Chart details the estimated initial investment associated with executing a Development Agreement for the right to own and operate between two and four Centers, as well as the initial investment

to open your first Center under your Development Schedule.

2. Development Fee. The Development Fee is non-refundable. The Development Fee is described in greater detail in Item 5 of this Disclosure Document, and this Development Fee is for the right to open and operate multiple Centers (provided you comply with your development obligations under the Development Agreement).

3. Estimated Initial Investment to Open Initial Center. This figure represents the total estimated initial investment required to open the initial Center you agreed to open and operate under the Development Agreement. You will be required to enter into our then-current form of franchise agreement for initial Center you must open within the Development Area at the same time you execute your Development Agreement. The range includes all the items outlined in Chart 7(A) of this Item, except for the Initial Franchise Fee (because you are not required to pay any Initial Franchise Fee for those Centers you open under the Development Agreement).

4. Total. This is the Development Fee plus our estimated initial investment to open and commence operating your initial Center within your Development Area. This range does not include any of the costs you will incur in opening any additional Center(s) that you are granted the right to open and operate under your Development Agreement.

ITEM 8
RESTRICTIONS ON SOURCES OF SERVICES AND PRODUCTS

You must operate all aspects of your Center in strict accordance with the System Standards. Our System Standards will be communicated to you in writing through the Manual and otherwise in writing. We may change our System Standards as we deem appropriate or necessary in our sole discretion. We will notify you of changes to the System Standards in writing, and you will be solely responsible for costs associated with complying with any modifications to the System.

Approved Services & Products

You will only be permitted to market, offer, or sell services and products we have authorized franchisees to offer or sell and may only offer the Services in connection with your Center. We will provide you with a list of authorized products and services, along with their standards and specifications, as part of the Manual or otherwise in writing prior to the opening of your Center. We may update or modify this list in writing at any time.

You must obtain our written approval before offering or selling products or services we have not already authorized for offer by franchised Centers.

Approved Suppliers

We have the right to require you to purchase goods and services in connection with your Center and we may further require you to purchase required goods and services exclusively from suppliers we have approved to supply the required good or service in, which may include us or our affiliate. We will provide you with a list of Approved Suppliers in writing as part of the Manual or otherwise in writing, and we may update or modify this list as we deem appropriate.

We have one or more Approved Suppliers for each of the following services or items that must be purchased for use in connection with your Center (each, a “Required Item”): (i) certain therapy materials, (b) certain third-party inventory and equipment, (c) certain furniture and fixtures that must be purchased and used in connection with the initial development of a Center, (d) the software designed to provide POS, EMR, and CRM functions with respect to a Center’s operations, as well as all other software (“Required Software”), and (d) initial and ongoing marketing materials, including those services and collateral on which you must expend your Local Area Advertising and Grand Opening Advertising Expenditures.

You must enter into a contract for and obtain billing services from our affiliate, Essential Billing, for at least the first 18 months after opening your Business. You may not use an alternate supplier or perform these services yourself without our express permission, or unless EBS terminates the contract after a 60-day written notice to you.

Other than as disclosed in this Item, we or our affiliates are currently not approved suppliers. We reserve the right to designate ourselves or any of our affiliates as an Approved Supplier or as the exclusive Approved Supplier for any Required Item via the Manual or otherwise in writing. We further reserve the right to designate us or any affiliate of ours as an or the Approved Supplier for any additional or other item or service that you are required or permitted to purchase or utilize in connection with your Center. This includes any proprietary products we develop or have developed for use in your Center.

If you wish to purchase a product or service that we require you to purchase from an Approved Supplier from an alternate source, then you must obtain our prior written approval as outlined more fully in this Item 8 below. We may provide our standards and specifications for a given Required Item directly to the Approved Supplier we have designated or otherwise approved as the source for that item or service. We may provide these standards and specifications to an alternative supplier you propose if: (i) we approve the supplier in writing as outlined more fully in this Item; and (ii) the alternative supplier agrees to sign our prescribed form of non-disclosure agreement with respect to any confidential information we disclose.

Other than as disclosed above, none of our officers own an interest in any Approved Supplier (other than us) from which you must directly purchase or lease any Required Item in connection with your Center.

Required Purchases and Right to Derive Revenue

The products or services we require you to purchase or lease from an Approved Supplier, or purchase or lease in accordance with our standards and specifications, are referred to collectively as your “Required Purchases.” We estimate that your Required Purchases will account for approximately 70% to 80% of your total costs incurred in establishing your Center, and approximately 45% to 60% of your ongoing costs to operate the Center after the initial start-up phase. Please be advised that these percentages do not include lease payments you make in connection with your Site.

We reserve the right to derive revenue from any of the purchases (items or services) that our System franchisees are required to make in connection with the Center. During fiscal year 2023, we earned \$41,921 in Gross Revenue from franchisees purchases and services, which represents 19.4% of which was derived from providing services to franchisees. During fiscal year 2023, our affiliate, EBS, earned \$216,252 in Gross Revenue, 100% of which was derived from providing services to franchisees.

Non-Approved Product/Service and Alternate Supplier Approval

We may (but are not obligated to) grant your request to: (i) offer additional products or services at your Center; or (ii) purchase any item or service we require you to purchase from an Approved Supplier from an alternative supplier.

You must obtain our approval in writing before: (i) using or offering the non-approved product or service; or (ii) purchasing from a non-approved supplier. You must pay our then-current supplier or product evaluation fee when submitting your request. We may ask you to submit samples or information so that we can make an informed decision whether the goods, equipment, supplies, or supplier meet our specifications and quality standards. In evaluating a supplier that you propose to us, we consider not only the quality of the particular product at issue, but also the supplier’s production and delivery capability, overall business reputation, and financial condition. We may provide any alternate supplier you propose with a copy of our then-current specifications for any product you wish the supplier to supply, provided the supplier enters into a confidentiality and non-disclosure agreement in the form we specify. We may also inspect a proposed supplier’s facilities and test its products and request that you reimburse our actual costs associated with the testing and inspection.

We will notify you in writing within 120 days after we receive all necessary information and complete our inspection or testing to advise you of our decision. The criteria we use in approving or rejecting new suppliers are proprietary and in our sole and absolute discretion. We may (but are not required to) make it available to you on request. Each supplier that we approve of must comply with our usual and customary requirements regarding insurance, indemnification, and non-disclosure. If we approve any supplier, we will not guarantee your performance of any supply contract with that supplier under any circumstances. We may re-inspect or revoke our approval of a supplier or item at any time and for any reason in our sole discretion. The revocation of a previously approved product or alternative supplier is effective immediately when you receive written notice from us of revocation and, following receipt of our notice, you may not place any new orders for the revoked product, or with the revoked supplier.

Purchasing Cooperatives and Right to Receive Compensation

We may, when appropriate, negotiate purchase arrangements, including price terms, with Approved Suppliers on behalf of the System. We may establish strategic alliances or preferred vendor programs with suppliers that are willing to supply some products, equipment, or services to some or all of the Centers in our System. If we do establish those types of alliances or programs, we may: (i) limit the number of approved suppliers with whom you may deal; (ii) designate sources that you must use for some or all

products, equipment, and services; and (iii) refuse to approve proposals from franchisees to add new suppliers. We do not currently have any purchasing cooperatives, but we reserve the right to create such purchasing cooperatives in the future.

We and our affiliates may receive payments or other compensation from Approved Suppliers or any other suppliers on account of these suppliers' dealings with us, you, or other Centers, such as rebates, commissions, or other forms of compensation. We may use any amounts that we receive from suppliers for any purpose that we deem appropriate. We and our affiliates may negotiate supply contracts with our suppliers under which we are able to purchase products, equipment, supplies, services, and other items at a price that will benefit us and our franchisees. As of the date of this Disclosure Document, we have not negotiated any such agreements with suppliers.

Franchisee Compliance

When determining whether to grant new or additional franchises, we consider many factors, including your compliance with the requirements described in this Item 8. You are not entitled to (and we do not offer) any other benefit as a result of your compliance with these requirements.

Advertising and Marketing

All advertising and promotional materials and other items we designate must bear the Marks in the form, color, location, and manner we prescribe. In addition, all your advertising and promotion in any medium must be conducted in a dignified manner and must conform to the standards we prescribe in the Manual or elsewhere. You must obtain our approval before you use any advertising or promotional materials or plans in connection with your Center if we have not prepared or approved them.

You may be required to expend the amount of your Local Advertising Requirement on marketing, promotional, or advertising services that you engage our Approved Suppliers to provide.

Site and Lease

You must obtain our approval of the Site for your Center before you acquire the site. You must also provide us with a copy of the lease for the Site before you execute the contract or lease, and we may condition our approval of any site you propose on the lease containing our prescribed lease rider and other terms contained in Attachment E to our current Franchise Agreement. You must also comply with our System Standards related to the build-out, remodeling, and construction of your Center at the Site.

If we grant you the right to open and operate multiple Centers under a Development Agreement, you will sign our then-current franchise agreement for each Center opened under your Development Schedule prior to or at the time you secure a Site for that Center.

Insurance

The following insurance coverage is required for your Essential Speech and ABA Therapy Franchise Business:

- Business Owners General Liability Insurance with a minimum per occurrence limit of \$1,000,000 and a minimum general aggregate limit of \$2,000,000.
- Professional Liability Insurance for each provider (BCBA, SLP, and OT) with a minimum per occurrence limit of \$1,000,000 and a minimum general aggregate limit of \$3,000,000.
- Data/Cyber Protection Insurance with a minimum policy of \$1,000,000 per occurrence.

- Commercial Umbrella Policy: \$1 million excess over all underlying liability coverages per occurrence and \$1 million in the aggregate.
- Worker’s compensation Insurance, as required by the state law in which the Franchised Business Operated to cover at least \$100,000 per incident.
- Business interruption insurance.
- Property and Casualty Insurance that covers the assets of the business.
- All Risk Insurance for property that is not included in other insurance policies.
- Additional Named Insured. All insurance policies must name us, Speech and ABA Therapy Franchising, LLC, and the landlord (if applicable) of your Franchised Business, and each party’s respective officers and directors, must be designated as an additional named insured or loss payee, as appropriate, on each policy. Speech and ABA Therapy Franchising, LLC must be designated as an additional named insured or loss payee, as appropriate, on each policy.
- Workers’ Compensation Laws. Workers’ Compensation Insurance requirements for employers vary from state to state. The differences can be incredible and knowing what insurance requirements your state sets out for you is essential to protecting yourself as a small-business owner. Some states never require Workers’ Compensation Insurance, some always require it, and for some, whether it is required depends on the number of employees your business has. You are responsible for satisfying your state’s requirements.

Computer Hardware and Software

You must purchase all computer hardware, software, and peripherals required by and consistent with the System Standards. We may require that you to purchase any component of Required Software from one of our Approved Suppliers. Your Site must have wireless broadband Internet access.

**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.

Franchisee’s Obligations	Section in Franchise Agreement	Section in Development Agreement	Item in Disclosure Document
a. Site selection and acquisition/lease	§§2.2, 5.6, 6.1, 6.2, 6.3	§2.1	11, 12
b. Pre-opening purchases/leases	§6.10	N/A	7, 8, 11
c. Site development and other pre-opening requirements	Article VI	§2.1	11
d. Initial and ongoing training	§§6.14, 6.15	N/A	11
e. Opening	§5.7	N/A	11
f. Fees	Article IV	§4.1	5, 6, 7, 8, 11
g. Compliance with standards and policies/Operating manual	§8.1	N/A	8, 11, 14, 16

Franchisee's Obligations	Section in Franchise Agreement	Section in Development Agreement	Item in Disclosure Document
h. Trademarks and proprietary information	Article VII	N/A	13, 14
i. Restrictions on products/services offered	§6.6	N/A	8, 16
j. Warranty and customer service requirements	Article VI	N/A	16
k. Territorial development and sales quotas	N/A	§2.1	12
l. Ongoing product/service purchases	§6.10	N/A	8, 11
m. Maintenance, appearance, and remodeling requirements	§6.8	N/A	6
n. Insurance	§11.1	N/A	6, 7, 8
o. Advertising	Article IX	N/A	6, 7, 8, 11
p. Indemnification	§11.3	N/A	6
q. Owner's participation/Management/Staffing	§6.22	N/A	15
r. Records and reports	Article X	N/A	11
s. Inspections and audits	§6.21	N/A	6, 11, 13
t. Transfer	Article XIII	Article VIII	6, 17
u. Renewal	§3.2	N/A	17
v. Post-termination obligations	Article XVI	Article IX	17
w. Non-competition covenants	Article XIV	Article XI	17
x. Dispute resolution	Article XXI	§§13.4, 13.5	17

ITEM 10 FINANCING

We do not offer direct or indirect financing. We do not guarantee your note, lease or obligation.

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

Except as listed below, we are not required to provide you with any assistance.

Pre-Opening Obligations

Prior to the opening of your Center, we (or our designee) will or may, as applicable, provide you with the following assistance:

- We will designate your Territory or the Development Area where you will have the right to secure a Site (each of which we must approve) for each of your Centers. (Franchise Agreement §2.4; Development Agreement §2.1).
- We will provide site selection guidelines and assistance (as described more fully below in this Item 11), as we deem appropriate in our discretion, in connection with selecting the Site for your Center(s). We will also review any proposed lease or purchase agreement for each location that you propose as a Site for any Center, and we may condition our approval of any proposed Site on the corresponding agreement

containing certain terms we describe more fully in this Item. (Franchise Agreement §5.6).

- We will provide you with online access to, or otherwise make accessible to you, a copy of our confidential and proprietary Manual. You must operate your Center in accordance with the Manual and all applicable laws and regulations. The Manual may be amended or modified by us to reflect changes in the System. You must keep the Manual confidential and current, and you may not copy any part of the Manual. You are required to keep a copy of the Manual at your Site. If there is a dispute relating to the contents of the Manual, then the master copy maintained at our corporate headquarters will control. We reserve the right to disclose updates to the Manual in writing in any manner, including electronic means such as e-mail, our website and any intranet or extranet that we establish in connection with the System. The table of contents for our Manual(s) as of the Issue Date of this Disclosure Document is attached to this Disclosure Document as Exhibit D, and the Manual are collectively a total of approximately 241 pages. Please note that certain portions of the Manual may be provided via update or communications from us or be set forth on a website or web portal that is controlled by or registered to us (each, a “System Site”), and you will be solely responsible for ensuring compliance with these “online” portions of the Manual as well. (Franchise Agreement §5.4).
- We will provide you with a list of our Required Items and Approved Suppliers (to the extent we have designated them) and specifications for the Required Items (to the extent we have them), either as part of the Manual or otherwise in writing. (Franchise Agreement §5.4). If we sell items then we will deliver but not install.
- We will review and approve the proposed layout and design of your Site as well the equipment, furniture, and fixtures used in connection with your Center, as we deem appropriate and advisable in our discretion. (Franchise Agreement §5.6).
- Provide our initial training program as described more fully under the next heading of this Item (Franchise Agreement §5.1).
- We will provide guidance in setting prices, if necessary by state law, we may set minimum/maximum prices for goods and services.

Initial Training

We will train your Owner, Office Manager, and BCBA (“Required Trainees”) in the operation of the Center before you open (“Initial Training Program”). Training may be conducted in person at our headquarters in Pearland, Texas, at one of the Affiliate-Owned Centers, at your Location, or remotely through a virtual learning platform of our choosing. The table below lists the topics covered in initial training and the approximate amount of time devoted to each topic. Your Required Trainees and any other personnel we identify must complete our initial training program to our satisfaction before opening your Center.

Training Program

Subject	Virtual/Online Classroom Training	On-The-Job Training	Location
Establishing the Business Legal Compliance Basics of the Model Our Relationship Goals and Targets	1.5 hours	3 hours	Our headquarters, an Affiliate-Owned Center, Virtually, or at Your Location

Subject	Virtual/Online Classroom Training	On-The-Job Training	Location
Human Resources Hiring, onboarding, and training your staff	1.5 hours	1 hours	Our headquarters, an Affiliate-Owned Center, Virtually, or at Your Location
CentralReach General tour of software	1.5 hours	2 hours	Our headquarters, an Affiliate-Owned Center, Virtually, or at Your Location
Leadership and Workplace Culture	2 hours	1 hours	Our headquarters, an Affiliate-Owned Center, Virtually, or at Your Location
Therapy Overview Autism and ABA Introduction to Applied Behavior Analysis, Speech Therapy, and Occupational Therapy	3 hours	3 hours	Our headquarters, an Affiliate-Owned Center, Virtually, or at Your Location
Approved Services and Activities	2 hours	2 hours	Our headquarters, an Affiliate-Owned Center, Virtually, or at Your Location
Child Health and Safety, Security, and Cleanliness Standards	1 hour	1 hours	Our headquarters, an Affiliate-Owned Center, Virtually, or at Your Location
Insurance and Documentation Requirements	2 hours	3 hours	Our headquarters, an Affiliate-Owned Center, Virtually, or at Your Location
Client Intake and Orientation New Client Intake Clinic Tour Financial Agreements Verifying Benefits Scheduling	3 hours	10 hours	Our headquarters, an Affiliate-Owned Center, Virtually, or at Your Location
Clinical Floor Operations, Assessments, and Treatment Standards	5 hours	4 hours	Our headquarters, an Affiliate-Owned Center, Virtually, or at Your Location
Clinical Responsibilities	10 Hours	4 hours	Our headquarters, an Affiliate-Owned Center,

Subject	Virtual/Online Classroom Training	On-The-Job Training	Location
Clinical vs. owner responsibilities Clinical Onboarding Supervision Clinical Quality Assessment Documentation			Virtually, or at Your Location
Floor Operations Best practices Overseeing Franchise Operations Parent Communications	3 hours	5 hours	Our headquarters, an Affiliate-Owned Center, Virtually, or at Your Location
Equipment and Systems Equipment Vendors Technology Maintenance	4 hours	1 hours	Our headquarters, an Affiliate-Owned Center, Virtually, or at Your Location
Marketing, Sales, and Referral Relationships Promoting the Franchise Managing Relationships	4 hours		Our headquarters, an Affiliate-Owned Center, Virtually, or at Your Location
TOTALS:	40 Hours	40 Hours	80 Training Hours

We may condition participation in Initial Training on: (i) expending the required amounts on the marketing and pre-opening sales activities we designate or otherwise approve in connection with your initial marketing plan, your lead generation efforts, and the initial training team’s participation in the On-Site Training; (ii) undertaking all steps to establish and provide us with access to your EFT Account consistent with your Franchise Agreement, including providing a signed and completed copy of the authorization form attached to this disclosure document, as well as any other authorizations necessary for us or our designee to access such EFT Account; (iii) demonstrating that you have obtained all required insurance coverages as set forth in the Agreement and the Manual; (iv) and providing us with completed and signed copies of all agreements and contracts that are attached as Exhibits to this Disclosure Document or Attachments to your Franchise Agreement, to the extent such documents have not been signed or need to be updated or completed at that time (collectively, the “Training Conditions”).

We may permit or require that Required Trainees attend all or certain components of the initial training program that are designed to cover the areas of instruction that are more specific to the roles and corresponding responsibilities you have identified for these individuals. You are also solely responsible for all costs and expenses you (and your personnel) incur in connection with Initial Training, including personnel and other trainee wages.

If we determine that your Required Trainees need additional training based on our representatives’ reports or the results of any testing we conduct, we may require that: (i) your Required Trainees participate in and complete additional training; and (ii) you cover or reimburse the costs that we incur in connection with our representatives providing such additional instruction and assistance, including additional travel, lodging, and meals over that additional time period.

We currently provide training on an as-needed basis subject to the availability of our trainers and satisfaction of the Training Conditions. No Center may open until the Required Trainees have completed all initial training described in this Item.

Instructional materials, including components of the Manual, will be provided to you and used as necessary as you proceed through Initial Training. The initial training program is subject to change without notice to reflect updates in the materials, methods, and Manual, as well as changes in personnel. The subjects taught and the time periods allocated for each subject may vary based on the experience of the trainees.

We will typically provide training at your Site only after you have secured a Certificate of Occupancy and otherwise undertaken all steps and actions necessary to otherwise open your Center to the public.

We typically require that your Required Trainees complete training when it is being provided around the opening of your franchised Center. Failure to complete all required initial training to our satisfaction may result in default and, if not cured, termination of the Franchise Agreement.

Our Initial Training program will be supervised by Nafisa Obi, a speech language pathologist, our owner and program developer, who has over 10 years' experience in the field. We reserve the right to appoint and substitute other individuals to assist in providing training, but all of our training personnel will typically have at least one year of experience in the subject matters that they teach. We will provide you with access to a copy of our proprietary instructional materials prior to or on your attendance at our Initial Training Program, which may include our Manual and other instructional materials that we develop.

Once we provide your Required Trainees with Initial Training, you or your Designated Manager will be solely responsible for training all subsequent personnel you employ.

Other Training-Related Disclosures

You will be solely responsible for ensuring that your Required Trainees participate in and successfully complete the Initial Training Program. You must also ensure that Center personnel complete all portions of our pre-opening Initial Training Program that we designate for you to provide to such personnel directly. (Franchise Agreement §§5.1, 5.2, 5.3).

Site Selection

You must assume all costs, liabilities, expenses, and responsibility for: (i) locating, obtaining, and developing a Site for your Center; and (ii) constructing, equipping, remodeling, and building out the Site for use as a Center, all in accordance with our System Standards. We may provide you with our current written site selection guidelines, to the extent such guidelines are in place, and any other site selection counseling we believe is advisable. Our guidelines for site selection may require that you conduct, at your expense, an evaluation of the demographics of the market area for the location. We may then use these factors in determining the suitability of your proposed Site. We may require you to use an Approved Supplier for site-selection assistance or to design or construct your Center. (Franchise Agreement §5.6).

In deciding whether to approve a site we may also consider, among other things: (i) demographic characteristics, traffic patterns, allowed design and building, parking, visibility, allowed signage, and the predominant character of the neighborhood surrounding the proposed site; (ii) competition from other businesses selling similar services or products within the area, along with the proximity of the Site to these businesses and the nature of all other businesses in proximity to the proposed site; (iii) zoning restrictions, soil and environmental issues, and other commercial characteristics; (iv) the size, appearance, and other physical characteristics of the proposed site; and (v) any other factor we deem relevant in our sole discretion.

We must also have the opportunity to review any lease or purchase agreement for proposed Site before you enter into such an agreement, and you may not enter into a binding agreement to lease or purchase a Site without our consent. Any lease agreement for a proposed Site must include the terms of our standard lease

rider, included as Attachment E to the franchise agreement.

We will use reasonable efforts to approve or reject any proposed Site (and corresponding lease or purchase agreement) within thirty days of the date you provide us with all requested materials. If we determine that an on-site evaluation is necessary, then you must: (i) submit to us in the form we specify a description of the Site prior to our representative conducting its on-site evaluation, including evidence that the Site satisfies our site selection guidelines and any other information and materials that we may reasonably require, including a letter of intent or other evidence that confirms your favorable prospects for obtaining the Site; and (ii) reimburse us for the expenses incurred in connection with such an evaluation. If we do not provide our specific approval of a proposed location within this thirty-day period, the proposed location will be deemed rejected. Our review of any proposed Site or purchase or lease agreement is for our purposes only and is not a substitute for review by your advisors or legal counsel. We make no representations or warranties about the suitability or potential success of any proposed Site or lease or purchase agreement with respect to your Center.

You must secure a Site that we approve within six months of executing your Franchise Agreement for that Center or we may terminate that Franchise Agreement.

Time to Open

Single Center

Except as provided in this Item, you must open and commence operation of your Center within 18 months from the execution date of your Franchise Agreement for that Center. (Franchise Agreement §6.3).

We estimate that the months to open your Center from the time you execute your Franchise Agreement will be from 6 to 12 months. Your total timeframe may be shorter or longer depending on the time necessary to obtain an acceptable Site; to obtain financing; to obtain the permits and licenses for the construction and operation of the Center; to complete construction or remodeling as it may be affected by weather conditions, shortages, delivery schedules and other similar factors; to complete the interior and exterior of the Center, including decorating, purchasing and installing fixtures, equipment, and signs; and to complete preparation for operating the Center, including purchasing any inventory or supplies needed prior to opening and engaging required personnel. If you do not open or operate your Center within 18 months, then we may terminate your Franchise Agreement. (Franchise Agreement §6.3).

Multi-Unit Development under Development Agreement

If you have entered into a Development Agreement to open and operate multiple Centers, your Development Agreement will include a Development Schedule containing a deadline by which you must have each of your Centers open and operating. Your Development Schedule may depend on the number of Centers you are granted the right to open and operate.

If you fail to open any Center within the appropriate time period outlined in the Development Agreement, we may terminate your Development Agreement. (Development Agreement §9.1). You will not have any further development rights within the Development Area on termination of your Development Agreement, except to continue operating the Center(s) that were already open and operating as of the termination date. We must approve the Site you choose for each Center you are required to open under the Development Agreement.

Post-Opening Obligations

After the opening of your Center, we (or our designee) will or may, as applicable, provide you with the following assistance:

1. We may offer or require you and your Designated Manager and any Center Personnel you engage
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to attend additional training programs or refresher courses as we deem necessary in our sole discretion (“Additional Training”). While you have the option to attend any Additional Training we offer, subject to the availability of our classes, we may require that you and your Designated Manager attend up to five days of Additional Training each year at our headquarters in Pearland, Texas or another location we designate. You will be required to pay our then-current Additional Training Fee for any Additional Training you and your employees request to attend and any Remedial Training that we require. You will also be solely responsible for all expenses incurred in attending Additional Training. (Franchise Agreement §5.3).

2. We may provide you with continuing consultation and advice, as we deem necessary in our sole discretion, regarding the management and operation of the Center. We may provide this assistance by telephone, facsimile, intranet communication, or comparable communication method as we deem advisable and subject to the availability of our personnel. Certain of this advice and consultation may be provided based on certain reports, guest satisfaction surveys, and other brand quality measurements we impose in connection with the operation of your Center, and such advice or consultation will be subject to your timely provision of any reports we require you to submit. (Franchise Agreement §5.8).

3. We may also provide you with additional on-site assistance or training, subject to the availability of our field representatives and, on our request, payment of our then-current Training Fee in connection with any: (i) additional training or on-site assistance that you request we provide; (ii) Remedial Training you or your personnel are required to attend; or (iii) training that we provide to any replacement personnel, including any training that such personnel must receive prior to undertaking any corresponding duties or responsibilities at your Center. (Franchise Agreement §5.8).

4. We will approve or deny any advertising materials you wish to use in connection with your Center as described more fully below in this Item 11 under the heading “Advertising and Marketing.” (Franchise Agreement §5.9).

5. We will approve or disapprove your requests to: (i) purchase or offer products or services in connection with the Center; and (ii) make Required Purchases from suppliers other than our then-current Approved Suppliers. (Franchise Agreement §6.11).

6. We may schedule and hold a franchise conference, as we deem advisable in our sole discretion, to discuss the current state of the System, improvements to the System, hold discussion forums for System franchisees and recognize certain franchisees. If we schedule a conference, we may require you to attend for up to five days each year, and it may be combined with our affiliate’s annual System conference for Center owners. You will be responsible for the costs and expenses you incur in connection with any franchise conference, and you will be required to pay our then-current attendance fee (Franchise Agreement §5.16).

7. We will display the contact information of your Center on the website that we or our designee maintains to advertise and promote the brand, our Marks, and other Center locations, provided you are in compliance with the terms of your Franchise Agreement. Please see below in this Item 11 under the heading “Advertising and Marketing” for further information.

8. We reserve the right to administer and maintain a Brand Fund for the benefit of the System, as described more fully below in this Item. (Franchise Agreement §9.5).

9. We may, as we deem appropriate in our discretion, establish a website or other online franchisee portal, which may be used for purposes of (a) providing updates, supplements, and supplemental information that will constitute part of the Manual; (b) providing webinars and other training, including portions of our Initial Training Program; (c) providing advertising templates or other marketing materials, as well as information related thereto; and (d) otherwise communicate with our franchisees regarding the brand, System, or specific aspects of a Center (collectively, the “System Site”). (Franchise Agreement §9.7).

10. We may conduct, as we deem advisable in our sole discretion, inspections of the Site and audits of the Center and your operations generally to ensure compliance with our System Standards. We may also prepare written reports outlining any recommended or required changes or improvements in the operation of a System franchise, as we deem appropriate in our sole discretion, and detail any deficiencies that become evident as a result of any inspection or audit. (Franchise Agreement §§5.12, 10.2).

11. We may supplement, revise, or otherwise modify the Manual and any System Site as we deem necessary or prudent in our sole discretion, which may, among other things, provide new operations concepts and ideas. We may provide you with these updates through various mediums, including mail, e-mail and any System-wide intranet. (Franchise Agreement, Section 5(D-E)).

Marketing and Advertising

All advertising and promotion that you use in connection with your Center must be approved by us and conform to the standards and requirements that we specify. We may make available to you from time to time, at your expense, certain promotional materials, including merchandising materials, point-of-purchase materials, special promotions, and similar advertising and promotional materials. You must also participate in any promotions and advertising programs that we establish as an integral part of our System, provided these activities do not contravene regulations and laws of appropriate governmental authorities. You will be required to purchase and display any signage in certain parts of your Center that have high visibility for purposes of notifying customers and prospective customers of promotions regarding our products and services (and, if appropriate, the fact that the Services are being provided by Licensed Personnel as required by applicable laws). (Franchise Agreement §9.2).

If you wish to use any advertising or promotional materials other than those that we have previously approved or designated, then you must submit the materials you wish to use to us for our prior written approval at least thirty days prior to publication. We will use commercially reasonable efforts to notify you of our approval or disapproval of your proposed materials within fifteen days of the date we receive the materials from you. If you do not receive our written approval during that time period, however, the proposed materials are deemed disapproved, and you may not use such materials. Once approved, you may use the proposed materials for a period of ninety days, unless we: (i) prescribe a different time period for use; or (ii) require you to discontinue using the previously approved materials in writing. We may require you to discontinue the use of any advertising or marketing material, including materials we previously approved, at any time. (Franchise Agreement §9.2). Except as otherwise provided in this Item, we are not required to spend any amount on advertising in your Territory.

Grand Opening Marketing Expenditure

In addition to the Local Advertising Expenditure, you will be required to spend \$5,500 in connection with the initial marketing and other necessary activities for you and the personnel of your Center to be ready to open your Center and generate potential clients and increase sales consultation appointments, both prior to opening and after any “soft” opening. (Franchise Agreement §9.3). We expect you will expend these amounts within the period that typically commences thirty to forty-five days prior to the contemplated opening of your Center and typically ending around ninety days after your opening. We may require that you expend any portion of these funds on products and services that you must purchase from our Approved Suppliers. We expect to typically designate the exact amount you must expend as part of your Grand Opening Marketing Expenditure closer to the time you must start expending these funds on (a) promoting the initial launch and new operations of your franchised Center from the Site, or (b) undertaking various pre-opening sales campaigns or calls designed to generate potential client consultations, appointments, or interest for when your franchised Center is in a position to open to the public.

Local Advertising Requirement

We require that franchisees spend a minimum amount on local advertising and promotions. As of the Issue Speech and ABA Therapy Franchising, LLC
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Date, the Local Advertising Requirement (“LAR”) is \$300 per quarter. (Franchise Agreement §9.4). You may be required to expend all or any portion of your Local Advertising Requirement on materials, products, and services that are provided by our Approved Suppliers. We may increase your Local Advertising Requirement by an amount equal to up to three of the Gross Revenue of your Center, on thirty days’ prior written notice to you. We reserve the right to require that the LAR funds be paid, in whole or in part, to any Approved Supplier, including us or an affiliate, we designate. (Franchise Agreement §9.4).

Brand Fund

We have not yet established a brand development fund (the “Fund”) for the benefit of the System and brand generally nor have we have not yet commenced requiring our System franchisees to make Brand Fund Contributions to this Fund. Under the current form of Franchise Agreement, we have the right to require System franchisees to contribute to the Fund on thirty days’ prior written notice via the Manual or otherwise, in an amount equal to up to three percent of the Gross Revenue generated by the Center. We may modify the Fund Contribution on written notice via the Manual or otherwise (at least thirty days prior to imposing the modification).

We will administer and use the Fund to meet certain costs related to maintaining, administering, directing, conducting, and preparing advertising, marketing, public relations, and promotional programs and materials, and any other activities that we believe will enhance the image of the System. We will designate all programs that the Fund finances, with sole control over the creative concepts, materials, and endorsements used and their geographic, market, and media placement and allocation. The Fund may also be used to cover the costs and fees associated with: preparing and producing video, audio, and written materials and electronic media; website maintenance and development; internet advertising; administering regional and multi-regional marketing and advertising programs, including purchasing trade journal, direct mail, website, radio and other media advertising; using advertising, promotion, and marketing agencies and other advisors to provide assistance; and supporting public relations, market research, and other advertising, promotion, and marketing activities. The Fund may be used for advertising materials in printed materials or on radio, television, or the internet for local, regional, or national circulation as we deem appropriate in our discretion. We or a regional or national advertising agency may be used to produce all advertising and marketing.

We will account for the Fund contributions separately from our other funds and not use the Fund for any of our general operating expenses, except to compensate us for the reasonable salaries, administrative costs, travel expenses, and overhead we incur in administering the Fund and its programs, including conducting market research, preparing advertising, promotion, and marketing materials, and collecting and accounting for Fund contributions. The Fund is not our asset or a trust, and we do not owe you fiduciary obligations because of our maintaining, directing, or administering the Fund or any other reason. The Fund may spend in any fiscal year more or less than the total Fund contributions in that year, borrow from us or others (paying reasonable interest, determined from time to time by Franchisor, which provides Franchisor with a return commensurate with the prevailing interest rate charged by persons in the business of lending money under similar circumstances) to cover deficits, or invest any surplus for future use. We will use interest earned on Fund contributions to pay costs before spending the Fund's other assets. We will not use Fund contributions for advertising that is principally a solicitation for the sale of franchises, except that we may use or display the phrase “Franchises Available” on any and all advertising that is covered by the Fund. We may incorporate the Fund or operate it through a separate entity if we deem appropriate. Centers owned by us or our affiliates may contribute to the Brand Fund but are not obligated to do so.

We are not required to spend any of your Brand Fund Contributions in the Territory you are granted under your Franchise Agreement, and we will provide you with an accounting of the Fund on your reasonable, written request. We are not required to have the Fund audited, but we may do so and use the Fund Contributions to pay for such an audit. If we do not spend all Fund Contributions in a given year, we may rollover any excess contributions into the Fund for use during the following year. We will have the right to modify or discontinue the Fund, as we deem appropriate in our sole discretion. (Franchise Agreement §9.5).

During the 2023 fiscal year we did not collect any Brand Fund Contributions.

Advertising (or other Advisory) Council

Currently, we have not established an advertising council (“Advertising Council”), but we reserve the right to do so in the future. If we establish an Advertising Council, it will serve in an advisory capacity to us with respect to certain advertising expenditures, including providing advice on how to administer the Fund (if established in the future). At our discretion, the Advertising Council may be comprised of our management representatives, employees, and franchisees in the System. We will have the right to modify or dissolve an Advertising Council (if created) at any time. (Franchise Agreement §9.6).

Regional Advertising Cooperatives (“Cooperatives”)

We reserve the right to establish regional advertising cooperatives that are comprised of a geographical market area that contain two or more Centers (whether a Center or Affiliate-owned) (each a “Cooperative”). If we assign your Center to a Cooperative we establish, you must work with the other Center owners in your Cooperative and us to develop and implement regional advertising campaigns designed to benefit all the Centers within the geographical boundaries of the Cooperative. If you are designated as a member of a Cooperative, you may be required to contribute to the Cooperative in an amount not to exceed the then-current Local Advertising Requirement. All amounts paid to a Cooperative will be credited toward your Local Advertising Requirement. We have not established any Cooperatives as of the Issue Date of this Disclosure Document. We reserve the right to establish the governing rules, terms, and operating procedures of any Cooperative and to make them available for Franchisee’s review. (Franchise Agreement §9.8).

Online Directories

As another means of advertising, you must ensure that the Center is listed in appropriate Internet-based telephone directories that we designate. You must ensure that your Center has a dedicated telephone line that is not used for any other purpose.

Remodeling

We may require you to make such additions, alterations, repairs, and replacements at the Site and to the fixtures, furnishings, signs and inventory therein necessary to comply with Franchisor’s then-current System trade dress, standards and specifications.

Computer System: Hardware and Software Requirement and Related Disclosures

We have the right to specify or require that you use certain brands, types, makes, and models of computer hardware in connection with the Center (the “Computer System”). We may also require you to use designated software in connection with the Computer System and Center (the “Required Software”). (Franchise Agreement §§4.6, 10.3).

Currently, the Required Software includes programs to perform the following functions: book-keeping, payroll, scheduling, billing, data collection, EMR, camera recording software system, and anti-malware protection.

In addition to the Computer System, we typically require that franchised Center owners consider acquiring video camera(s) and other security system components. We reserve the right to approve all of the hardware before it is used in connection with your Center, and none of the hardware or Required Software may be used for any other purpose other than operating your Center. You will also need to maintain Internet access via DSL or cable broadband connection. (Franchise Agreement §§4.6, 10.3).

The approximate pre-opening and initial setup costs of the Computer System and Required Software is between \$20,350 and \$42,320 some of which must be acquired or licensed (as applicable) from one or more

of our Approved Supplier(s).

We have the right to independent remote access to the information stored in your Computer System that are related to the operation of a Center, including, without limitation: all information related to customer transactions, operations, inventory, sales, and other unit level economics. We also have the right to review and inspect your business operations in person as disclosed elsewhere in this Disclosure Document. Regardless of what physical or other inspections we conduct in connection with your Center, there will be no contractual limitations on what we must have remote, independent, and uninterrupted access to electronically via our right to access your Computer System and all Required Software used in connection with the Center.

Neither we nor our affiliates have any obligation to provide ongoing maintenance, repairs, upgrades, or updates. You must keep your Computer System in good maintenance and repair and install such additions, changes, modifications, substitutions, and replacements to the Computer System and Required Software we direct from time to time in writing. We estimate that you will spend approximately \$1,000 to \$3,000 annually on maintenance and support contracts for your Computer System, which includes any upgrades to the Computer System. The Computer System range does not include the investment associated with the security or sound system you must purchase and utilize in connection your Center operations. Franchisor and its Affiliates have no obligation to provide ongoing maintenance, repairs, upgrades, or updates to the Computer System.

You must have the components necessary to ensure that the entire Site of the Center has access to the Internet via Wi-Fi connection. We may require that: (i) you comply with our standards and specifications for Internet access and speed; and (ii) the Computer System be programmed to automatically transmit data and reports about the operation of the Center to us. We will also have the right to, at any time without notice, electronically and independently connect with your Computer System to monitor or retrieve data stored on the Computer System (or for any other purpose we deem necessary). There are no contractual limitations on our right to access the information and data on any component of your Computer System. We may also require you to use a Computer System or related software that is administered through us and provides us with automatic access to all data and reports that might be created by such Computer System or software, including any security camera footage. (Franchise Agreement §6.10).

You are also required to participate in any System-wide area computer network, including any System Site that you are provided access to as our System franchisee, that we implement, and may be required to use such networks or System Site to, among other things: (i) submit your reports due under the Franchise Agreement to us online; (ii) view and print portions of the Manual; (iii) download approved local advertising materials; (iv) communicate with us and other System franchisees; and (v) complete certain components of any ongoing training we designate. (Franchise Agreement §4.3).

Website and Internet Use

Except as approved in advance in writing by us, you must not establish or maintain a separate website, splash page, profile or other presence on the Internet, or otherwise advertise on the Internet or any other public computer network in connection with the Center, including any profile on Facebook, Instagram, LinkedIn, Instagram, Pinterest, Twitter, YouTube or any other social media or networking site. Any such Internet website or presence is considered “advertising” and must be approved by us prior to use, as described in this Item. If we do permit you to establish one or more of the above presences on the Internet, you must: (i) establish and operate your World Wide Web or Internet site in accordance with System standards and any other policies we designate in the Manual or otherwise in writing from time to time; and (ii) utilize any templates that we provide to you to create or modify such site(s).

We have the right to establish and maintain a primary website, that may, without limitation, promote the Marks and the System (the “Website”), including the contact information of your Center. Provided you pay us the Business Technology Setup Fee and for so long as you remain compliant with your obligations under the governing Franchise Agreement, we agree to establish an interior or other page on our brand Website

to display the contact information associated with the Center. We have sole control over all aspects of the Website, including without limitation its design, content, functionality, links to other websites, legal notices, and policies and terms of usage. We also have the right to discontinue operation of the Website at any time without notice to you. We have the right to modify our policies regarding your use of social media and Internet websites in connection with your Center as we deem necessary or appropriate in the best interest of the System. We (or our Affiliate) are the sole registrant of the Internet domain name, www.speechandaba.com, as well as any other Internet domain names that we or our affiliates register in the future. You must not register any Internet domain name that contains words used in or similar to any brand name owned by us or our affiliates or any abbreviation, acronym, phonetic variation or visual variation of those words.

We may require you to access and utilize any System Site we establish for use in connection with the System, including without limitation, to publish and circulate updates to the Manual).

ITEM 12 TERRITORY

Approved Site and Relocation

You will operate the Center at a specific location approved by us (referred to as your “Site”). You will not be permitted to relocate your Center without our prior written approval, which may be withheld in our discretion. You will be assessed a relocation fee of \$1,000 at the time you submit the proposed location for your relocated Center. Generally, we do not approve requests to relocate your Center after a site selection has been made and you have opened for business unless (a) it is due to extreme or unusual events beyond your control, and (b) you are not in default of your Franchise Agreement. If we approve your relocation request, we retain the right to approve your new site location in the same manner and under the same terms that are applied to your first site selection.

Designated Territory

Once you have secured your Site, we may award you a Designated Territory within which you will have certain territorial rights. Your Designated Territory will typically be the geographic area comprised of a radius around the Site of your franchised Center that is approximately three miles, provided your Site is located in a rural or suburban area. If your Center is located in an urban area, such as a city, major metropolitan downtown area, or similarly populated central business district (a “Central Business District”), then your Designated Territory may be smaller. We may also determine the boundaries of a given Designated Territory so that it contains a certain population or subset of population demographics.

We will determine and designate your Designated Territory as we deem appropriate in our discretion and, regardless of how we demarcate your territory, we do not have a minimum Designated Territory that a new Center or other Center must be awarded. If we base your Designated Territory on population or other demographics at some point in the future, then we expect and intend that the sources we use to determine the population within your Designated Territory will be supplied by the territory mapping software we determine to license or otherwise use, or publicly available population information (such as data published by the U.S. Census Bureau or other governmental agencies and commercial sources).

Your Designated Territory will likely vary in size and shape from the Designated Territory awarded to other System franchisees or Centers due to various factors, including without limitation, the location and demographics (including market saturation thresholds and competition count) surrounding your Site. The boundaries of your Designated Territory may be described in terms of zip codes, streets, landmarks (both natural and man-made), county lines, or otherwise delineated on a map.

If and when you are granted a Designated Territory, then we will not open or locate, or license any third party the right to open or locate, another Center utilizing the Proprietary Marks and System from a physical location within that Designated Territory, until such time that your Franchise Agreement expires or is

terminated (subject to the next paragraph in this Item).

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

Except as expressly provided in the Franchise Agreement, you will have no right to exclude, control, or impose conditions on the location, operation, or otherwise of present or future Centers, using any of the other brands or Marks that we now, or in the future, may offer, and we may operate or license Centers or distribution channels of any type, licensed, franchised, or company-owned, regardless of their location or proximity to the premises and whether or not they provide services similar to those that you offer. You do not have any rights with respect to other or related businesses, products, or services in which we may be involved, now or in the future.

Solicitation and Related Rights Within and Outside a Center's Designated Territory

While you and other Centers will be permitted to provide Services to potential and existing clients that visit or otherwise reach out to your Center, you will not be permitted to actively solicit or recruit clients outside your Designated Territory unless we provide our prior written consent. You will not be permitted to advertise and promote your Center via advertising that is directed at those outside your Designated Territory without our prior written consent, which we will not unreasonably withhold provided the area you wish to advertise in is contiguous to your Designated Territory, and that area has not been granted to any third party, or reserved by us or our affiliates, in connection with a Center (or Development Agreement) of any kind.

We reserve the right to "occupy" any social media websites or pages and be the sole provider of information regarding the Center on such websites or pages (e.g., a system-wide Facebook page). At our request, you will promptly modify or remove any online communication pertaining to the Center that does not comply with the Franchise Agreement or the Manual. You are not prohibited from obtaining members over the Internet provided your Internet presence and content comply with the requirements of the Franchise Agreement.

Development Agreement and Development Area

If you are granted the right to open three or more Centers under our form of Development Agreement, then we will provide you with a Development Area on execution of this agreement. The size of your Development Area will substantially vary from other System developers based on: (i) the number of Centers we grant you the right to open and operate; and (ii) the location and demographics of the general area where we mutually agree you will be opening these locations. The boundaries of your Development Area may be described in terms of zip codes, streets, landmarks (both natural and man-made), county lines, or otherwise delineated on a map attached to the Franchisee-Specific Terms.

Each Center you timely open and commence operating under our then-current form of franchise agreement will be operated: (i) from a distinct site located within the Development Area; and (ii) within its own Designated Territory that we will define once the Site for that Center has been approved. We will approve sites for additional Centers developed under your Development Agreement using our then-current site selection criteria.

We will not open or operate or license a third party the right to own or operate, a Center utilizing the Proprietary Marks and System from a physical location within the Development Area until the earlier of: (i) the date we define the Designated Territory of the final Center you were granted the right to operate under the Development Agreement; or (ii) the expiration or termination of the Development Agreement for any reason. We reserve the right to locate Centers at certain "Non-Traditional Sites" within your Development Area and, for this reason, we must provide the following disclosure: You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

Upon the occurrence of any one of the events referenced in subparts (i) and (ii) in the preceding paragraph, your territorial rights within the Development Area will be terminated, except that each Center that you have opened and are continuously operating as of the date of such occurrence will continue to enjoy the territorial rights within their respective Designated Territories awarded in connection with those Centers and agreed to by Franchisor in the applicable and governing form of franchise agreement for each such Center. You must comply with your development obligations under the Development Agreement, including your Development Schedule, in order to maintain your exclusive rights within the Development Area. If you do not comply with your Development Schedule, we may terminate your Development Agreement and any further development rights you have under that agreement. Otherwise, we will not modify the size of your Development Area except by mutual written agreement signed by both parties.

Reserved Rights Under Both Franchise Agreement and Development Agreement

We and our affiliates reserve the exclusive right to conduct the following activities under the Franchise Agreement or Development Agreement (as appropriate): (i) establish and operate, and license any third party the right to establish and operate, other Centers and Centers using the Marks and System from any physical location outside of your Designated Territory and, if applicable, Development Area; (ii) market, offer, and sell products and services that are similar to the products and services offered by the Center under a different trademark or trademarks at any location, within or outside the Designated Territory and, if applicable, the Development Area; (iii) use the Marks and System, as well as other such marks we designate, to distribute any Approved Products and/or Services in any alternative channel of distribution, within or outside the Designated Territory and, if applicable, Development Area (including the Internet, mail order, catalog sales, toll-free numbers, wholesale stores, etc.), as further described below; (iv) to acquire, merge with, be acquired by, or otherwise affiliate with, any other company, and have us or any successor or acquiring entity own and operate, and franchise or license others to own and operate, any business of any kind, including, without limitation, any business that offers products or services the same as or similar to the Products and Services (but under different marks), within or outside your Designated Territory and, if applicable, Development Area; (v) market, offer, and provide the Services directly to personnel in their respective residence, office, or other location of choice and not from a Center location, anywhere inside or outside of the Designated Territory; (vi) own and operate Centers in “Non- Traditional Locations” including, but not limited to, airports, malls, any captive venue that requires a ticket or other membership to access, military bases, academic institutions, hospitals, sports arenas and stadia, train stations, casinos, both within or outside your Designated Territory and, if applicable, Development Area; and (viii) use the Marks and System, and license others to use the Marks and System, to engage in any other activities not expressly prohibited in your Franchise Agreement and, if applicable, your Development Agreement.

In addition to the above, we have the right to manage, contract with, and control any and all relationships with a prospective or existing client that wishes to contract for any Services to be performed at locations or areas that comprise more than one (1) Designated Territory (each, an “Multiple-Market Account”). Once it is determined by you or other Center Personnel that a given prospective or existing client is a potential Multiple-Market Account, then you must provide us with that party’s name and relevant information and we will have the right to contract with and designate the appropriate Centers at which that client’s requested Services will be provided to the individual(s) at issue.

Neither the Franchise Agreement nor Development Agreement grants you any right to engage in any of the activities outlined in the preceding paragraphs under this subheading in Item 12, or to share in any of the proceeds received by us, our affiliates or any third party from these activities, unless we otherwise agree in writing. Further, we have no obligation to provide you any compensation for soliciting or accepting orders (via alternate channels of distribution) within your Designated Territory and, if applicable, Development Area.

Internet Sales/Alternative Channels of Commerce

We may sell products and services to clientele located anywhere, even if such products and services are similar to the Services. We may use the Internet or other alternative channels of commerce to sell Franchisor’s branded products and services. You may only sell the products and services from your approved Center location and may only use the internet or alternative channels of commerce to offer or sell the products and services, as permitted by us. We may require you to submit samples of all advertising and promotional materials (and any use of the Marks and other forms of commercial identification) for any media, including the Internet, or otherwise.

Additional Required Disclosures

Neither the Franchise Agreement nor the Development Agreement provides you with any right or option to open and operate additional Centers (other than as specifically provided for in your Development Agreement if you are granted multi-unit development rights). Regardless, each Center you are granted the right to open and operate must be governed by its own specific form of Franchise Agreement.

We have not established other franchises or company-owned outlets or another distribution channel offering or selling similar products or services under a different trademark. Neither we nor our affiliates have established, nor do we presently intend to establish, other franchised or company-owned businesses that are similar to the Center and that provide the Approved Products and Services under a different trade name or trademark, but we and our affiliates reserve the right to do so in the future without your consent.

ITEM 13 TRADEMARKS

Pursuant to the Franchise Agreement, you are granted a license to operate a business using the marks, logo, and other marks disclosed in this Item or in the Manual in connection with the business (the “Marks”). The Mark listed below are the subjects of valid and subsisting U.S. Patent and Trademark Office registrations shown below, if any.

In addition to the Mark in the chart below, franchisees may also use other marks, registered or unregistered, that we own or have the right to use through a license agreement between us and our affiliates or third parties and that we designate as part of the Marks.

We have registered the following Mark with the Principal Register of the USPTO and have filed all required affidavits with respect to the Mark:

Mark	U.S. Registration Number	Registration Date
ESSENTIAL SPEECH AND ABA THERAPY	7134647	August 8, 2023

We claim common law rights to the Marks and other terms and phrases used regularly in connection with the Business. We also claim common law rights to our designs, logos, and trade dress, including color schemes and appearance, as well as copyright where applicable, but there have not been judicial determinations of the existence, validity, or extent of our rights. We claim and intend to rely on common law and statutory trade secret and unfair competition protection for the proprietary materials and information you are awarded a license to use under the Franchise Agreement.

There are presently no final effective determinations of the USPTO, the Trademark Trial and Appeal Board or any trademark administrator of any state or any court proceedings which limit or restrict our right to use the above-described Marks or are relevant to your use of the Marks for your business.

We have the right to control any administrative proceeding or litigation involving a trademark licensed by

or to you. We do not currently have any pending material federal or state litigation regarding our use or ownership rights in a trademark. If you learn of any claim, suit, or demand against you by a third party for any alleged infringement, unfair competition, or similar matter due to your use of the Marks, in accordance with the terms of the Franchise Agreement, you must promptly notify us of the claim, suit or demand. We will then take whatever action we, in our sole discretion, consider necessary or appropriate. We intend to take reasonable steps to preserve and protect our ownership of the Marks and their validity. We are not obligated to protect any rights awarded to you to use the Marks or protect you against claims of infringement or unfair competition regarding the Marks. You may not settle or compromise any claim by a third party without our prior written consent. We may defend, compromise, or settle any claim at our cost, using attorneys that we choose, and you must cooperate fully with us in defending the claim. If you learn of any infringing use, you must promptly notify us. We will decide in our discretion whether to prosecute any purported infringement of the Marks and our decisions will be final.

We are the lawful and sole owner of the domain name www.speechandaba.com and www.speechandabafranchise.com. You cannot register any of the Marks owned by us or any abbreviation, acronym, or variation of the Marks, or any other name that could be deemed confusingly similar, as internet domain names. We retain the sole right to advertise the system on the internet and to create, operate, maintain, and modify, or discontinue using, a website using the Marks. You may access our website. Except as we may authorize in writing in advance, however, you cannot: (i) link or frame our website; (ii) conduct any business or offer to sell or advertise any products or services on the worldwide web; or (iii) create or register any internet domain name in connection with your franchise.

You may use only the Marks we designate, and you may use them only in the manner we authorize. Any goodwill associated with Marks, including any goodwill which might be deemed to have arisen through your activities, will inure directly and exclusively to our benefit. You may use the Marks only for the operation of the Business and only at your Site, on the Equipment, or in advertising for the Business. You will use all Marks without prefix or suffix and in conjunction with the symbols “SM,” “TM,” “S,” or “®,” as applicable, to the extent they have been validly registered in the USPTO. You may not use the Marks in connection with the offer or sale of any services or products which we have not authorized for use in connection with the Center. You may not use the Marks as part of your corporate or other legal name. We must approve your corporate name and all fictitious names under which you propose to do business in writing before use. You must use your corporate or limited liability company name either alone or followed by the initials “D/B/A” and the business name “Essential Speech and ABA Therapy.” You must promptly register at the office of the county in which your Business is located, or such other public office as provided for by the laws of the state in which your Business is located, as doing business under such assumed business name.

All advertising must prominently display the Marks and must comply with our standards for using the Marks. All such advertising is subject to our prior written approval, which we will not unreasonably withhold. We reserve the right to approve all signs, stationery, business cards, forms, and other materials and supplies bearing the Marks. You may use the Marks including, without limitation, trade dress, color combinations, designs, symbols, and slogans, only in the manner and to the extent specifically permitted by the Franchise Agreement or by our prior written consent. You must submit to us, and we must approve, all advertising, publicity, signs, decorations, furnishings, equipment, or other materials employing the Marks, or related marks, before first publication or use. You must identify yourself as the owner of the business (in the manner we prescribe) in conjunction with any use of the Marks including, without limitation, on invoices, order forms, receipts, and business stationery, as well as at such conspicuous locations as we may designate in writing on your business location.

If it becomes advisable at any time in our sole discretion for us or you to modify or discontinue use of the Marks or use one or more additional or substitute trade or service marks, you must comply with our directions to modify or discontinue the use of the Marks within the time frame specified by us. We may add to, delete, or modify our Marks. You must accept, use, or cease using, as may be applicable, the Marks, including modified or additional Marks in accordance with our prescribed procedures, policies, rules, and regulations whether contained in the Manual, in the Franchise Agreement, or otherwise. You will not be

compensated for any discontinuation or modification of the Marks.

ITEM 14 PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

You do not receive the right to use any item covered by a patent. You will be provided access to our Operations Manual and other materials which may be subject to copyright protection. The Manual is described in Item 11. Item 11 also describes the limitations on the use of the Manual by you and your employees.

We have no registered copyrights, nor are there any pending patent applications that are material to the franchise. However, we claim copyrights on the Manual and certain forms, advertisements, promotional materials, and other Confidential Information as defined below.

To our knowledge, there currently are no effective determinations of the U.S. Copyright Office or any court regarding any of the copyrighted materials. There are no agreements in effect which significantly limit our right to use or license the copyrighted materials. Finally, there are no infringing uses actually known to us that could materially affect your use of the copyrighted materials in any state. No agreement requires us to protect or defend any copyrights or you in connection with any copyrights.

We may revise our System and any of our copyrighted materials in our discretion and may require that you cease using any outdated copyrighted material. You will be responsible for printing any revised or new advertising, marketing or other business materials.

In general, our proprietary information includes “Confidential Information” as defined in our current Franchise Agreement, some of which is contained in our Manual, and includes, among other things, all information (current and future) relating to the operation of the Center or the System, including, among other things, all: (i) Manual, training, techniques, processes, policies, procedures, systems, data, and know how regarding the development, marketing, operation, and franchising of the Centers; (ii) designs, specifications and information about products and services and (iii) all information regarding members and suppliers, including any statistical or financial information and all lists. We disclose to you Confidential Information needed for the operation of a Center, and you may learn additional information during the term of your franchise. We have all rights to the Confidential Information and your only interest in the Confidential Information is the right to use it under your Franchise Agreement.

Both during and after the term of your Franchise Agreement, you must use the Confidential Information only for the operation of your Center under a Franchise Agreement with us; maintain the confidentiality of the Confidential Information; not make or distribute, or permit to be made or distributed, any unauthorized copies of any portion of the Confidential Information; and (iii) follow all prescribed procedures for prevention of unauthorized use or disclosure of the Confidential Information.

We have the right to use and authorize others to use all ideas, techniques, methods and processes relating to the Center that you or your employees conceive or develop. You also agree to fully and promptly disclose all ideas, techniques and other similar information relating to the franchise business that are conceived or developed by you and/or your employees. We will have a perpetual right to use, as well as authorize others to use, those ideas and related work product without compensation or other obligations.

We, our affiliates, and our principals have developed certain trade secrets and other confidential information, including methods of business management, sales and promotion techniques, and know-how, knowledge of, and experience in, operating a Center. We will provide our trade secrets and other confidential information to you during training, in the Manual, and as a result of the assistance we furnish you during the term of the franchise. You may only use the trade secrets and other confidential information for the purpose of operating your Center. You may only divulge trade secrets and other confidential

information to employees who must have access to it to operate the Center. You are responsible for enforcing the confidentiality provisions as to your employees.

Certain individuals with access to trade secrets or other confidential information, including your shareholders (and members of their immediate families and households), officers, directors, partners, members, if you are a corporation, limited liability company or other business entity, and your managers, executives, employees and staff may be required to sign nondisclosure and non-competition agreements in a form the same as or similar to the Non-Disclosure and Non-Competition Agreement attached to the Franchise Agreement. We will be a third-party beneficiary with the right to enforce those agreements.

All ideas, concepts, techniques or materials concerning the franchised business or the System, whether or not protectable intellectual property and whether created by or for you or your owners or personnel, must be promptly disclosed to us and will be deemed our sole and exclusive property and a part of the System that we may choose to adopt or disclose to other franchisees, and you agree to assign to us all right, title and interest in any intellectual property so developed without additional compensation to you. Likewise, we may disclose to you concepts and developments of other franchisees that we make part of the System. You must also assist us in obtaining intellectual property rights in any concept or development if requested.

Your use of the Manual, trade secrets or any other Confidential Information – all of which you must acknowledge are owned by us (subject to applicable laws) – in an unauthorized manner is a default of the Franchise Agreement that may result in automatic termination of the Franchise Agreement.

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

Franchised Center Management Generally

While we recommend that you personally participate in and manage the day-to-day operations of your Center, you may hire a Designated Manager to manage daily operations with our approval. Both you and your Designated Manager will be required to complete the Initial Training Program to our satisfaction prior to undertaking any management responsibilities and opening your Center. See Item 11 for required initial training information.

We will not unreasonably withhold our approval of any Designated Manager you propose, provided the Designated Manager has completed our Initial Training Program and otherwise demonstrated a comprehensive understanding of our System Standards. If the franchisee is a business entity, we do not require the Designated Manager to own an interest in the entity, but the Designated Manager must sign our prescribed form of Confidentiality and Non-Competition Agreement. Your Center must, at all times, be managed and staffed with at least one individual who has successfully completed our Initial Training Program. If you operate more than one Center, you must have a properly trained Designated Manager at each Center you own. You must keep us informed at all times of the identity of any personnel acting as a Designated Manager and obtain our approval before substituting a new Designated Manager at any Center.

Regardless of whether you have a Designated Manager, you must have appropriately licensed Center Personnel that have completed the appropriate initial training before providing Services. If you are a married individual, then your spouse will also be required to sign the Franchise Agreement or, in the alternative, the form of Personal Guaranty attached to the Franchise Agreement as Exhibit G. If you are a business entity (limited liability company, corporation, partnership, etc.), then each of your shareholders members, or partners (the “Owners”), as applicable, must sign the Guaranty, and at our option, the spouses of each such Owner must sign the Guaranty.

Development Operations Under Development Agreement

Under a Development Agreement, you must designate and retain an individual throughout the term of the Development Agreement to act on behalf of you in all transactions concerning your obligations under the Development Agreement (the “Developer Representative”). If you are an individual, you must perform all obligations of the Developer Representative.

The Developer Representative must use reasonable efforts to do the following, during the entire period he serves in that capacity: (1) maintain a direct ownership interest in the Center; (2) devote substantial time and reasonable efforts to the supervision and conduct of the Center, (3) execute the Development Agreement as one of the Principals; and (4) meet our standards and criteria for a Representative as set forth in the Manual or elsewhere in writing by us. If the Representative or any designee is not able to continue to serve in the capacity of Representative or no longer qualifies, you must promptly notify Franchisor and designate a replacement.

ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISE MAY SELL

You must sell or offer for sale only those products, merchandise, and services we have expressly approved for sale in writing; sell or offer for sale all types of products, merchandise, and services we specify; refrain from any deviation from our System Standards without our prior written consent; and discontinue selling or offering for sale any products, merchandise, or services which we may, in our discretion, disapprove in writing at any time. All products, including inventory used in connection with the services, that are sold or offered for sale at the Center must meet our then-current System Standards. See Item 8. The Franchise Agreement does not limit our right to make changes in the types of authorized products, merchandise, and services.

Any services that may only be provided by individuals with particular qualifications, certifications, or licensure under the laws of the state where that Center located must be performed at the Site by one or more Center Personnel that possess the qualifications necessary to perform the specific kind of Service at issue.

Our Franchise Agreement does not limit our right to make changes in the types of authorized products, merchandise, and services. We have the right to specify the prices for the products and services you offer and sell, and to establish minimum and maximum prices for such products and services. You must strictly adhere to the prices we establish, subject to applicable law. We retain the right to modify the prices from time-to-time in our reasonable discretion. You must comply with all of our policies regarding advertising and promotion, including the use and acceptance of coupons, gift cards, or incentive programs. We do not limit your access to customers in that customers may patronize your Center even if they are not located within your Territory, provided you comply with your advertising and solicitation obligations under your Franchise Agreement.

ITEM 17. RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

The following tables list certain important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this Disclosure Document.

A. FRANCHISE AGREEMENT

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
a. Length of the Franchise Term	§3.1	10 years

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
b. Renewal or Extension of the Term	§3.2	10-year renewal term
c. Requirements for Franchisee to Renew or Extend	§3.2	<p>Franchisee is not in default of any provision of this Agreement, any amendment thereof, or successor hereto, or any other agreement between Franchisee and Essential Speech. Franchisee must also have complied with the terms and conditions of all the foregoing agreements during the term of this Agreement, as Essential Speech determines in its reasonable discretion.</p> <p>Franchisee has rendered timely performance of all of its obligations under this Agreement and all other agreements between Franchisee and Essential Speech and its affiliates.</p> <p>Franchisee executes Essential Speech’s then-current form of franchise agreement, which may contain materially different terms and conditions from those contained in this Agreement, before the expiration of the Initial or then- current Renewal Term.</p> <p>Franchisee pays Essential Speech a renewal fee of \$3,000 at least ninety days before the expiration of the then-current Initial or Renewal Term (“Renewal Fee”).</p> <p>Franchisee executes a general release under seal, in a form satisfactory to Essential Speech, of any and all claims it may have against Essential Speech and its officers, directors, shareholders, and employees in their corporate and individual capacities, including without limitation, all claims arising under any federal, state, or local law, rule, or ordinance.</p> <p>Franchisee and its Designated Manager, if any, have successfully completed all required trainings to the reasonable satisfaction of Essential Speech.</p> <p>Franchisee agrees, at its sole cost and expense, to re-image, renovate, refurbish, and modernize the Premises and Center within the time frame required by Essential Speech, including the design, equipment, signs, interior and exterior décor items, displays,</p>

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
		inventory assortment and depth, fixtures, furnishings, trade dress, color scheme, presentation of trademarks and service marks, supplies, and other products and materials, as necessary to meet Essential Speech's then-current System standards, specifications, and design criteria for a newly- opened System Center.
d. Termination by Franchisee	Not Applicable	Not Applicable
e. Termination by Franchisor without Cause	Not Applicable	Not Applicable
f. Termination by Franchisor with Cause	Article 15	Franchisor has the right to terminate the franchise agreement on the occurrence of any of the events in Article 15.
g. "Cause" Defined – Curable Defaults	§15.3	We may terminate your franchise agreement if you fail to cure within thirty days of receiving notice, any default or breach of your agreement other than the breaches and defaults listed in §15.1 or §15.2.
h. "Cause" Defined – Non-Curable Defaults	§§15.1, 15.2	The franchise agreement will terminate automatically on the occurrence of any of the events listed in §15.1. The agreement will terminate at our election on written notice to you on the occurrence of any of the events listed in §15.2 of the franchise agreement.
i. Franchisee's Obligations on Termination/Non-Renewal	§16	You must discontinue use of the System and affiliation with the Essential Speech brand, return confidential and proprietary materials to us, and abide by the post-termination covenants.
j. Assignment of Contract by Franchisor	§13.7	We may freely assign the franchise agreement.
k. "Transfer" by Franchisee – Defined	§§13.1, 13.3	Any transfer either by operation of law, assignment of contractual rights, or by transfer of ownership in franchisee.
l. Franchisor Approval of Transfer by Franchisee	§13.1	You may not transfer your franchise agreement without our express written approval.
m. Conditions for Franchisor Approval of Transfer	§13.5	Except in the case of certain transfers by operation of law, you must comply with the conditions listed in §13.5 and any others we may impose before engaging in a transfer.
n. Franchisor's Right of First Refusal to Acquire Franchisee's Business	§13.4	If you propose to transfer the agreement or the assets of the Center, we must first have the option to purchase your business/assets used in your Center.
o. Franchisor's Option to Purchase Franchisee's Business	§16.8	On termination or expiration of your franchise agreement, we will have the option to

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
		purchase your business/assets used in your Center.
p. Death or Disability of Franchisee	§13.2	If franchisee dies or is incapacitated, the franchisee's legal representative will have the right to continue the business provided they are able to satisfy our training and compliance requirements.
q. Non-Competition Covenants During the Term of the Franchise	§14.1	You may not operate a competing business, as defined in the franchise agreement, during the term.
r. Non-Competition Covenants After the Franchise is Terminated or Expires	§14.2	You may not operate a competing business, as defined in the franchise agreement, after the expiration or termination of the agreement within twenty-five miles of the boundaries of your territory for two years.
s. Modification of the Agreement	§18.4	We may modify the System and Manual in our sole and absolute discretion during the term, and require you to comply with such modifications.
t. Integration/Merger Clause	§18.5	Only the terms of the franchise agreement and other related written agreements are binding (subject to applicable state law.) Any representations or promises outside of the disclosure document and franchise may not be enforceable.
u. Dispute Resolution by Mediation or Arbitration	§§21.2, 21.3	Before proceeding with litigation, you must attempt to resolve any dispute you have with us internally, and at our option, must participate in the mediation of any such dispute.
v. Choice of Forum	§§21.5	Subject to applicable state law, all litigation and alternative dispute resolution proceedings must be brought or take place in Texas.
w. Choice of Law	§21.1	Subject to applicable state law, the franchise agreement is governed by and construed under Texas law.

B. DEVELOPMENT AGREEMENT

PROVISION	SECTION IN DEVELOPMENT AGREEMENT	SUMMARY
a. Length of the Franchise Term	§3.1	The term begins on the effective date of the development agreement and ends on the last development deadline of the development schedule or on the date the last Center authorized under the development agreement opens for business.
b. Renewal or Extension of the Term	Not Applicable	Not Applicable

PROVISION	SECTION IN DEVELOPMENT AGREEMENT	SUMMARY
c. Requirements for Franchisee to Renew or Extend	Not Applicable	Not Applicable
d. Termination by Franchisee	Not Applicable	Not Applicable
e. Termination by Franchisor without Cause	Not Applicable	Not Applicable
f. Termination by Franchisor with Cause	§9.1, 9.2	We may terminate the agreement on the occurrence of any of the events listed in §9.1, or on the failure to cure any of the defaults listed in §9.2. Termination of the Area Development Agreement allows the franchisor the right to also terminate Area Developer’s single unit Franchise Agreement.
g. “Cause” Defined – Curable Defaults	§9.2	We may terminate the development agreement if you fail to cure any of the defaults in §9.2 within thirty days of receiving notice of the default.
h. “Cause” Defined – Non-Curable Defaults	§9.1	We may terminate the development agreement on notice if any of the events listed in §9.1 occur.
i. Franchisee’s Obligations on Termination/Non-Renewal	Not Applicable	Not Applicable
j. Assignment of Contract by Franchisor	§8.6	We may freely assign the development agreement.
k. “Transfer” by Franchisee – Defined	§8.5	Transfer means the transfer of the agreement or the transfer of an ownership interest in the developer/franchisee, however occurring.
l. Franchisor Approval of Transfer by Franchisee	§8.3	We have the right to condition our approval of any proposed transfer on the satisfaction of the conditions listed in this section.
m. Conditions for Franchisor Approval of Transfer	Not Applicable	Not Applicable
n. Franchisor’s Right of First Refusal to Acquire Franchisee’s Business	Not Applicable	Not Applicable
o. Franchisor’s Option to Purchase Franchisee’s Business	Not Applicable	Not Applicable
p. Death or Disability of Franchisee	Not Applicable	Not Applicable
q. Non-Competition Covenants During the Term of the Franchise	Not Applicable	Not Applicable
r. Non-Competition Covenants After the Franchise is Terminated or Expires	§11.2	You may not operate a competing business within ten miles of the development area for two years after the expiration or termination of the development agreement.
s. Modification of the Agreement	§13.1	The development agreement may not be modified except in a writing signed by the parties.

PROVISION	SECTION IN DEVELOPMENT AGREEMENT	SUMMARY
t. Integration/Merger Clause	§13.2	Only the terms of the development agreement and other related written agreements are binding (subject to applicable state law.) Any representations or promises outside of the disclosure document and development agreement may not be enforceable
u. Dispute Resolution by Mediation or Arbitration	N/A	Not Applicable
v. Choice of Forum	§13.4	Subject to applicable state law, any action to resolve a dispute between the parties must be brought in Texas.
w. Choice of Law	§13.4	Subject to applicable state law, the agreement is governed by and construed in accordance with the laws of the State of Texas without regard to its conflict of laws provisions.

**ITEM 18
PUBLIC FIGURES**

We do not currently use any public figures to promote our franchise.

**ITEM 19
FINANCIAL PERFORMANCE PRESENTATIONS**

The FTC’s Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised 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 buying; 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.

These financial performance representations are based on the historic operating revenue and certain expenses of the Affiliate-Owned Centers operated by Essential Therapy in Missouri City, Texas, Katy, Texas, and Pearland, Texas for the periods which cover January 1, 2022 through December 31, 2022, and from January 1, 2023 through December 31, 2023 (each a “Measuring Period”). We obtained these historical financial results from the profit and loss statements and other operating reports submitted by the Affiliate-Owned Centers. There are no other outlets operated by us or our affiliates but there are four Essential Speech & ABA Therapy outlets operated by franchisees who operated sometime during the 2023 Measuring Period, but not for the entire Measuring Period. Neither we nor a certified public accountant have independently audited or verified the information.

Except as discussed in the notes below, the Affiliate-Owned Outlets operate in a substantially similar manner to how franchised Centers will operate. The explanatory notes included with the following chart are an integral part of this financial performance representation and should be read in their entirety for a full understanding of the information contained in the following chart.

Some outlets have sold this much. Your individual results may differ. There is no assurance you will sell as much.

Table 19(A). Adjusted Net Income and Margin

	2022	2023
Gross Revenue²	\$6,163,639	\$5,288,549
Payroll	\$4,017,474	\$3,589,764
All Other Operating Expenses	\$1,081,826	\$901,962
Franchise Fee Adjustments³	\$308,782	\$265,028
Net Income	\$755,557	\$531,796
Net Income Margin	12.3%	10.1%

Notes:

1. These figures exclude HR-related expenses for owners, such as salary and insurance, as well as real estate expenses tied to land ownership.
2. “Gross Revenue” means all income (cash, credit, and all other consideration) recognized on an invoice/accrual basis by Franchisee or any spouse or child of Franchisee or its principal: (i) in connection with the operation of the franchised business or any competing business; (ii) from the sale of any authorized products or services (as modified from time-to-time by Franchisor in accordance with this Agreement); or (iii) from the sale of goods or services under, using, or in connection with the Marks. “Gross Revenue” does not include value-added, sales, use, excise, or other taxes that are separately stated and that Franchisee is required by law to collect and does collect from clients and pays to any governmental taxing authority.
3. While our affiliate locations did not pay Royalty Fees or Technology Fees, we have adjusted these amounts to show how much the affiliates would have paid if they had operated under the franchise agreement.

Table 19(B). Enrollment and Utilization

Month	2022		2023	
	Enrollment	Utilization	Enrollment	Utilization
January	55	79	55	79
February	55	79	58	83
March	50	71	55	79
April	52	74	58	83
May	52	74	55	79
June	54	77	56	80
July	56	80	58	83
August	56	80	43	72
September	52	74	26	43
October	53	76	27	45
November	55	79	28	47
December	55	79	28	47
Average	53	77	45.6	68

Notes:

1. “Enrollment” means children who attended the Center at least thirty hours per week every week in Speech and ABA Therapy Franchising, LLC
FDD 2024

a given month.

2. “Utilization” is the rate of enrollment expressed as a percentage. The values in Table 19(B) were calculated by dividing the enrollment in each month by the maximum enrollment of the Centers for the same month and rounding the quotient to the nearest whole number. The maximum enrollment of any Center is determined according to our policies on the ratio of clients to providers at a Center, the size of the Center, and applicable law. The Manual sets forth our policies, criteria, and formulas for determining maximum enrollment.

Notes to Item 19 Generally:

1. The figures in the tables above use the historical information provided to us by the Affiliate-Owned Centers. On your reasonable request, we will provide written substantiation for these financial performance representations.

2. The Affiliate-Owned Centers are operated in substantial conformity with the System Standards.

Other than the preceding historical representations, we do not make any financial performance representations. 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 Ben Gerding at 4638 Riverstone Blvd., Missouri City, Texas 77459 or by phone at 281-729-2152, the Federal Trade Commission, and the appropriate state regulatory agencies.

**ITEM 20
OUTLETS AND FRANCHISEE INFORMATION**

**TABLE NO. 1
SYSTEMWIDE OUTLET SUMMARY FOR YEARS 2021 TO 2023**

OUTLET TYPE	YEAR	OUTLETS AT THE START OF THE YEAR	OUTLETS AT THE END OF THE YEAR	NET CHANGE (+ or -)
Franchised	2021	0	0	0
	2022	0	0	0
	2023	0	4	+4
Company Owned	2021	1	3	+2
	2022	3	4	+1
	2023	4	4	0
Total Outlets	2021	1	3	+2
	2022	3	4	+1
	2023	4	8	+4

**TABLE NO. 2
TRANSFER OF OUTLETS FROM FRANCHISEES TO NEW OWNERS
(OTHER THAN THE FRANCHISOR) FOR YEARS 2021 TO 2023**

STATE	YEAR	NUMBER OF TRANSFERS
Total Outlets	2021	0
	2022	0
	2023	0

**TABLE NO. 3
STATUS OF FRANCHISED OUTLETS FOR YEARS 2021 TO 2023**

STATE	YEAR	OUTLETS AT START OF YEAR	OUTLETS OPENED	TERMINATIONS	NON-RENEWALS	REACQUIRED BY FRANCHISOR	CEASED OPERATIONS - OTHER REASONS	OUTLETS AT END OF YEAR
TX	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	3	0	0	0	0	3
VA	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
Total Outlets	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	4	0	0	0	0	4

**TABLE NO. 4
STATUS OF COMPANY-OWNED OUTLETS FOR YEARS 2021 TO 2023**

STATE	YEAR	OUTLETS AT START OF YEAR	OUTLETS OPENED	OUTLETS REACQUIRED FROM FRANCHISEES	OUTLETS CLOSED	OUTLETS SOLD TO FRANCHISEES	OUTLETS AT END OF THE YEAR
TX	2021	1	2	0	0	0	3
	2022	3	1	0	0	0	4
	2023	4	0	0	0	0	4
Total Outlets	2021	1	2	0	0	0	3
	2022	3	1	0	0	0	4
	2023	4	0	0	0	0	4

**TABLE NO. 5
PROJECTED OPENINGS AS OF DECEMBER 31, 2023**

STATE	FRANCHISE AGREEMENTS SIGNED BUT OUTLET NOT OPENED	PROJECTED NEW FRANCHISED OUTLETS IN NEXT FISCAL YEAR	PROJECTED NEW COMPANY OWNED OUTLETS IN NEXT FISCAL YEAR
GA	2	2	0
NM	1	0	0
TX	2	5	0
TOTAL	5	7	0

During the last three fiscal years, no current or former franchisees have signed confidentiality clauses that restrict them from discussing with you their experiences as a franchisee in our franchise system.

We do not have any trademark-specific franchisee organization associated with the franchise system.

ITEM 21 FINANCIAL STATEMENTS

Attached to this disclosure document as Exhibit A are our audited financial statements as of December 31, 2023, our audited closing balance sheet as of December 31, 2022, our unaudited balance sheet as of August 23, 2024, and our unaudited profit and loss statement as of August 23, 2024. As we were formed in January, 2022 and began offering franchises in August, 2022, we have not been in business for three years or more and cannot include all financial statements required by the FTC Rule for our last three fiscal years. Our fiscal year ends on December 31.

ITEM 22 CONTRACTS

The following agreements are attached as exhibits to this Disclosure Document:

Document/Contract	Location in FDD
Franchise Agreement (FA)	Exhibit E
Personal Guaranty	FA Attachment
Franchisee Compliance Questionnaire	FA Attachment
Development Agreement	Exhibit F
Form of General Release	Exhibit G
Form of Confidentiality and Noncompetition Agreement	Exhibit H
Billing Services Contract	Exhibit K
Business Associate Agreement	Exhibit L
EFT Authorization Form	Exhibit M
Lease Rider	Exhibit N

ITEM 23 RECEIPTS

The final two pages of this Disclosure Document are duplicate receipts to be signed by you. Keep one for your records and return the other to us.

EXHIBIT A
FINANCIAL STATEMENTS

**SPEECH AND ABA THERAPY FRANCHISING, LLC
FINANCIAL STATEMENTS
DECEMBER 31, 2023**

SPEECH AND ABA THERAPY FRANCHISING, LLC
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Statement of Operations and Stockholders' (Deficit)	4
Statement of Cashflows	5
Notes to Financial Statements	6 - 7

MUHAMMAD ZUBAIRY, CPA PC
Certified Public Accountant
646.327.7013

INDEPENDENT AUDITOR'S REPORT

**To the Stockholders of
Speech and ABA Therapy Franchising, LLC**

Opinion

We have audited the financial statements of Speech and ABA Therapy Franchising, LLC, which comprises the balance sheet as of December 31, 2023, and the related statement of operations, and changes in stockholders' equity, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Speech and ABA Therapy Franchising, LLC as of December 31, 2023, and the results of its operations and its cash flows for the for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Speech and ABA Therapy Franchising, LLC, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Matter

The financial statements for the year ending December 31, 2022 were audited by other auditors whose report dated April 17, 2023 included an unmodified opinion of those statements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Speech and ABA Therapy Franchising, LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

In performing an audit in accordance with GAAS, we:

Exercise professional judgment and maintain professional skepticism throughout the audit.

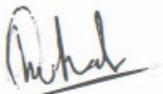
Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Speech and ABA Therapy Franchising, LLC's internal control. Accordingly, no such opinion is expressed.

Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Speech and ABA Therapy Franchising, LLC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.



Muhammad Zubairy, CPA PC

Westbury, NY

May 7, 2024

SPEECH AND ABA THERAPY FRANCHISING, LLC
BALANCE SHEETS

	<u>ASSETS</u>	
	<u>YEARS ENDED DECEMBER 31</u>	
	<u>2023</u>	<u>2022</u>
Current Assets		
Cash	\$ 95,643	\$ 15,309
Accounts receivable	14,139	—
Total Current Assets	<u>109,782</u>	<u>15,309</u>
Total Assets	<u>\$ 109,782</u>	<u>\$ 15,309</u>
 <u>LIABILITIES AND STOCKHOLDER'S (DEFICIT)</u>		
Current Liabilities		
Accounts payable and accrued expenses	\$ 25,234	\$ 3,528
Due to related parties	80,000	80,000
Contract Liability	67,650	—
Total Current Liabilities	<u>172,884</u>	<u>83,528</u>
Contract Liability, net of current	<u>236,671</u>	<u>—</u>
Stockholder's (Deficit)	(299,773)	(68,219)
Total Liabilities and Stockholder's (Deficit)	<u>\$ 109,782</u>	<u>\$ 15,309</u>

See notes to financial statements

SPEECH AND ABA THERAPY FRANCHISING, LLC
STATEMENTS OF OPERATIONS AND STOCKHOLDER'S EQUITY (DEFICIT)

	YEARS ENDED DECEMBER 31	
	2023	2022
Revenues		
Franchise fee	\$ 42,179	—
Royalties	31,543	—
Service	51,936	—
Total Revenues	125,658	—
Operating Expenses	291,444	68,219
Net Income (Loss)	(165,786)	(68,219)
Stockholder's equity (Deficit) - Beginning	(68,219)	—
Stockholder's Contribution (Distribution)	(65,768)	—
Stockholders' equity (Deficit) - Ending	\$ (299,773)	\$ (68,219)

See notes to financial statements

SPEECH AND ABA THERAPY FRANCHISING, LLC
STATEMENTS OF CASH FLOWS

	YEARS ENDED DECEMBER 31	
	2023	2022
Cash Flows from Operating Activities:		
Net income (loss)	\$ (165,786)	\$ (68,219)
Depreciation expense		
Adjustments to reconcile net (loss) to cash provided by operating activities:		
Changes in assets and liabilities		
Accounts receivable	(14,139)	—
Accounts payable and accrued expenses	21,706	3,528
Due to related parties	—	80,000
Contract Liability	304,321	—
	<u>146,102</u>	<u>15,309</u>
Cash Flows from Financing Activities:		
Stockholder's contribution (Distribution)	<u>(68,219)</u>	—
Net Increase in Cash	77,883	15,309
Cash - Beginning of year	15,309	—
Cash - End of year	<u><u>\$ 93,192</u></u>	<u><u>\$ 15,309</u></u>

See notes to financial statements

SPEECH AND ABA THERAPY FRANCHISING, LLC
NOTES TO THE FINANCIAL STATEMENTS

1. THE COMPANY

Speech and ABA Therapy Franchising, LLC (“the Company”) is a Texas Limited Liability Company headquartered in Missouri City, Texas, is an affiliate of Essential Texas Speech Therapy, PLLC and Essential Staffing, LLC (“Essential Therapy” and “Essential Billing,” respectively, and collectively, the “Affiliates”). The Company offers franchises the establishment, development, and operation of therapy centers under the Essential Speech & ABA Therapy System (“System”). Franchisees will operate and supervise a center where qualified and licensed professionals provide Applied Behavioral Analysis (ABA) therapy, speech therapy, and occupational therapy to individuals with developmental disabilities generally between the ages of eighteen months to six years old.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting-The accompanying financial statements have been prepared on an accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Under the accrual method, revenues are recognized when earned and expenses are recognized when a liability is incurred, without regard to disbursement of cash.

Franchise Arrangements-The company's franchise agreements generally include a license which provides for payments of initial fees as well as continuing royalties to the company based upon a percentage of sales. Under this arrangement, franchisees are granted the right to operate franchise for a specified number of years.

Concentration of Credit Risk-Financial instruments that potentially expose the Company to concentration of credit risk primarily consist of cash and cash equivalents. The balances in the Company’s cash accounts did not exceed the Federal Deposit Insurance Company’s (FDIC) insurance limit of \$ 250,000. The Company maintains its cash and cash equivalents with accredited financial institutions.

Use of Estimates-The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could vary from those estimates.

Income Taxes-The Company has elected to be taxed as a single member Limited Liability Company for income tax purposes. Income for the Company passes through directly to the member and is reported on the owner’s individual income tax returns. Therefore, no provision or liability for federal or state income tax has been included in the financial statements.

3. REVENUE RECOGNITION

In May 2014, the FASB issued a new accounting standard ASU No. 2014-09, “Revenue from Contracts with Customers (Topic 606)”, that attempts to establish a uniform basis for recording revenue to virtually all industries’ financial statements. The revenue standard’s core principle is to recognize revenue when promised goods or services are transferred to customers in an amount that reflects the consideration expected to be received for those goods or services. The new standard changes how the Company records initial franchise fees from franchisees, area developer fees and brand development fees.

SPEECH AND ABA THERAPY FRANCHISING, LLC
NOTES TO THE FINANCIAL STATEMENTS

4. CONTRACT LIABILITY

In compliance with the Financial Accounting Standards Board (“FASB”) new accounting standards for revenue recognition (“Topic 606”), the Company records its non-refundable franchise fees, net of amounts earned based on allowable direct services, as deferred revenues, to be recognized over the life of the franchise agreement. The non-refundable franchise fees received but not yet earned as of December 31, 2023, and 2022 were \$304,321 and \$0, respectively.

5. RELATED PARTY TRANSACTIONS

The Company periodically receives funds from its members or related companies. These advances are due upon demand and do not bear interest. As of December 31, 2023 and 2022 the balances due to related parties were \$100,000 and \$100,000, respectively.

The Company periodically advances funds to its members or related companies. These advances are due upon demand and do not bear interest. As of December 31, 2023 and 2022 the balances due from related parties were \$20,000 and \$20,000, respectively.

6. SUBSEQUENT EVENTS

The Company evaluates events that have occurred after the balance sheet date but before the financial statements are issued. Based upon the evaluation, the Company did not identify any recognized or non-recognized subsequent events that would have required further adjustment or disclosure in the financial statements. Subsequent events were evaluated through May 7, 2024 at which the financial statements were available to be issued.

Speech and ABA Therapy Franchising LLC

Balance Sheet

As of August 23, 2024

	TOTAL
ASSETS	
Current Assets	
Bank Accounts	
BUS COMPLETE CHK (0500) - 1	174,830.77
Total Bank Accounts	\$174,830.77
Accounts Receivable	
Accounts Receivable (A/R)	-200.00
Total Accounts Receivable	\$ -200.00
Other Current Assets	
Accrued Royalty	14,339.00
Loans to partners	0.00
Payments to deposit	0.00
Total Other Current Assets	\$14,339.00
Total Current Assets	\$188,969.77
Fixed Assets	
Furniture & fixtures	0.00
Total Fixed Assets	\$0.00
Other Assets	
Loan to affiliate - Essential Staffing (Billing Solutions)	20,000.00
Total Other Assets	\$20,000.00
TOTAL ASSETS	\$208,969.77
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	
Credit Cards	
Chase Ink CC	
B. GERDING (0714) - 1	51,295.50
B. WILLIAMS (2870) - 2	11,401.39
J. CAMP (5237) - 1	8,905.68
N. OBI (2847) - 2	-101,343.69
S. NELSON (9841) - 1	4,850.78
Total Chase Ink CC	-24,890.34

Speech and ABA Therapy Franchising LLC

Balance Sheet

As of August 23, 2024

	TOTAL
Total Credit Cards	\$ -24,890.34
Other Current Liabilities	
Accrued Expenses	10,115.00
Contract Liabilities	67,650.00
Direct Deposit Payable	0.00
Payroll Liabilities	
CO Income Tax	468.00
Federal Taxes (941/943/944)	0.00
Federal Unemployment (940)	210.00
GA Income Tax	0.00
IL Income Tax	149.53
OH Income Tax	399.68
OH Local Tax	464.25
PA Income Tax	73.27
TX Unemployment Tax	0.00
Total Payroll Liabilities	1,764.73
Repayment	
Accidental charges to company credit card	510.08
Total Repayment	510.08
Short-term business loans	53,848.09
Total Other Current Liabilities	\$133,887.90
Total Current Liabilities	\$108,997.56
Long-Term Liabilities	
Contract Liabilities - LT	236,671.00
Loan from affiliate Essential TX Speech Therapy	15,000.00
Total Long-Term Liabilities	\$251,671.00
Total Liabilities	\$360,668.56
Equity	
Partner distributions	0.00
Partner Equity	
Amber's Equity	-12,375.00
Distributions - Amber	-2,211.78
Total Amber's Equity	-14,586.78
Camila's Equity	-12,375.00
Distributions - Camila	-2,212.44
Total Camila's Equity	-14,587.44
Nafisa's Equity	-12,375.00
Distributions - Nafisa	-2,211.78
Total Nafisa's Equity	-14,586.78
Total Partner Equity	-43,761.00
Partner investments	0.00

Speech and ABA Therapy Franchising LLC

Balance Sheet

As of August 23, 2024

	TOTAL
Retained Earnings	-156,389.71
Net Income	48,451.92
Total Equity	\$ -151,698.79
TOTAL LIABILITIES AND EQUITY	\$208,969.77

Speech and ABA Therapy Franchising LLC

Profit and Loss

January 1 - August 23, 2024

	TOTAL
Income	
Franchisee Initial Fee	158,500.00
Royalty Fees - Franchisee	100,040.89
Sales	36,349.36
Services	25,963.48
Total Income	\$320,853.73
GROSS PROFIT	\$320,853.73
Expenses	
Advertising & marketing	24,384.40
Social media	165.68
Total Advertising & marketing	24,550.08
General business expenses	
Bank fees & service charges	77.50
Continuing education	1,676.00
Total General business expenses	1,753.50
Legal & accounting services	2,202.80
Accounting fees	1,387.50
Legal fees	18,804.50
Total Legal & accounting services	22,394.80
Meals	
Team meals	1,232.56
Total Meals	1,232.56
Office expenses	122.94
Office supplies	36.80
Shipping & postage	59.87
Software & apps	15,886.98
Total Office expenses	16,106.59
Payroll expenses	349.66
Taxes	17,558.59
Wages	182,811.05
Total Payroll expenses	200,719.30
QuickBooks Payments Fees	627.40
Reimbursements	407.50
Supplies	
Supplies & materials	724.98
Total Supplies	724.98
Taxes paid	
Payroll taxes	10.45
Total Taxes paid	10.45

Speech and ABA Therapy Franchising LLC

Profit and Loss

January 1 - August 23, 2024

	TOTAL
Travel	118.00
Airfare	320.24
Hotels	1,826.16
Taxis or shared rides	1,160.04
Vehicle rental	329.50
Total Travel	3,753.94
Total Expenses	\$272,281.10
NET OPERATING INCOME	\$48,572.63
Other Expenses	
Vehicle expenses	
Parking & tolls	59.98
Vehicle gas & fuel	60.73
Total Vehicle expenses	120.71
Total Other Expenses	\$120.71
NET OTHER INCOME	\$ -120.71
NET INCOME	\$48,451.92

EXHIBIT B

LIST OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

List of State Regulatory Administrators

We intend to register this disclosure document as a “franchise” in some or all of the following states, if required by the applicable state laws. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, the following are the state administrators responsible for the review, registration, and oversight of franchises in these states:

LIST OF STATE ADMINISTRATORS	
<p><u>CALIFORNIA</u> Department of Financial Protection and Innovation 320 West 4th Street, Suite 750 Los Angeles, California 90013-2344 (213) 576-7500 Toll Free (866) 275-2677</p>	<p><u>CONNECTICUT</u> State of Connecticut Department of Banking Securities & Business Investments Division 260 Constitution Plaza Hartford, Connecticut 06103-1800 (860) 240-8230</p>
<p><u>HAWAII</u> Commissioner of Securities of the State of Hawaii Department of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722</p>	<p><u>ILLINOIS</u> Franchise Bureau Office of the Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465</p>
<p><u>INDIANA</u> Indiana Secretary of State Franchise Section 302 Washington Street, Room E-111 Indianapolis, Indiana 46204 (317) 232-6681</p>	<p><u>MARYLAND</u> Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2021 (410) 576-6360</p>
<p><u>MICHIGAN</u> Michigan Attorney General's Office Corporate Oversight Division, Franchise Section 525 W. Ottawa Street G. Mennen Williams Building, 1st Floor Lansing, Michigan 48933 (517) 373-7117</p>	<p><u>MINNESOTA</u> Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, Minnesota 55101-2198 (651) 539-1600</p>
<p><u>NEW YORK</u> New York State Department of Law Investor Protection Bureau 28 Liberty Street, 21st Floor New York, NY 10005 (212) 416-8222</p>	<p><u>NORTH DAKOTA</u> North Dakota Securities Department State Capitol Department 414 600 East Boulevard Avenue, Fifth Floor Bismarck, North Dakota 58505 (701) 328-4712</p>
<p><u>OREGON</u> Department of Business Services Division of Finance and Corporate Securities Labor and Industries Building 350 Winter Street, NE Room 410 Salem, Oregon 97310 (503) 378-4387</p>	<p><u>RHODE ISLAND</u> Department of Business Regulation Securities Division, Building 69, First Floor John O. Pastore Center 1511 Pontiac Avenue Cranston, Rhode Island 02920 (401) 462-9527</p>
<p><u>SOUTH DAKOTA</u> Division of Insurance Securities Regulation 124 S. Euclid, Suite 104 Pierre, South Dakota 57501 (605) 773-3563</p>	<p><u>VIRGINIA</u> State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, Virginia 23219 (804) 371-9051</p>
<p><u>WASHINGTON</u> Department of Financial Institutions Securities Division, 3rd Floor 150 Israel Road, Southwest Tumwater, Washington 98501 (360) 902-8760</p>	<p><u>WISCONSIN</u> Division of Securities 4822 Madison Yards Way, North Tower Madison, Wisconsin 53705 (608) 266-2139</p>

List of Agents for Service of Process

We intend to register this disclosure document as a “franchise” in some or all of the following states, if required by the applicable state law. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, we will designate the following state offices or officials as our agents for service of process in these states:

LIST OF STATE AGENT FOR SERVICE OF PROCESS	
<p><u>CALIFORNIA</u> Commissioner Department of Financial Protection and Innovation 320 West 4th Street, Suite 750 Los Angeles, California 90013-2344 (213) 576-7500 Toll Free (866) 275-2677</p>	<p><u>CONNECTICUT</u> Banking Commissioner Department of Banking Securities & Business Investments Division 260 Constitution Plaza Hartford, Connecticut 06103-1800 (860) 240-8230</p>
<p><u>HAWAII</u> Commissioner of Securities of the State of Hawaii Department of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722</p>	<p><u>ILLINOIS</u> Illinois Attorney General Office of the Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465</p>
<p><u>INDIANA</u> Indiana Secretary of State Franchise Section 302 West Washington Street, Room E-111 Indianapolis, Indiana 46204 (317) 232-6681</p>	<p><u>MARYLAND</u> Maryland Securities Commissioner 200 St. Paul Place Baltimore, Maryland 21202-2021 (410) 576-6360</p>
<p><u>MICHIGAN</u> Michigan Attorney General's Office Corporate Oversight Division, Franchise Section 525 W. Ottawa Street G. Mennen Williams Building, 1st Floor Lansing, Michigan 48933 (517) 373-7117</p>	<p><u>MINNESOTA</u> Minnesota Commissioner of Commerce Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, Minnesota 55101-2198 (651) 539-1600</p>
<p><u>NEW YORK</u> New York Secretary of State New York Department of State One Commerce Plaza 99 Washington Avenue, 6th Floor Albany, NY 12231 (518) 472-2492</p>	<p><u>NORTH DAKOTA</u> North Dakota Securities Commissioner State Capitol 600 East Boulevard Avenue, Fifth Floor Bismarck, North Dakota 58505 (701) 328-4712</p>
<p><u>OREGON</u> Secretary of State Corporation Division - Process Service 255 Capitol Street NE, Suite 151 Salem, OR 97310-1327 (503) 986-2200</p>	<p><u>RHODE ISLAND</u> Director of Department of Business Regulation Department of Business Regulation Securities Division, Building 69, First Floor John O. Pastore Center 1511 Pontiac Avenue Cranston, Rhode Island 02920 (401) 462-9527</p>
<p><u>SOUTH DAKOTA</u> Division of Insurance Securities Regulation 124 S. Euclid, Suite 104 Pierre, South Dakota 57501 (605) 773-3563</p>	<p><u>VIRGINIA</u> Clerk of the State Corporation Commission 1300 East Main Street, 1st Floor Richmond, Virginia 23219 (804) 371-9733</p>
<p><u>WASHINGTON</u> Director, Department of Financial Institutions Securities Division, 3rd Floor 150 Israel Road, Southwest Tumwater, Washington 98501 (360) 902-8760</p>	<p><u>WISCONSIN</u> Administrator, Division of Securities 4822 Madison Yards Way, North Tower Madison, Wisconsin 53705 (608) 266-2139</p>

EXHIBIT C

LIST OF CURRENT FRANCHISEES

CURRENT FRANCHISEES

Franchisees that opened prior to December 31, 2023

State	City	Address	Telephone	Name
TX	Cypress	10242 Greenhouse Rd Suite 401 Cypress, TX 77433	(281) 758-5030	Eddie Washington and Rod Batson
TX	Friendswood	1313 W Parkwood Ave Suite 101 Friendswood, TX 77546	(281) 947-8925	Theodis Hines and Victoria Hines
TX	Sugar Land	1415 Hwy 6 Suite D100 Sugar Land, TX 77478	(346) 391-5743	Jacqueline Lerma
VA	Midlothian	2500 Pocoshock PL Suite 102 Richmond, VA 23235	(804) 562-8705	Trey Hines

Franchisees that signed prior to December 31, 2023 but were not open

State	City	Address	Telephone	Name
GA	Johns Creek	3875 Johns Creek Parkway Suite A Suwanee, GA 30024	(470) 427-4703	Leticia Hall and Kirk Hall
GA	Sandy Springs	8735 Dunwoody Place Suite 200 Atlanta, GA 30350	(470) 359-2197	Courtney Cameron and Glenn Davis
NM	Albuquerque	10899 Montgomery Blvd Suite B Albuquerque, NM 87111	(505) 460-7103	Mary Wynn and Shannon Schum
TX	Kingwood	8735 Dunwoody Place Suite 200 Atlanta, GA 30350	(346) 651-4500	Genevieve Echeta
TX	Richmond	<i>Business address pending</i>	<i>Business phone pending</i>	Stella Amushie

Franchisees that signed between December 31, 2023, and the Issuance Date

State	City	Address	Telephone	Name
GA*	Sugar Hill*	<i>Business address pending</i>	<i>Business phone pending</i>	Arvind Gupta and Yajju Chevala

FORMER FRANCHISEES

NONE.

EXHIBIT D

OPERATIONS MANUAL TABLE OF CONTENTS

The Operations Manual is still under development; therefore, these numbers are estimates based on what has currently been developed and are subject to change.

Chapter	Pages Per Chapter
Start-Up	26
Human Resources	51
Hiring Key Staff	46
Medical Billing Standards	33
Equipment & Design Standards	16
Safety & Security	19
Marketing & Advertising	19
Our Services & Clinical Standards	31
Total	241

EXHIBIT E

FRANCHISE AGREEMENT
WITH ATTACHMENTS



ESSENTIAL
SPEECH & ABA
THERAPY

FRANCHISE AGREEMENT

between

SPEECH & ABA THERAPY FRANCHISING, LLC

and

FRANCHISEE

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ATTACHMENTS

ATTACHMENT A	FRANCHISEE SPECIFIC TERMS
ATTACHMENT B	PERSONAL GUARANTEE
ATTACHMENT C	EFT AUTHORIZATION FORM
ATTACHMENT D	FRANCHISEE QUESTIONNAIRE/COMPLIANCE FORM

FRANCHISE AGREEMENT

This Franchise Agreement (“Agreement”) is made effective as of the date set forth on Attachment A (“Effective Date”) between: (i) Speech and ABA Therapy Franchising, LLC, a limited liability company organized under the laws of the State of Texas with its principal place of business at 4638 Riverstone Blvd., Missouri City, Texas 77459 (“Essential Speech”); and the person(s) identified as the franchisee on Attachment A (“Franchisee”) (each a “Party,” collectively, the “Parties”).

RECITALS

A. Essential Speech and its affiliates, as a result of the expenditure of time, skill, effort, and money, have developed and own a unique system (the “System”) for the establishment, development, opening, and operation of a center (“Center”) that delivers Applied Behavioral Analysis (“ABA”) therapy, occupational therapy, and speech therapy (“Services”) to children diagnosed with autism spectrum disorders (“Clients”) according to an individualized treatment plan developed for each Client through a collaboration between the Center’s Board-Certified Behavioral Analyst (“BCBA”), occupational therapist, and speech-language pathologist (collectively, “Care Team” or “Licensed Provider(s)”).

B. The System is comprised of: (i) proprietary processes, procedures, policies, methods, know how, standards, and specifications (“System Standards”) for the establishment and operation of a franchised Center; and distinctive trademarks, service marks, trade dress, interior and exterior décor, logos, advertising formats, and other indicia of origin (“Marks”) owned by or licensed to Essential Speech. The System Standards are set out in a confidential and proprietary Operations Manual and otherwise in writing (collectively, the “Manual”).

C. Essential Speech grants Franchisees a license for the use of the Marks in accordance with the terms of their Franchise Agreements. The parties agree that Essential Speech has established substantial goodwill and business value in the System and in the System Standards and Marks.

D. Essential Speech is in the business of granting qualified individuals and entities a franchise for the right to independently own and operate a Center utilizing the Marks and System at a location that Essential Speech approves in writing.

E. Franchisee recognizes the benefits derived from being identified with Essential Speech, appreciates and acknowledges the distinctive and valuable significance to the public of the System and the Marks, and acknowledges the importance of Essential Speech’s high standards of quality, appearance, uniformity, and service to the value of the System.

F. Franchisee further agrees that: (i) the provision of the Services at and from the premises of the franchised Center may be deemed to constitute the provision of “medical” or other services that are highly and strictly regulated by both federal and applicable state laws and regulations where the franchised Center will be located; and (ii) Franchisee is solely responsible for determining how federal, state, and local law impacts Franchisee’s ability to open and operate a franchised Center.

G. After conducting preliminary due diligence with its business advisors, Franchisee now desires to acquire a franchise for the right to operate a single franchised Center in accordance with the terms of this Agreement and has submitted an application to obtain such a franchise from Essential Speech.

H. Essential Speech is willing to grant Franchisee the right to operate a single franchised Center (the “Center”) based, in part, the representations contained in the Franchisee’s application and this Agreement. Franchisee understands and agrees that Essential Speech materially relied on in making its determination to award a franchise hereunder, and subject to the other terms and conditions set forth in this Agreement.

NOW THEREFORE, in consideration of the foregoing recitals and other good and valuable consideration, the receipt and sufficiency of which is hereby mutually acknowledged, the parties hereto, intending to be legally bound, do hereby agree as follows:

Article 1. ACKNOWLEDGEMENTS AND REPRESENTATIONS OF FRANCHISEE

[INTENTIONALLY OMITTED]

Article 2. GRANT OF FRANCHISE

2.1 Grant of Franchise

Essential Speech hereby grants Franchisee a non-exclusive right and license to use the System, including the Marks, in connection with the establishment and ongoing management of a single Center.

2.2 Approved Premises.

The Center must be operated from a single location that Essential Speech reviews and approves in writing (the “Premises”).

(a) If the parties have not agreed on a Premises as of the date this Agreement is executed, Essential Speech will designate a general marketing area (the “Site Selection Area”) on the data sheet attached to this Agreement as Attachment A (the “Data Sheet”) wherein Franchisee must locate and secure the Premises as detailed in this Agreement.

(b) Franchisee agrees that: (i) it does not have any territorial rights within the Site Selection Area; (ii) Essential Speech may permit other new franchisees to search for the location of their franchised Center within the same Site Selection Area that is assigned to Franchisee under this Agreement if Essential Speech determines that the Site Selection Area is large enough to contain additional franchises; and (iii) potential locations for each franchised Center, and resulting Territories, within the Site Selection Area will be reviewed and rejected/granted on a first- to-propose basis.

(c) The address of the franchised Center will be recorded on Attachment A when Franchisee secures a location approved by Essential Speech.

(d) Franchisee understands that Essential Speech strongly recommends consulting with counsel regarding what impact a given site that Franchisee is contemplating as its Premises will or might have on the ownership and management of the Center from that Premises over the term of this Agreement.

2.3 Relocation of Premises.

Franchisee may only use the Premises to operate the Center. Franchisee may not relocate the Center to any location other than the Premises without Essential Speech’s prior written consent, which Essential Speech will not unreasonably withhold, provided: (i) Franchisee is not in default under this Agreement or out of compliance with the System Standards; (ii) Franchisee secures an alternate location for the Center within the Territory that meets Essential Speech’s then-current site selection criteria for Centers; and (ii) Franchisee demonstrates to Essential Speech’s satisfaction that applicable law does not prevent Franchisee from operating the Center from the alternate location. Franchisee agrees to reimburse Essential Speech for all costs it incurs in the evaluation of the proposed relocation whether or not Essential Speech ultimately consents to the relocation.

2.4 Territory

Franchisee must secure a location for their Center within the area designated on Attachment A (“Territory”).

Essential Speech agrees that it will not open or locate or license any third party the right to open or locate another Center that utilizes the System in the Territory for so long as Franchisee is in compliance with the terms of this Agreement.

2.5 Rights Not Granted

Franchisee agrees that this Agreement does not afford Franchisee any rights or options to open any additional Centers and that Franchisee does not have any right to sub-license or subfranchise any of the rights granted hereunder. Franchisee may not use the System for any purpose other than promoting and operating the Center at the Premises. Essential Speech will have sole discretion as to whether it decides to grant Franchisee the right to open any additional Centers, each of which will be governed by a separate then-current form of franchise agreement.

2.6 Reservation of Rights

Notwithstanding anything contained in this Agreement, Essential Speech and its affiliates reserve the exclusive right to conduct the following activities: (i) establish and operate, and license any third party the right to establish and operate, other Centers using the System at any location outside of Franchisee's Territory and, if applicable, Development Area; (ii) market, offer, and sell products and services that are similar to the Services under a different trademark or trademarks at any location, within or outside the Territory and, if applicable, the Development Area; (iii) use the System and other such marks Essential Speech designates, to distribute any products or Services in any alternative channel of distribution, within or outside the Territory and Development Area (including the Internet, mail order, catalog sales, toll-free numbers, wholesale stores, etc.), as further described below; (iv) to acquire, merge with, be acquired by, or otherwise affiliate with, any other company, and have Essential Speech or any successor or acquiring entity own and operate, and franchise or license others to own and operate, any business of any kind, including, without limitation, any business that offers products or services the same as or similar to the Services (but under different marks), within or outside Franchisee's Territory and, if applicable, Development Area; (v) market, offer, and provide the Services directly to personnel in their respective residence, office, or other location of choice and not from a physical location, anywhere inside or outside of the Territory; (vi) own and operate Centers in "Non-Traditional Locations." Non-Traditional Locations include, but are not limited to, airports, malls, any captive venues that requires a ticket or other membership to access, military bases, academic institutions, and hospitals, both inside and outside Franchisee's Territory and, if applicable, Development Area; and (vii) use the System, and license others to use the System, to engage in any other activities not expressly prohibited in this Agreement and, if applicable, Franchisee's Development Agreement. Essential Speech also reserves the right to manage, contract with, and otherwise market to prospective or existing Client accounts that have been identified as requesting or requiring the provision of Services from Licensed Providers at or from multiple Centers that span across more multiple territories ("Multiple-Market Account").

2.7 Modification of System

Essential Speech reserves the right to supplement, revise, or otherwise modify the System and components thereof, and Franchisee agrees to promptly comply with any change at its own expense.

Article 3. TERM; RENEWAL

3.1 Initial Term

Unless previously terminated pursuant to this Agreement, the term of this Agreement shall be for a period of ten years ("Initial Term") commencing as of the Effective Date.

3.2 Renewal Requests and Conditions

Subject to the terms of this Section, Franchisee may renew this Agreement for an additional term of ten years (“Renewal Term”). Franchisee must request, in writing, to renew this Agreement no fewer than six months and no more than twelve months prior to the end of the then-current term. Franchisee’s failure to submit a renewal request at least six months from the expiration of the then-current term will be deemed a waiver of any renewal. Essential Speech will not unreasonably withhold its consent to Franchisee’s renewal request provided that:

a. Franchisee is not in default of any provision of this Agreement, any amendment thereof, or successor hereto, or any other agreement between Franchisee and Essential Speech. Franchisee must also have complied with the terms and conditions of all the foregoing agreements during the term of this Agreement, as Essential Speech determines in its reasonable discretion.

b. Franchisee has rendered timely performance of all of its obligations under this Agreement and all other agreements between Franchisee and Essential Speech and its affiliates.

c. Franchisee executes Essential Speech’s then-current form of franchise agreement, which may contain materially different terms and conditions from those contained in this Agreement, before the expiration of the Initial or then-current Renewal Term.

d. Franchisee pays Essential Speech a renewal fee of \$3,000 at least ninety days before the expiration of the then-current Initial or Renewal Term (“Renewal Fee”).

e. Franchisee executes a general release under seal, in a form satisfactory to Essential Speech, of any and all claims it may have against Essential Speech and its officers, directors, shareholders, and employees in their corporate and individual capacities, including without limitation, all claims arising under any federal, state, or local law, rule, or ordinance.

f. Franchisee and its Designated Manager, if any, have successfully completed all required trainings to the reasonable satisfaction of Essential Speech.

g. Franchisee agrees, at its sole cost and expense, to re-image, renovate, refurbish, and modernize the Premises and Center within the time frame required by Essential Speech, including the design, equipment, signs, interior and exterior décor items, displays, inventory assortment and depth, fixtures, furnishings, trade dress, color scheme, presentation of trademarks and service marks, supplies, and other products and materials, as necessary to meet Essential Speech’s then-current System standards, specifications, and design criteria for a newly-opened System Center.

Article 4. FEES AND PAYMENTS

4.1 Fees Generally

In consideration of the rights and license granted herein, Franchisee agrees to pay all fees, charges, expenses, liabilities, and all other amounts due to Franchisor and its affiliates under this Agreement. Franchisee will make all such payments when due, without demand, in the manner approved by Essential Speech .

4.2 Initial Franchise Fee

Concurrently with the execution of this Agreement, Franchisee agrees to pay Essential Speech a fee in the amount listed in Attachment A (“Initial Franchise Fee”). The Initial Franchise Fee will be deemed fully earned when due and non-refundable under any circumstances on payment.

- a. The Illinois Attorney General’s Office, the Virginia State Corporation Commission’s Division of Securities and Retail Franchising, and the Maryland Securities Commissioner requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.

4.3 Royalty Fee

Franchisee agrees to pay Essential Speech a fee equal to five percent (5%) of Franchisee’s monthly Gross Revenue (“Royalty Fee”).

a. “Gross Revenue” means all income (regardless of form) recognized on an invoice or accrual basis by Franchisee or any spouse or child of Franchisee or its principal: (i) in connection with the operation of the franchised business or any competing business; (ii) from the sale of any authorized products or services (as modified from time-to-time by Franchisor in accordance with this Agreement); or (iii) from the sale of goods or services under, using, or in connection with the Marks. “Gross Revenue” does not include value-added, sales, use, excise, or other taxes that are separately stated and that Franchisee is required by law to collect and does collect from clients and pays to any governmental taxing authority.

b. The Royalty Fee revenue presentation is due on or before the fifth day of the month after the month in which the Gross Revenue giving rise to the presentation were recognized or accrued. The Royalty Fee is due on or before the fifth day of the month after the month of the revenue presentation.

4.4 Brand Fund Contribution

If Essential Speech establishes a fund for the development, promotion, advertising, or marketing of the Essential Speech System, Marks, or brand (“Brand Fund”) Franchisee agrees to contribute one percent of its monthly Gross Revenues to such Brand Fund on or before the fifth day of each month (“Brand Fund Contribution”). Franchisee further agrees Essential Speech may increase the amount of the Brand Fund Contribution to a maximum of three percent of monthly Gross Revenues on thirty days’ advance written notice. Essential Speech will give thirty days’ written notice of the imposition of the Brand Fund Contribution requirement and of any increase in the amount to be contributed.

4.5 Technology Fee

Franchisee must pay Essential Speech a fee in connection with products or services Essential Speech determines to (a) associate or utilize in connection with the System, and (b) designate for inclusion in this fee (the “Technology Fee”). The amount of the Technology Fee may depend in part on the number of providers, employees, and devices you hire, purchase, or lease in connection with your Center. The current Technology Fee for a typical Center is \$50 dollars per month for up to 3 accounts, *plus* our costs for each additional account.

4.6 Electronic Medical Records Services.

You must obtain EMR services from a provider approved by us, but which we will collect the payment directly from you. You will pay us \$70 per user per month to access the EMR system. In instances where the employee begins working in the middle of the month, you will be charged for the entire month.

4.7 Onboarding Services Fee

You will be required to pay us \$2,500 for your Onboarding Services Fee, which will be include services vital to begin the operation of your franchise. The Onboarding Services Fee will be deemed fully earned when due and non-refundable under any circumstances on payment.

4.8 BCBA Support Fee

Upon your request or need, and our current availability at the time of the request, we may provide you with a credentialed BCBA practitioner to support your Center. You will be billed the entire week for each whole or partial week which you have our BCBA on site. The BCBA Support Fee is \$2,500 per week, *plus* travel and lodging expenses.

4.9 Additional Training Fee

We may offer or require additional training for you, your Center Administrator, or your employees. If you elect or we require you, your Center Administrator, or your employees to complete additional or optional training, we may charge this fee for such training. The Additional Training Fee is \$500 per day, *plus* travel and lodging expenses.

4.10 Required Software

Franchisee must purchase or lease (a) all computer hardware and related point-of-sale equipment that Essential Speech designates or requires for use in connection with the operation of the Center (the “Computer System”), and (b) all software that Essential Speech designates for point-of-sale (POS), customer management records (CRM) and/or otherwise for use in connection with the Computer System and Center (collectively, the “Required Software”). Franchisee must also ensure that: (i) Essential Speech is afforded independent, electronic access to the Computer System and Required Software at all times during the term of this Agreement; and (ii) Franchisee’s compiling of all customer and client information, contracts, and other data is collected and stored in accordance with all applicable data privacy and protection laws applicable to the information at issue, at all times while Franchisee is in possession of or has any custodial or other rights with regards to such data (collectively, the “Client Information”). All components of the Computer System must comply with the System Standards, and Essential Speech may require Franchisee to purchase some or all of the components from a specific source or group of sources.

4.11 Non-Compliance Fee

If you do not comply with the Essential Speech System Standards, we reserve the right to assess a Non-Compliance Fee equal to \$50 for your first infraction, \$250 for subsequent infractions, plus reasonable compensation and our costs and expenses, including travel and lodging incurred in performing follow-up inspections. For clarity, a subsequent infraction can occur in the instance of notice of a first infraction and franchisee does not come back into compliance during the given period.

4.12 All Other Amounts Due in Connection with the Center

Franchisee will be required to pay or expend in connection with: (i) the local advertising and promotion of the Center via Franchisee’s local advertising requirement set forth this Agreement (the “Local Advertising Requirement”); (ii) any and all ongoing training or tuition fees described herein; (iii) building out and constructing the Center, including all initial inventory and suppliers necessary to commence operations; and (iv) the items and services that Franchisee will be required to obtain or maintain throughout the term of this Agreement in accordance with the System Standards. Essential Speech may require Franchisee to purchase any of the foregoing items or services from Essential Speech, its affiliate, or any other Approved Supplier.

4.13 Method of Payment; EFT Account Authorization

Essential Speech reserves the right to collect any and all fees that are not paid on execution of the Franchise Agreement via any method that Essential Speech determines appropriate, including without limitation:

- a. by collecting the amounts owed directly through any payment processing software that Essential Speech designates for use in connection with the Center before the balance of any Gross Revenue collected

via such software is remitted to Franchisee; or

b. via an electronic funds transfer program (the “EFT Program”) under which Essential Speech automatically deducts all payments owed to Essential Speech under this Agreement, or any other agreement between Franchisee and Essential Speech or its affiliates, from the bank account Franchisee provides to Essential Speech for use in connection with EFT Program (the “EFT Account”).

4.14 EFT Program Participation

If any amounts are collected from or remitted to Franchisee via an EFT Program, Franchisee must immediately deposit all revenues from operation of the Center into this bank account immediately on receipt, including cash, checks, and credit card receipts. At least ten days prior to opening the Center, Franchisee shall provide Essential Speech with: (i) Franchisee’s bank name, address and account number; and (ii) a voided check from such bank account. Contemporaneous with the execution of this Agreement, Franchisee shall sign and provide to Essential Speech and Franchisee’s bank, all documents, including Essential Speech’s form of EFT Authorization Form attached as Exhibit M to the Franchise Disclosure Document, necessary to effectuate the EFT Program and Essential Speech’s ability to withdraw funds from such bank account via electronic funds transfer. Franchisee shall immediately notify Essential Speech of any change in Franchisee’s banking relationship, including any change to the EFT Account.

4.15 Access to Computer System

Essential Speech may, without notice to Franchisee, have the right to independently and remotely access and view and access any (a) business management, POS, payment processing or other software that Essential Speech requires or designates for use in connection with the Center, and (b) any other component of the computer system Essential Speech requires for use in connection with the Center (collectively, the “Computer System”) operations (collectively, the “Required Software”) via the Internet or other electronic means or by visiting the Center, in order to obtain Gross Revenue and other available information that Essential Speech reasonably requests about the Center. Franchisee must obtain and use the Computer System hardware, software, and other components that Essential Speech prescribed for use in connection with the Center, and utilize and participate in any intranet/extranet that Essential Speech establishes in connection with the System.

4.16 Definition of “Gross Revenue”

a. For purposes of this Agreement, the term “Gross Revenue” means the total of all revenues received or receivable by Franchisee as payment for services, whether in cash or for credit or barter, or other means of exchange (and, if for credit or barter, whether or not payment is received therefor), on account of any and all goods, merchandise, services, or products sold or provided in or from the Center or which are promoted or sold under any of the Marks, during each accounting period of the Term, whether or not Essential Speech authorizes or offers such services or products in its other locations, including; (a) revenues from sales of any nature or kind whatsoever, derived by Franchisee or by any other person or entity (including, if applicable, Franchisee’s affiliate(s)) from the Center; (b) sales of services or products in contravention of this Agreement; and (c) the imputed amount of Gross Revenue used in calculating Franchisee’s losses under any business interruption insurance, after the satisfaction of any applicable deductible; and (d) sales from vending devices including pay telephones. “Gross Revenue” includes and will be deemed to include (a) all sums and other consideration received or receivable by Franchisee under an agreement with any licensed medical or allied health profession provider that provides medical or other services to Clients at or from the Premises, and, without duplication, (b) subject to any restriction on Essential Speech’s ability to collect a royalty on medical services, all sums and other consideration that any such provider that provides medical and other services to clients of the Center that is received or is receivable in connection with the operation of the Center.

b. Notwithstanding the foregoing, “Gross Revenue” shall exclude the following: (i) any revenues or receivables by Franchisee as payment for medical or physician services, if Essential Speech determines that

it cannot legally receive a royalty based on such amounts; (ii) sums representing sales taxes collected directly from customers by Franchisee in the operation of the Center, and any sales, value added or other tax, excise, or duty charged to customers which is levied or assessed against Franchisee by any federal, state, or local authority (“Governmental Authority”), based on sales of specific goods, products, merchandise, or services sold or provided at or from the Center, provided that such taxes are actually transmitted to the appropriate Governmental Authority; (iii) sums representing tips, gratuities, or service charges paid directly by customers to employees of Franchisee or paid to Franchisee and promptly and to the extent turned over to such employees by Franchisee in lieu of direct tips or gratuities; (iv) proceeds from isolated sales of equipment and trade fixtures not constituting any part of Franchisee’s products and services offered for resale at the Center nor having any material effect on the ongoing operation of the Center required under this Agreement; (v) revenues received on account of sales of pre-paid gift cards and certificates; provided, however, that revenues received on redemption of such pre-paid gift cards and certificates shall be included as part of “Gross Revenue”; (vi) the amount of any returns, credits, allowances and adjustments to the extent the same are included in original calculation of gross revenue; (vii) shipping expenses charged to customers, not to exceed Franchisee’s actual shipping costs; and (viii) proceeds from insurance with respect to property damage or liability, to the extent that the amount of such proceeds was included in Franchisee’s reported Gross Revenue.

c. The parties agree and acknowledge that Franchisee will be required to comply with all reporting obligations hereunder regardless of whether or not Essential Speech determines that the Alternate Recurring Fee must be collected instead of a Royalty Fee.

4.17 Right to Modify Payment Interval

The parties agree and acknowledge that Essential Speech may designate and subsequently modify the interval at which it collects Franchisee’s Royalty Fee, Fund Contribution, and other recurring fees under this Agreement on written notice. In such event, Franchisee’s reporting obligations may also be modified by Essential Speech accordingly.

4.18 Late Payments; Non-Sufficient Funds or Dishonored Check

If any payment due under this Agreement is not received by Essential Speech by the scheduled date due, Franchisee shall be in default under this Agreement. If any payment is overdue, interest begins to accrue on the due date of any payment that has not been timely received or is not paid in full. Franchisee shall pay interest to Essential Speech, in addition to the overdue amount, at a rate of the greater of (a) 1.5% per month (18% per year), or (b) highest commercial contract interest rate applicable laws permit. Franchisee must pay Essential Speech \$100 if a check that Franchisee provides to Essential Speech is dishonored by the bank or if Franchisee’s EFT Account does not have sufficient funds to cover amounts owed to Essential Speech under the Franchise Agreement.

4.19 Taxes Owed by Franchisee

No payments to be made to Essential Speech by Franchisee, whether for royalties, advertising, merchandise, special programs, or otherwise, may be reduced on account of the imposition by any federal, state, or local authority of any tax, charge, or assessment, or by any claim Franchisee may have against Essential Speech. All taxes, charges, or assessments shall be paid by Franchisee to the taxing authorities when due, in addition to the amounts due to Essential Speech.

4.20 Security Interest

Subject to and to the extent permitted by applicable law, Franchisee hereby grants to Essential Speech a security interest in all of Franchisee’s interests in the real estate where the franchise is located (if Franchisee purchases its Premises), and all improvements to that real estate if the Center. Franchisee further grants to Essential Speech a security interest in all furniture, furnishings, equipment, fixtures, inventory, and supplies

located at or used in connection with the Center, whether now or hereafter leased or acquired, together with all attachments, accessions, accessories, additions, substitutions, and replacements therefore, as well as all cash and non-cash proceeds derived from insurance, the disposition of any such collateral to secure payment and performance of all debts, liabilities, and obligations of any kind of Franchisee to Essential Speech under this Agreement, whenever and however incurred, any promissory note given by Franchisee to Essential Speech, or any other agreement between them. Franchisee hereby authorizes Essential Speech to file and record all financing statements, financing statement amendments, continuation financing statements, fixture filings, and other documents necessary or desirable to evidence, perfect, and continue the priority of the security interests granted herein. Franchisee agrees and understands that it must promptly execute and deliver any such documents to Essential Speech on request. Essential Speech will agree to subordinate its security interest to any security interest of a lender that provides Franchisee purchase money financing to acquire assets or leased equipment required to start the Center, if the secured party agrees with Essential Speech in writing that, on the occurrence of any default by Franchisee, Essential Speech will have the right at Essential Speech's option to be substituted as obligor to the secured party and to cure any default.

4.21 No Fee Splitting; No Referrals

The Parties agree, acknowledge, and recognize that payment of the Royalty Fee, Brand Fund Contribution and other payments described are not intended to and shall not be interpreted or implied as permitting Essential Speech to share in fees for medical services if prohibited by Applicable Law, but is acknowledged as the Parties' negotiated fair market value compensation for the services and licenses furnished by Essential Speech pursuant to this Agreement. The Parties acknowledge and agree that none of the benefits granted to the parties under this Agreement are conditioned on any requirement or expectation that the Parties make referrals or to be in a position to make or influence referrals to, or otherwise generate business for the other party. The Parties further acknowledge that neither Party is restricted from referring any service to, or otherwise generating any business for, any other entity of its choosing, provided that Franchisee may not directly or indirectly receive or accept rebates, benefits, allowances, or other material consideration from any supplier or vendor.

4.22 Restructuring of Fees

If at any time during the Term, Essential Speech interprets Applicable Law or there is a change to Applicable Law that, in either case, would cause (i) the reduction of, prevention, or restriction on Franchisee to pay Essential Speech the full amount of the fees intended to be payable hereunder, including a royalty on the entire gross revenues received by Franchisee, its Affiliates, and their business relationships from the benefits provided hereunder, or (ii) the imposition of unintended or unanticipated obligations on Essential Speech (e.g., joint employment with Franchisee or Franchisee's employees), then Essential Speech may add to, modify, or restructure the arrangements and payment obligations under this Agreement (including the Manuals) to allow the full or a comparable amount of the payments intended hereunder to be paid by Franchisee to Essential Speech and for any and all new costs imposed on Essential Speech to be reimbursed or paid by Franchisee. Franchisee shall cooperate with Essential Speech in connection with any required or necessary changes, including payment of the Alternate Recurring Amount in lieu of the otherwise required Royalty Fee.

4.23 Credential Services.

You will be required to pay a third-party provider we designate for credentialing with all major insurance carriers. We will provide you with the supplier information in the Manual.

Article 5. DUTIES OF ESSENTIAL SPEECH

5.1 Initial Training Program

Subject to Franchisee's payment of all initial amounts owed to Essential Speech on execution of the

Franchise Agreement, Essential Speech shall offer and make available an initial training program (the “Initial Training Program”) for up to three persons designated by Franchisee tuition-free, provided these individuals attend at the same time. One of the trainees must be Franchisee (or one of Franchisee’s principals responsible for the Center if Franchisee is an entity) and, if applicable, the other attendee must be Franchisee’s designated manager that will be responsible for the day-to-day management of the Center (the “Center Manager”). The Initial Training Program will be conducted at Essential Speech’s corporate training location, at Franchisee’s center, online, or other Center that Essential Speech designates, subject to the schedules and availability of Essential Speech’s training personnel. Essential Speech will provide the Initial Training Program to additional owners of Franchisee or managers of the Center (subject to the availability of Essential Speech’s staff), provided Franchisee pays Essential Speech its then-current initial training fee for each individual that attends in addition to the first three persons (as well as any expenses incurred). Essential Speech will provide the Initial Training Program to additional owners of Franchisee or managers of the Center (subject to the availability of Essential Speech’s staff), provided Franchisee pays Essential Speech its then-current initial training fee for each individual that attends in addition to the first three persons (as well as any expenses incurred).

5.2 Replacement Personnel Training

Essential Speech will also provide the Initial Training Program to any replacement personnel or those who attend but fail to complete the program as well, provided Franchisee pays Essential Speech’s then-current additional training fee (as well as any costs and expenses incurred).

5.3 Additional and Refresher Training

Essential Speech may, as it deems appropriate in its discretion, develop additional and refresher training courses, and require Franchisee and its management to attend such courses. Essential Speech may require Franchisee and its designated attendees to pay its then-current training tuition fee in connection with attending additional or refresher training (in addition to Franchisee’s obligation to pay for any expenses incurred). Essential Speech will not require Franchisee and its management to attend more than five days of additional/refresher training each year.

5.4 Manual; System Sites

Essential Speech will loan Franchisee one copy of its proprietary and confidential operations manual prior to the opening of the Center, as well as any other instructional manuals as Essential Speech deems appropriate (collectively, the “Manual”). Essential Speech will also provide Franchisee with access to a list of: (i) all furniture, fixtures, equipment, inventory, supplies, and other items that Franchisee is required to purchase or lease in connection with the establishment and ongoing operation of the Center (collectively, the “Required Items”); (ii) a list of all suppliers from which Franchisee must purchase or lease any Required Items (collectively, the “Approved Suppliers”); and (iii) a list of the Approved Products, and Services then-authorized by Essential Speech that Franchisee must or may provide to prospective and existing Clients from the Premises of the Center. The foregoing lists may be provided as part of the Manual or otherwise in writing prior to opening, and Essential Speech has the right to revise, supplement, or otherwise modify these lists and the Manual at any time on written notice to Franchisee.

5.5 System Site(s)

Essential Speech may also establish and maintain one or more System web portals, websites or intranets for use by Franchisee and other Center owners (each, a “System Site”), wherein Essential Speech may post content that will automatically become part of, and constitute a supplement to, the Manuals, all of which Franchisee must strictly comply with promptly after such content is posted or otherwise listed on the System Site (to the extent permitted by applicable law). If Franchisee or its personnel saves or prints out a hard copy of any Manual, then such versions of said Manual must be immediately returned on expiration or termination of this Agreement for any reason (and never used for any competitive purpose). The provisions of this Section

shall survive the term of this Agreement.

5.6 Proposals Regarding Premises; Site Selection Criteria

Essential Speech will provide Franchisee with site selection assistance and guidance with regards to Franchisee's selection of a Premises for the Center, including Essential Speech's then-current site selection criteria, as it deems appropriate in its sole discretion. Essential Speech may require that Franchisee use an Approved Supplier for site selection assistance. Essential Speech will also review and approve of any location the Franchisee proposes for the Center. Essential Speech must approve of Franchisee's proposed location, as well as the lease for the Premises (the "Lease") or purchase agreement for the location, prior to Franchisee entering into any such agreement for that location to serve as the Premises of the Center. Essential Speech may condition its approval of any Lease for the proposed Premises on the landlord's execution of the form of collateral assignment of lease and addendum attached to this Agreement at Attachment E. Essential Speech will use reasonable efforts to review and approve of any proposed Premises location and corresponding Lease within thirty days of receiving all reasonably requested information from Franchisee.

5.7 Initial Marketing Spend; Pre-Opening Support Program

Essential Speech may assist Franchisee, as it deems appropriate in its discretion, in connection with: (i) developing and conducting an initial marketing plan designed to generate pre-opening leads for prospective clientele or conversion of those leads; and (ii) otherwise promote the Center within the Territory (the "Pre-Opening Support Program"), which program will be conducted at Franchisee's expense utilizing the initial marketing spend described in Section 9 of this Agreement (the "Initial Marketing Spend").

5.8 Continuing Assistance

Essential Speech may, as it deems appropriate and advisable in its sole discretion, provide continuing advisory assistance in the operation of the Center. Essential Speech's determination not to provide any particular service, either initial or continuing, shall not excuse Franchisee from any of its obligations under this Agreement.

- a. Essential Speech may provide such assistance via group webinar, Zoom®, Skype® or comparable remote meeting technology, intranet communications, telephone, or other communication channel Essential Speech deems appropriate, subject to the availability and schedules of Essential Speech's personnel.
- b. If Franchisee requests that Essential Speech provide any type of assistance or training on-site at the Center, then Franchisee may be required to pay Essential Speech's then-current training tuition fee (the "Training Fee") in connection with such training (in addition to reimbursing Essential Speech for any costs or expenses that Essential Speech's personnel incurs in connection with providing such assistance).

5.9 Review of Advertising Materials

Essential Speech will review and approve or reject any advertising or marketing materials proposed by Franchisee in connection with the Center as described in Section 9 of this Agreement.

5.10 Website

For so long as Essential Speech has an active website containing content designed to promote Essential Speech's brand, System, and Marks (collectively, the "Website"), Essential Speech will list the contact information of the Center on this Website, provided Franchisee is not in material default under this Agreement. Essential Speech may also provide Franchisee with one or more email addresses, as it deems appropriate in its discretion, which Franchisee must use only in connection with the Center.

5.11 Private Label Products

Essential Speech may directly, or indirectly through Essential Speech's affiliates or designated vendors, develop and provide Franchisee with private label products or other merchandise bearing the Marks to be used by Franchisee or offered and sold by Franchisee from a retail or other section of the Premises of the Center. Franchisee may be required to purchase these items from Essential Speech or any other Approved Supplier that Essential Speech designates.

5.12 Inspections of the Center and Premises

Essential Speech will, as it deems appropriate in its sole discretion, conduct inspections or audits of the Center and, on forty-eight hours' notice of the Premises, to ensure that Franchisee is operating its Center in compliance with the terms of this Agreement, the Manual, and the System. Such inspections may include inspections of the Premises and inspecting any and all books and records and conducting mystery shop services. Inspections of the Premises will only occur during normal business hours and will only involve the physical area of the Premises specifically devoted to the Center. Franchisee is solely responsible for ensuring that the Center is being operated in compliance with all applicable laws and regulations. Essential Speech reserves the right to be reimbursed the fee charged by the supplier of the mystery shop program if Franchisee fails a mystery shop inspection.

5.13 Administration of Brand Fund

If and when established, Essential Speech will administer the Brand Fund as it deems advisable to the System in its sole discretion as described more fully in Section 9 of this Agreement.

5.14 No Assumption of Liability

Essential Speech shall not, by virtue of any approvals or advice provided to the Franchisee under this Agreement, including site selection or other approval provided under this Section, assume any responsibility or liability to Franchisee or to any third party to which it would not otherwise be responsible or liable. Franchisee acknowledges that any assistance (including site selection and project oversight) provided by Essential Speech or its designee in relation to the selection or development of the Premises is only for the purpose of determining compliance with the System and does not constitute an express, implied, or collateral representation, warranty, or guarantee regarding the choice and location of the Premises, that the development of the Premises is free of error, or that the Center is likely to achieve any level of volume, profit, or success.

5.15 Pre-Opening Obligations: Acknowledgment

If Franchisee believes Essential Speech has failed to provide adequate pre-opening services as provided in this Agreement, Franchisee shall notify Essential Speech in writing within sixty days following the opening of the Center. Absent such notice to Essential Speech, Franchisee acknowledges, agrees and grants that Essential Speech fully complied with all of its pre-opening and opening obligations set forth in this Agreement.

5.16 Annual Conference

Essential Speech may establish and conduct an annual conference for Center owners and operators and may require Franchisee to attend this conference for no more than five days each year. Franchisee will be solely responsible for all expenses incurred in attending the annual conference (including any employee wages).

5.17 Delegation of Duties

Franchisee agrees that any designee, employee, or agent of Essential Speech may perform any duty or

obligation imposed on Essential Speech by the Agreement, as Essential Speech may direct.

Article 6. DUTIES OF FRANCHISEE

6.1 Securing a Premises

Franchisee must secure a Premises within the Territory within six months of executing this Agreement, unless Essential Speech agrees to an extension of time in writing. If Essential Speech has designated an Approved Supplier for site selection assistance, then it is strongly recommended that Franchisee use this Approved Supplier. If Franchisee is entering into a Lease for the proposed Premises, the form of Lease must be approved by Essential Speech and Franchisee must ensure that the Lease contains the following terms as a condition to Essential Speech's approval thereof:

- a. The leased Premises will only be used as a Center offering products and services designated or otherwise approved by Essential Speech.
- b. Essential Speech has the right to enter the Premises to make any modifications necessary to protect the Marks;
- c. On Essential Speech's request, the landlord shall supply Essential Speech with a current copy of the Lease;
- d. The landlord will notify Essential Speech in writing of any default by Franchisee, and on Franchisee's failure to cure such default, provide Essential Speech with an opportunity to cure the default on behalf of Franchisee within a reasonable period of time;
- e. Essential Speech will have the option, but not the obligation, to assume or renew the Lease and the occupancy of the business premises, including the right to sublease to another party operating a franchised Center, for all or any part of the remaining term of the Lease on: (i) Franchisee's default or termination under this Agreement; or (ii) Franchisee's default, termination, or expiration (and failure to renew) of the Lease. In connection with this assumption, Essential Speech will not be obligated to pay to the landlord past due rent, common area maintenance, or other charges attributable to more than one month. The landlord shall give Essential Speech thirty days on termination of Franchisee's rights under the Lease to exercise this option, which Franchisee must do in writing;
- f. The Lease may not be amended, assigned, or terminated without Essential Speech's prior written approval.
- g. On the surrender of the Premises, Franchisee must conduct a physical inventory so that there is an accurate accounting of inventory, fixtures, furniture, supplies, and equipment on hand, and shall provide a signed copy of this physical inventory to Essential Speech as of the date of surrender of the Premises. Essential Speech shall have the right to enter the Premises at its convenience and conduct said physical inventory on its own.

6.2 Lease Compliance

Franchisee must comply with both the Lease and any additional leasehold covenants and regulations of the building in which the Premises is located. If the landlord of the Premises terminates the Lease due to Franchisee's default thereunder, this termination will also constitute a material breach of this Agreement by Franchisee. If Essential Speech provides appropriate notice as described above and assumes control of the Premises and the operation of the former Center on the termination or expiration of the Lease, the future operation of that Center by Essential Speech shall not be as an agent of Franchisee and Essential Speech shall not be required to account to Franchisee as a result thereof.

6.3 Buildout and Other Pre-Opening Development in Connection with Center

Franchisee must complete all construction and build-out of the Premises in a manner consistent with the System Standards and any agreed-on plans and open the Center to the public no later than one year after the date this Agreement is executed. Essential Speech may recommend that Franchisee use an Approved Supplier for construction management services. Essential Speech must provide its prior written consent before Franchisee may open the Center, and Essential Speech reserves the right to inspect the construction and build-out of the Center at any reasonable time prior to the opening date. Should Franchisee fail to open the Center for operation within the prescribed period (or, if applicable, within any extended period of time Essential Speech approves in writing), this Agreement will be deemed terminated on written notice from Essential Speech to Franchisee without the necessity of further action or documentation by either Party.

6.4 Licenses and Permits for Center

Prior to opening, Franchisee must obtain and maintain (throughout the term of this Agreement) all required licenses, permits, and approvals to establish, open, and operate the Center at the Premises in the Territory, including all required licenses and permits related to: (i) the management of the Center via the performance of management services; (ii) perform Franchisee's obligations under any agreements with Licensed Personnel; and (iii) the offer and provision of Services by Licensed Personnel at and from the Premises of the Center.

6.5 Licensing Requirements for Personnel

Franchisee must ensure that all Services provided at the Center are only conducted by individuals that have the necessary education, degrees, board certifications, licenses, permits, and other qualifications to provide the Services at issue.

6.6 Provision of Authorized Services and Products Only

Franchisee must: (i) only offer and sell only the products and services Essential Speech approves for sale in connection with the Center; and (ii) not provide any Services, or consultations associated therewith, at the Center, except through Licensed Personnel. Franchisee may not offer or provide any other products or services and must not deviate from the System Standards related to the manner in which the products and services are offered and sold without Essential Speech's prior written consent. Essential Speech has the right to add, delete, or otherwise modify certain of the products and services from time to time in the Manuals and otherwise in writing, as it deems appropriate in its sole discretion. If a dispute arises between Franchisee and Essential Speech concerning Franchisee's right to carry any particular product or to offer any specific service, Franchisee will immediately remove the disputed products from inventory, remove the disputed service from those services offered at the Premises, or, if the same are not already in inventory or such services not yet being offered, will defer offering for sale such products and services pending resolution of the dispute.

6.7 Other Devices Prohibited at Premises

Franchisee is specifically prohibited from installing, displaying, or maintaining any vending machines, gaming machines, automatic teller machines, Internet kiosks, or any other electrical or mechanical device in the Center other than those Essential Speech prescribes or approves.

6.8 Fixtures, Furniture, Signs and Inventory

Franchisee must maintain at all times during the term of this Agreement and any renewals hereof, at Franchisee's expense, the Premises and all fixtures, furnishings, signs, artwork, décor items, and inventory therein as necessary to comply with the System Standards as set forth in the Manual or otherwise in writing. Franchisee must also make such additions, alterations, repairs, and replacements to the foregoing as Essential Speech requires. Essential Speech will not require Franchisee to make material renovations or

refurbishments to the Premises of the Center more than once every five years, unless such renovation or refurbishment is in connection with a renewal or transfer of this Agreement. The Parties agree and acknowledge, however, that the limitation set forth in the preceding sentence will not apply to any request to modify the Marks as provided for in this Agreement.

6.9 Compliance with Applicable Laws

Franchisee must at all times conduct and operate the Center in accordance with all federal, state, and local laws, ordinances, and regulations applicable thereto. Franchisee will have sole authority and control over the day-to-day operations of the Center and Franchisee's employees and independent contractors. Franchisee agrees to be solely responsible for all employment decisions and to comply with all state, federal, and local hiring laws and functions of the Center, including without limitation, those related to hiring, firing, training, wage and hour requirements, compensation, promotion, record-keeping, supervision, and discipline of employees, paid or unpaid, full or part-time. At no time will Franchisee or Franchisee's employees be deemed to be employees of Essential Speech or Essential Speech's affiliates.

6.10 Required Items

Franchisee must: (i) purchase any and all Required Items that Essential Speech designates for use in connection with the Center, including without limitation, all products, supplies, inventory, fixtures, Computer System, parts, and materials required for the operation of the Center; (ii) ensure that all Required Items meet the System Standards; and (iii) purchase all items Essential Speech specifies from the Approved Supplier(s) that Franchise designates, which may include Essential Speech or its affiliate(s). Franchisee agrees that Essential Speech and its affiliates may derive revenue from Required Item purchases.

6.11 Alternative Supplier Approval

If Franchisee wishes to purchase any unapproved item, including inventory, or acquire approved items from an unapproved supplier, Franchisee must provide Essential Speech the name, address, and telephone number of the proposed supplier; a description of the item Franchisee wishes to purchase; and the purchase price of the item, to the extent known. Franchisee must then follow Essential Speech's procedure for evaluating and approving such request and pay Essential Speech's product/supplier evaluation fee. At Essential Speech's request, Franchisee must also provide Essential Speech, for testing purposes, a sample of the item Franchisee wishes to purchase. If Essential Speech incurs any costs in connection with testing a particular product or evaluating an unapproved supplier at Franchisee's request, Franchisee must reimburse Essential Speech for Essential Speech's reasonable testing costs, regardless of whether Essential Speech subsequently approves the item or supplier. Essential Speech will use commercially reasonable efforts to notify Franchisee in writing whether or not Franchisee's request is approved or denied within thirty days of: (i) Essential Speech's receipt of all supporting information from Franchisee regarding Franchisee's request under this Section; and (ii) if applicable, Essential Speech's completion of any inspection or testing associated with Franchisee's request. If Essential Speech does not provide written approval within this time period, then Franchisee's request will be deemed denied. Essential Speech may, but is not obligated to, provide Franchisee's proposed supplier with its specifications for the item that Franchisee wishes the third-party to supply, provided that third-party executes Essential Speech's prescribed form of non-disclosure agreement. Each supplier that Essential Speech approves must comply with Essential Speech's usual and customary requirements regarding insurance, indemnification and non-disclosure. If Essential Speech approves any supplier, Franchisee may enter into supply contracts with such third party, but under no circumstances will Essential Speech guarantee Franchisee's performance of any supply contract. Essential Speech may re-inspect and revoke Essential Speech's approval of particular products or suppliers when Essential Speech determines, in Essential Speech's sole discretion, that such products or suppliers no longer meet Essential Speech's standards. On receipt of written notice of such revocation, Franchisee must cease purchasing products from such supplier. Nothing in this Section shall be construed to require Essential Speech to approve any particular supplier. Essential Speech may base Essential Speech's approval of any such proposed item or supplier on considerations relating not only directly to the item or supplier itself, but also indirectly to the

uniformity, efficiency, and quality of operation Essential Speech deems necessary or desirable in Essential Speech's System as a whole. Essential Speech has the right to receive payments from suppliers on account of their dealings with Franchisee and other franchisees and to use all amounts Essential Speech receives without restriction (unless instructed otherwise by the supplier) for any purposes Essential Speech deems appropriate.

6.12 Computer Issues

Franchisee agrees that Franchisee is solely responsible for protecting itself from computer viruses, bugs, power disruptions, communication line disruptions, internet access failures, internet content failures, date-related problems, and attacks by hackers and other unauthorized intruders in connection with the Computer System and operation of the Center generally.

6.13 Promotional Materials Display

Subject to and as permitted by applicable laws, Franchisee must openly and prominently display franchise promotional materials provided or designated by Essential Speech and participate in any ongoing System-wide sales, specials, or other promotions that Essential Speech designates.

6.14 Initial Training Program and Other Training/Conference Attendance

Franchisee and each of its management personnel must attend and successfully complete the Initial Training Program at least thirty days prior to the opening of the Center, and must pay Essential Speech the appropriate initial training tuition fees for any person(s) that attend the program in addition to the first three individual attendees. Franchisee must cover all costs and expenses associated with personnel of Franchisee attending the Initial Training Program. Franchisee must also complete any additional or refresher training Essential Speech is permitted to require Franchisee to attend each year, and Franchisee must attend Essential Speech's annual conference if conducted. Any failure to attend and complete the Initial Training Program or other training or conferences described in this Section will be a material default of this Agreement and grounds for termination if not cured within the appropriate cure period set forth in this Agreement (if any).

6.15 Training of Center Personnel

a. Franchisee or at least one of Franchisee's personnel that has successfully completed the Initial Training Program must conduct training classes for, and properly train, all of Franchisee's employees on sales, advertising, maintenance of the Premises, the Computer System and related computer system components, as well as any other information that is relevant to each employee's role with the Center, including Essential Speech's standards and specifications for operating the Center, as Essential Speech may set forth in the Manual or otherwise in writing. Further, at least one person that has completed the Initial Training Program must manage the Center at all times.

b. To the extent any third-party Approved Supplier or a given Approved Product or other Required Item that Essential Speech designated for use in connection with the Center determines to offer and provide third-party training or instruction regarding the Required Item on-site at the Premises, Franchisee must allow such third-party training and instruction to be conducted at the Center at an appropriate time and ensure that appropriate Center personnel participate in such training or information session. For purposes of clarification, this provision will not apply to Licensed Personnel to the extent such third-party training or instruction to such providers at the Center is not permitted under applicable law.

6.16 Hours of Operation

Franchisee shall keep the Center open and in normal operation for such minimum hours and days as Essential Speech may prescribe in the Manual or otherwise in writing and must ensure that the Center is sufficiently staffed.

6.17 Image

Franchisee shall maintain the image of the Center at all times in accordance with Essential Speech's standards and specifications, including: (i) ensuring that the Premises is maintained in a clean and orderly manner; and (ii) ensuring that all equipment, furniture, and fixtures remain in good, clean condition and is properly displayed. Essential Speech may require Franchisee to refurbish, renovate, and otherwise substantively modify the interior of the Center, including the furniture, fixtures, and equipment used at the Premises, no more than once every five years (unless the change is required in connection with a renewal or transfer of this Agreement) so that the Premises and Center conform with Essential Speech's then-current System standards and specifications for a new System Center.

6.18 Client Lists and Data/Agreements

Franchisee must (i) maintain a list of all of current and former clients, as well as a copy of each such client's (a) services agreement(s), and (b) history of Services received by that client by Licensed Personnel at the Center; and (ii) make such lists and contracts available for Essential Speech's inspection on request. Franchisee must promptly return this information, which is deemed "Confidential Information" and Essential Speech's exclusive property hereunder, to Essential Speech on expiration or termination of this Agreement for any reason. Franchisee acknowledges that Essential Speech may have automatic access to any or all of this information via the Computer System and related software that Essential Speech requires for use in connection with the Center. The parties mutually agree that, for purposes of this Section and this Agreement generally, the reference to "Clients" will mean the Clients of the Licensed Personnel that provided the Services at issue to the individual, if and as required by applicable laws and regulations.

6.19 Promotional Prices; Pricing Guidelines

Subject to and to the extent permitted under applicable law, Franchisee must use commercially reasonable efforts to shall follow Essential Speech's general leasing and pricing guidelines but, as an independent contractor, Franchisee may exercise flexibility in meeting competition, offering specials, and adapting to local market conditions. Essential Speech may request information from Franchisee that has been used to substantiate any reduction in pricing to meet market conditions.

6.20 Management of the Center

Franchisee shall manage and operate the Center in an ethical and honorable manner and must ensure that all those working at the Center provide courteous and professional services to customers and always keep its customers' interests in mind while protecting the goodwill of the Marks, System, and the Center. Franchisee must handle all Client complaints and requests for returns and adjustments in a manner consistent with both: (i) applicable laws and regulations for patient interaction that may require such interaction to be handled by the Licensed Personnel that provided the Services at issue; and (ii) to the extent not inconsistent with subpart (i), the System Standards. Franchisee must consider and act promptly with respect to handling of Client complaints and implement complaint response procedures with its Licensed Personnel and other Center employees consistent and in accordance with applicable law and any guidelines or directives that Essential Speech sets forth in the Manual or otherwise in writing.

6.21 Access for Inspections/Audit

To determine whether Franchisee is complying with this Agreement, Manual, and the System, Essential Speech and its designated agents or representatives may, subject to applicable laws/regulations and without prior written notice to Franchisee: (i) inspect the Premises; (ii) observe and monitor the operation of the Center for consecutive or intermittent periods as Essential Speech deems necessary; (iii) interview personnel and customers of the Center; and (iv) inspect, audit and/or copy any books, records, and agreements relating to the operation of the Center, including all financial information. Franchisee agrees to cooperate with

Essential Speech fully in connection with these undertakings by Essential Speech (if taken). If Essential Speech exercises any of these rights, Essential Speech will not interfere unreasonably with the operation of the Center.

6.22 Personal Participation by Franchisee.

Franchisee must personally participate in the direct management of the Center on a full-time basis, unless Franchisee engages a Designated Manager that Essential Speech approves in writing to manage the day-to-day operations of the Center when Franchisee is not present. If Franchisee designates a manager at any time, that manager must successfully complete the Initial Training Program prior to assuming any management responsibilities in connection with the Center. Regardless, Franchisee is solely responsible for all aspects of the operation of the Center and ensuring that all the terms, conditions, and requirements contained in this Agreement and in the Manual are met and kept.

6.23 Credit Cards and Payment Methods

Franchisee agrees to accept credit cards at the Premises to facilitate sales, including Visa, MasterCard, American Express, and Discover and any other major credit cards designated by Essential Speech. Franchisee may also accept cash or checks in connection with the Center. Franchisee must comply with all applicable laws, regulations, and rules related to credit card acceptance and processing, including Payment Card Industry (PCI) security standards.

6.24 Payments to Essential Speech

Franchisee agrees to promptly pay Essential Speech all payments and contributions that are due to Essential Speech or its affiliates.

6.25 Employment Decisions

Franchisee agrees to be solely responsible for all employment decisions and to comply with all state, federal, and local hiring laws and functions of the Center, including without limitation, those related to hiring, firing, training, wage and hour requirements, compensation, promotion, record-keeping, supervision, and discipline of employees, paid or unpaid, full or part-time. Franchisee must ensure that all Center personnel are and remains competent, conscientious, and properly trained. Notwithstanding the foregoing, Franchisee shall not be required to provide any training or direction or supervision to Licensed Personnel to the extent any training, direction, or supervision would violate applicable laws and regulations related to the corporate practice of medicine or related issues.

Article 7. MARKS

7.1 Ownership of Marks

Franchisee acknowledges the exclusive ownership of and right to use the Marks by Essential Speech, and Franchisee agrees that during the term of this Agreement and after its expiration or termination Franchisee will not directly or indirectly contest or aid in contesting the validity of the Marks or the ownership of or rights in the Marks by Essential Speech. Furthermore, Franchisee intends and hereby concedes that any commercial use Franchisee may make of the Marks shall contribute and inure to the commercial use and benefit of Essential Speech, which Essential Speech may claim to strengthen and further secure ownership of the Marks.

7.2 Permitted Use

It is understood and agreed that the use by Franchisee of Essential Speech's Marks applies only in connection with the operation of the Center at the Premises, and includes only such Marks as are now

designated, or which may hereafter be designated in the Manual or otherwise in writing as part of the System (which might or might not be all of the Marks pertaining to the System owned by the Essential Speech), and does not include any other mark, name, or indicia of origin of Essential Speech now existing or which may hereafter be adopted or acquired by Essential Speech.

7.3 Use of Marks in Advertising and Signage

To develop and maintain high, uniform standards of quality and service and thereby protect Essential Speech's reputation and goodwill, as well as that of the System, Franchisee agrees to:

- a. Operate and advertise the Center only under the Marks authorized by Essential Speech as specified in the Manual; and
- b. Maintain and display signage and advertising bearing the Marks that reflects the current commercial image of the System and, on notice from Essential Speech, to immediately discard and cease use of Marks or other imagery that has become obsolete and no longer authorized by Essential Speech.
- c. Franchisee hereby covenants and agrees that it will affix in a conspicuous location in or on the Premises, a sign containing the following notice: "This business is owned and operated independently by (*name of franchisee*) who is an authorized licensed user of the trademark, Essential Speech, under a license agreement with Speech and ABA Therapy Franchising, LLC."

7.4 Marks are Sole Property of Essential Speech

Franchisee acknowledges that the Marks, System, Manual, and all other information and items delivered to Franchisee by Essential Speech pursuant to this Agreement or in furtherance of the System, including without limitation, video and audio tapes or disks, information communicated by electronic means, and intellectual property, are the sole and exclusive property of Essential Speech, and Franchisee's right to use the same are contingent on Franchisee's continued full and timely performance under this Agreement. Franchisee acknowledges it acquires no rights, interests, or claims to any of said property, except for Franchisee's rights to use the same under this Agreement for the term hereof and strictly in the manner prescribed. Franchisee agrees that it will not, during the term of this Agreement or any time thereafter, contest or challenge the sole and exclusive proprietary rights of Essential Speech (and, if appropriate, Essential Speech's affiliates) to the Marks, System, Manuals, and other information, intellectual property, and items delivered or provided or to which Franchisee obtains access under this Agreement, nor shall Franchisee claim any proprietary interest in such property. Franchisee agrees that it will not adopt, display, attempt to register, or otherwise use any names, marks, insignias, or symbols in any business that are or may be confusingly similar to the Marks licensed under this Agreement.

7.5 Legal Action Involving Marks

Furthermore, Franchisee agrees to cooperate with and assist Essential Speech in connection with any legal action brought by or against either of them regarding the protection and preservation of the Marks, System, or the Manual and other information and intellectual property delivered to Franchisee or used by Franchisee under this Agreement.

7.6 Modification or Substitution of Marks by Essential Speech

If in Essential Speech's reasonable determination, the use of Marks in connection with the System will infringe or potentially infringe on the rights of any third party, weakens or impairs Essential Speech's rights in the Marks, or it otherwise becomes advisable at any time in Essential Speech's sole discretion for Essential Speech to modify, discontinue, or to use one or more additional or substitute trade or service Marks then on notice from Essential Speech, Franchisee will terminate or modify, within a reasonable time, such use in the manner prescribed by Essential Speech. If Essential Speech changes the Marks in any manner, Essential

Speech will not reimburse Franchisee for any out-of-pocket expenses that Franchisee incurs to implement such modifications or substitutions. Essential Speech is not obligated to reimburse Franchisee for any loss of goodwill or revenue associated with any modified or discontinued Proprietary Mark, nor is Essential Speech responsible for reimbursing Franchisee for any other costs or damages.

7.7 Modification or Substitution of Marks by Franchisee

Franchisee agrees not to make any changes or amendments whatsoever in or to the use of the Marks unless directed by Essential Speech in writing.

7.8 Cease Use of Marks on Termination/Non-Renewal

On termination or expiration and non-renewal of this Agreement, Franchisee agrees to immediately cease use, in any manner whatsoever, of any of the Marks or any other Marks or trade names that may be confusingly similar to the Marks.

7.9 Disconnection of Telephone Number on Termination/Renewal

Franchisee acknowledges that there will be substantial confusion among the public if, after the termination or expiration and non-renewal of this Agreement, Franchisee continues to use advertisements or the telephone number listed in the telephone directory under the term “Essential Speech & ABA Therapy” or any name similar to it. Thus, effective on the termination or expiration and non-renewal of this Agreement, Franchisee agrees to direct the telephone company servicing Franchisee, per Essential Speech’s request, to disconnect the telephone number used in connection with the Center or transfer such number to Essential Speech or to any person or location of Essential Speech’s choosing. If Franchisee fails to take these steps, Franchisee shall be deemed to have hereby irrevocably appointed Essential Speech as Franchisee’s attorney-in-fact for purposes of directing and accomplishing such transfer. Franchisee understands and agrees that, notwithstanding any billing arrangements with any telephone company or yellow pages directory company, Essential Speech will be deemed for purposes hereof to be the subscriber of such telephone numbers, with full authority to instruct the applicable telephone or yellow pages directory company as to the use and disposition of telephone listings and numbers. Franchisee hereby agrees to release, indemnify, and hold such companies harmless from any damages or loss as a result of following Essential Speech’s instructions.

7.10 Non-Exclusive Use of Marks

Franchisee understands and agrees that its right to use the Marks is non-exclusive, that Essential Speech in its sole discretion has the right to grant licenses to others to use the Marks and obtain the benefits of the System in addition to the licenses and rights granted to Franchisee under this Agreement, and that Essential Speech may develop and license other trademarks or service marks in conjunction with systems other than the System on any terms and conditions as Essential Speech may deem advisable where Franchisee will have no right or interest in any such other trademarks, licenses, or systems.

7.11 Acknowledgements

With respect to Franchisee’s use of the Marks pursuant to this Agreement, Franchisee agrees that:

- a. Franchisee shall not use the Marks as part of Franchisee’s corporate or any other business name, domain name, e-mail address or any social media or social networking profile/page;
- b. Franchisee shall not hold out or otherwise use the Marks to perform any activity or incur any obligation or indebtedness in such a manner as might in any way make Essential Speech liable therefor without Essential Speech’s prior written consent; and Franchisee shall execute any documents and provide such other assistance deemed necessary by Essential Speech or its counsel to obtain protection for Marks or to maintain the continued validity of such Marks.

7.12 Use Outside Scope

Franchisee acknowledges that the use of the Marks outside the scope of this license without Essential Speech's prior written consent is an infringement of Essential Speech's exclusive right to use the Marks and, during the term of this Agreement and after the expiration or termination hereof, Franchisee covenants not to directly or indirectly commit an act of infringement, contest, or aid in contesting the validity or ownership of Essential Speech's Marks, or take any other action in derogation thereof.

7.13 Notification of Infringement

Franchisee shall notify Essential Speech within three calendar days of any suspected infringement of, or challenge to, the validity of the ownership of, or Essential Speech's right to use, the Marks licensed hereunder. Franchisee will not communicate with any persons other than Essential Speech or Essential Speech's legal counsel in connection with any such infringement, challenge, or claim. Franchisee acknowledges that Essential Speech has the right to control any administrative proceeding or litigation involving the Marks. If Essential Speech undertakes the defense or prosecution of any litigation relating to the Marks, Franchisee agrees to execute any and all documents and to do such acts and things as may be necessary in the opinion of counsel for Essential Speech to carry out such defense or prosecution.

7.14 Indemnification Regarding Marks

Essential Speech will indemnify and defend Franchisee against any third-party claim brought against Franchisee that arises solely out of Franchisee's authorized use of the Marks licensed under this Agreement in connection with the Center, provided: (i) such use is in full compliance with Essential Speech's standards and specifications; and (ii) Franchisee notifies Essential Speech in writing of this third-party claim within three calendar days of receiving notice or otherwise learning of the claim. Essential Speech will have complete control over the defense and, if appropriate, settlement negotiations and resolution regarding the claims described in this Section, including the right to select legal counsel Essential Speech deems appropriate. Franchisee must fully cooperate with Essential Speech in connection with Essential Speech's defense or settlement of any third-party claim that Essential Speech determines to take control of under this Section. Notwithstanding anything in this Section to the contrary, Essential Speech's liability under this Section shall be limited to no more than the Initial Franchise Fee paid under this Agreement.

7.15 Other Obligations of Franchisee

In addition to all other obligations of Franchisee with respect to the Marks licensed herein, Franchisee agrees:

- a. To feature and use the Marks solely in the manner prescribed by Essential Speech and not use the Marks on the Internet or otherwise, except as approved in writing by Essential Speech; and
- b. To observe all such requirements with respect to service mark, trademark, and copyright notices, fictitious name registrations, and the display of the legal name or other identification of Franchisee as Essential Speech may direct in writing from time to time.

7.16 Marks and Licensed Personnel

If applicable laws/regulations where the Center is located require that all Services be provided at the Center Premises by Licensed Personnel to Clients that must be notified that such services/treatments are being performed by the Licensed Personnel and not Franchisee, then Franchisee must ensure that the Licensed Personnel are not using the Marks in any manner that would suggest that Franchisee or Essential Speech is the party providing any Services to such prospective or existing Clients.

Article 8. OPERATIONS MANUAL AND CONFIDENTIAL INFORMATION

8.1 Compliance with Manuals

In order to protect the reputation and goodwill of Essential Speech and the System, and to maintain uniform standards of operation under Essential Speech's Marks, Franchisee shall conduct the Center in strict accordance with Essential Speech's Manual.

8.2 Franchisee's Control of Center

Franchisee acknowledges the Manuals provided by Essential Speech to Franchisee is intended to protect Essential Speech's standards, systems, names, and marks and is not intended to control day-to-day operation of Franchisee's business. Franchisee further agrees that Franchisee's Business will be under the control of the Franchisee at all times. Franchisee will be responsible for the day-to-day operation of the business.

8.3 Confidential Information

In connection with the operation of the Center, Franchisee will from time to time become acquainted with, work with, and even generate certain information, procedures, techniques, data, and materials that are and, by this Agreement, will become proprietary to Essential Speech. Franchisee and all persons signing this Agreement agree to keep confidential any of Essential Speech's trade secrets or Confidential Information as defined below and will not use such for its or their own purpose or supply or divulge same to any person, firm, association, or corporation except as reasonably necessary to operate the Center.

8.4 Trade Secrets and Confidential Information

The confidentiality requirements set forth in the preceding paragraph will remain in full force and effect during the term of this Agreement and in perpetuity after its termination or expiration and non-renewal. Essential Speech's trade secrets and Confidential Information include the following:

- a. The Manual;
- b. Any Client Information, including agreements, records and history of transactions with the Approved Care Provider and/or Center (subject to all HIPPA, privacy and other applicable laws);
- c. Information that relates in any manner to Essential Speech's business or the System, including without limitation, information relating to Essential Speech's marketing materials and methods whether oral or reduced to writing, that is not generally known to, or readily ascertainable by, other persons who might derive economic benefit from its disclosure or use; and
- d. Any other information that may be imparted to Franchisee from time to time and designated by Essential Speech as confidential (collectively, the "Confidential Information").

8.5 Confidential Information as Property of Essential Speech

Franchisee agrees that the Confidential Information and any business goodwill of the Franchise are Essential Speech's sole and exclusive property and that Franchisee will preserve the confidentiality thereof. On the termination or expiration and non-renewal of this Agreement, all items, records, documentation, and recordings incorporating any Confidential Information will be immediately turned over by Franchisee, at Franchisee's sole expense, to Essential Speech or to Essential Speech's authorized representative.

8.6 Information Not Proprietary

Excepted from Confidential Information for purposes of non-disclosure to any third parties by Franchisee

and/or its Restricted Persons (as hereinafter defined) is information which:

- a. Becomes publicly known through no wrongful act of Franchisee or Restricted Persons; or
- b. Is known by Franchisee or Restricted Persons without any confidential restriction at the time of the receipt of such information from Essential Speech or becomes rightfully known to them without confidential restriction from a source other than Essential Speech.

8.7 Reasonable Efforts to Maintain Confidentiality

Franchisee shall at all times treat the Confidential Information as confidential and shall use all reasonable efforts to keep such information secret and confidential. The Manual must remain at the Premises and be kept in a secure location, under lock and key, except when it is being studied by Franchisee or Franchisee's employees. Franchisee shall not, at any time without Essential Speech's prior written consent, copy, scan, duplicate, record, distribute, disseminate, or otherwise make the Manuals available to any unauthorized person or entity, in whole or in part.

8.8 Prevention of Unauthorized Use or Disclosure

Franchisee shall adopt and implement all reasonable procedures as Essential Speech may prescribe from time to time to prevent the unauthorized use or disclosure of any of the Confidential Information. Franchisee must ensure and require that all of its owners, Licensed Personnel, managers, officers, directors, shareholders, and partners of Franchisee (collectively, "Restricted Persons") execute a prescribed form of confidentiality agreement that will be in substantially the same form attached to this Agreement as Attachment E (the "Confidentiality and Non-Competition Agreement"). Franchisee must obtain a signed copy of the Confidentiality and Non-Competition Agreement from any such person prior to, or at the same time of, that person undertaking its role and/or employment or association with Franchisee or the Center. Franchisee's spouse or significant other shall also be bound by the same requirement and shall sign the same Confidentiality and Non-Competition Agreement. Franchisee must provide Essential Speech with a copy of each signed Confidentiality and Non-Competition Agreement within ten days of Essential Speech's request.

8.9 Manuals

Essential Speech will provide Franchisee with access to the Manual. The Manual shall at all times remain the sole property of Essential Speech and must be returned to Essential Speech on termination or expiration and non-renewal of this Agreement.

8.10 Modification of Manual

In order for Franchisee to benefit from new knowledge, information, methods, and technology adopted and used by Essential Speech in the operation of the System, Essential Speech may from time to time revise the Manuals, and Franchisee agrees to adhere to and abide by all such revisions. Franchisee agrees at all times to keep its copy of the Manual current and up-to-date. If of any dispute as to the contents of Franchisee's Manual, the terms of the master copy of the Manuals maintained by Essential Speech at its home office shall be controlling. Out-of-date pages must be returned to Essential Speech immediately on replacement. Essential Speech may provide any supplements, updates, or revisions to the Manuals via the Internet, email, the System-wide intranet/extranet or any other electronic or traditional mediums it deems appropriate.

8.11 Improvements

Franchisee agrees to disclose promptly to Essential Speech any and all inventions, discoveries, and improvements, whether or not patentable or copyrightable, that are conceived or made by Franchisee or its employees or agents that are in any way related to the establishment or operation of the Center (collectively, the "Improvements"), all of which shall be automatically and without further action owned by Essential

Speech without compensation to Franchisee (including all intellectual property rights therein). Whenever requested to do so by Essential Speech, Franchisee will execute any and all applications, assignments, or other instruments that Essential Speech may deem necessary to apply for and obtain intellectual property protection or to otherwise protect Essential Speech's interest therein. These obligations shall continue beyond the termination or expiration of this Agreement. If a court should determine that Essential Speech cannot automatically own certain of the Improvements that may be developed, then Franchisee hereby agrees to grant Essential Speech a perpetual, royalty-free worldwide license to use and sublicense others to use such Improvements.

Article 9. ADVERTISING

9.1 Advertising and Sales Promotion Programs

Essential Speech may from time to time develop and create advertising and sales promotion programs designed to promote and enhance the collective success of Centers operating under the System. Franchisee must participate in all such advertising and sales promotion programs in accordance with the terms and conditions established by Essential Speech for each program. In all aspects of these programs, including without limitation, the type/quantity/timing/placement and choice of media, and market areas and advertising agencies, the System Standards established by Essential Speech shall be final and binding on Franchisee. Essential Speech may also request that Franchisee purchase and/or make copies of (at Franchisee's expense) and subsequently use certain other advertising or promotional materials that Essential Speech designates for use in connection with the Center.

9.2 Essential Speech Approval

All advertising and promotion by Franchisee in any medium must be conducted in a professional manner and shall conform to Essential Speech's standards and requirements as set forth in the Manual or elsewhere in writing. Franchisee shall obtain Essential Speech's approval of all advertising and promotional plans and materials prior to use if such plans and materials have not been prepared by Essential Speech or previously approved by Essential Speech during the twelve months prior to their proposed use. Franchisee must submit unapproved plans and materials to Essential Speech, and Essential Speech will have thirty days to notify Franchisee of its approval or disapproval of such materials. If Essential Speech does not provide its specific approval of the proposed materials within this thirty-day period, the proposed materials will be deemed rejected. Any plans and materials that Franchisee submits to Essential Speech for its review will become Essential Speech's property and there will be no restriction on Essential Speech's use or dissemination of such materials. Once approved, Franchisee may use the proposed materials for a period of ninety days, unless Essential Speech prescribes a different time period for use or requires Franchisee to discontinue using the previously approved materials in writing. Essential Speech may revoke its approval of any previously approved advertising materials on notice to Franchisee. Essential Speech reserves the right to require Franchisee to include certain language on all advertising to be used locally by Franchisee or to be used by a Cooperative, including, but not limited to, the phrase "Franchises Available" and references to Essential Speech's telephone number and/or website.

9.3 Initial Marketing Spend

Franchisee shall expend a minimum of between \$1,000 and \$3,000 as Essential Speech designates or otherwise approves as part of Franchisee's Pre- Opening Support Program and other initial marketing and promotional activities that Essential Speech designates or approves (the "Initial Marketing Spend").

Franchisee must expend this amount within the time frame Essential Speech designates or approves typically commencing in the month prior to the contemplated opening of the Center and ending at some point after said opening. Essential Speech will determine the exact amount of the required Initial Marketing Spend after Franchisee has secured its Premises, and thereafter provide Franchisee with written notice thereof.

9.4 Local Advertising Requirement

In addition to Initial Marketing Spend, Franchisee must expend a minimum of \$300 each quarter the Center is open and operating on advertising and marketing the Center within the Territory and surrounding area (the “Local Advertising Requirement” or “LAR”). Essential Speech may require that the Local Advertising Requirement funds be expended on designated marketing, advertising, and/or other promotional campaigns and/or content that is provided by one or more Approved Suppliers, including any digital marketing placement and/or other services. Essential Speech, on thirty days’ prior written notice, may increase the LAR as it deems appropriate. On Essential Speech’s request, Franchisee must provide Essential Speech with invoices or other proof of its monthly expenditures on local advertising and marketing. Franchisee must ensure that the Center is listed in the yellow pages and appropriate Internet-based directories that Essential Speech designates.

Grand Opening Advertising Expenditure. You must spend at least \$5,500 prior to opening your Center on Grand Opening Advertising. These funds will be used to purchase brochures, business cards, and advertising. Grand Opening Advertising expenses will vary depending on several factors including your business plan, growth rate, cost of media in your area, and ability to attract clients. \$1,000 of your Grand Opening Advertising spend must be spent running a pre-registration/pre-sale advertising campaign which is approved by us, \$1,000 must be spent in the promotion of your Grand Opening Event, and the remainder (\$3,500) must be spent in executing your Grand Opening Event, which should include kid friendly activities approved by us, such as balloon twisters, petting zoo, face painters, bounce house, etc.

9.5 Brand Development Fund

Essential Speech has not established a Brand Fund designed to promote, advertise, market, and otherwise further develop the System, Marks, and Essential Speech’s brand generally. Essential Speech reserves the right to require Franchisee to contribute to the Fund in an amount equal to up to three percent of the Gross Revenue of the Center. All payments by Franchisee to the Brand Fund are non-refundable on payment, and Essential Speech will account separately for all sums paid to the Brand Fund. The Brand Fund will be maintained and administered by Essential Speech or Essential Speech’s designee as follows: Essential Speech will use the Brand Fund and all contributions to it and any earnings on it, exclusively for preparing, directing, conducting, placing, and administering advertising, marketing, public relations, and/or promotional programs and materials, and any other activities, that Essential Speech believes would enhance the image of the System, Marks, and products and services.

a. Essential Speech is not obligated to spend monies from the Fund in any particular Franchisee’s market in proportion to the payments to the Fund made by the Franchisee in that market. Essential Speech does not represent that it will spend any particular amount of advertising funds locally, regionally, or nationally.

b. The Fund may be used to meet any and all costs of maintaining, administering, directing, and preparing advertising. This includes, among other things, direct mail advertising, marketing surveys and other public relations activities, developing and maintaining the Essential Speech Website, employing advertising and public relations agencies, purchasing promotional items, and providing other marketing materials and services to Centers operating under the System. These costs may include the proportionate salary share of Essential Speech’s employees that devote time and render services for advertising and promotion or the administration of the Fund, including administrative costs, salaries, and overhead expenses related to administering the Brand Fund and its programs. No part of the Brand Fund shall be used by Essential Speech to defray any of its general operating expenses, other than those reasonably allocable to the advertising described in this Section or other activities reasonably related to the administration or direction of the Brand Fund.

c. Essential Speech shall administratively segregate all contributions to the Brand Fund on its books and records. All such payments to the Brand Fund may be deposited in Essential Speech’s general operating

account, may be commingled with Essential Speech's general operating funds, and may be deemed an asset of Essential Speech, subject to Essential Speech's obligation to expend the monies in the Brand Fund in accordance with the terms hereof. Essential Speech may, in its sole discretion, elect to accumulate monies in the Brand Fund for such periods of time, as it deems necessary or appropriate, with no obligation to expend all monies received in any fiscal year during that fiscal year. If Essential Speech's expenditures for the Fund in any one fiscal year shall exceed the total amount contributed to the Brand Fund during such fiscal year, Essential Speech shall have the right to be reimbursed to the extent of such excess contributions from any amounts subsequently contributed to the Brand Fund or to use such excess as a credit against its future contributions. The Parties do not intend that the Fund be deemed a trust.

d. Essential Speech shall, on an annual basis, account for the operation of the Brand Fund and prepare an unaudited financial statement evidencing such accounting, which will be available to Franchisee on its reasonable written request after Essential Speech's fiscal year end. Essential Speech may dissolve the Brand Fund at any time after it is established.

9.6 Advertising Council (Advisory Capacity)

Essential Speech may establish, if and when it deems appropriate in its sole discretion, a council to provide advice and guidance regarding the administration of the Brand Fund and various other advertising/marketing matters (an "Advertising Council"). If Essential Speech establishes an Advertising Council, it may serve in only an advisory capacity and may consist of franchisees, personnel from Essential Speech's affiliate-owned Centers, or other management/employees that Essential Speech designates. If an Advertising Council is established, the membership of such Advertising Council, along with the policies and procedures by which it operates, will be determined by Essential Speech.

9.7 Website

Essential Speech agrees that it will establish an interior page on its corporate website to display the Premises and contact information associated with the Center for so long as (i) the Center is open and actively operating, and (ii) this Agreement is not subject to termination. Franchisee may not establish any separate website or other Internet presence in connection with the Center, System, or Marks without Essential Speech's prior written consent. If approved to establish a separate website, Franchisee shall comply with Essential Speech's policies, standards, and specifications with respect to the creation, maintenance and content of any such website. Franchisee specifically agrees that any website owned or maintained by or for the benefit of Franchisee shall be deemed "advertising" under this Agreement and will be subject to (among other things) Essential Speech's approval as described in this Section. Franchisee may not promote or otherwise list its Center, or the Marks or System, on any social media or networking site, including without limitation, Facebook®, Instagram®, SnapChat®, Twitter®, LinkedIn® and/or YouTube®, without Essential Speech's prior written consent. Essential Speech shall have the right to modify the provisions of this Section relating to Franchisee's use of separate websites and social media, as Essential Speech determines necessary or appropriate.

9.8 Regional Cooperatives

Essential Speech may establish regional advertising cooperatives that are comprised of multiple Center owners located within a geographical region that Essential Speech designates (each, a "Cooperative"). If Essential Speech establishes a Cooperative and designates Franchisee as a member thereof, Franchisee may be required to contribute to the Cooperative in an amount not to exceed Franchisee's Local Advertising Requirement each month. All amounts paid to a Cooperative will be credited towards Franchisee's Local Advertising Requirement.

Article 10. ACCOUNTING AND RECORDS

10.1 Maintenance of Records

Franchisee must, in a manner satisfactory to Essential Speech and in accordance with generally accepted accounting principles, maintain original, full, and complete register tapes, computer files, back-up files, other records, accounts, books, data, licenses, contracts, and product vendor invoices which shall accurately reflect all particulars relating to the Center, as well as other statistical and financial information and records Essential Speech may require. All of this information must be kept for at least three years, even if this Agreement is no longer in effect. On Essential Speech's request, Franchisee must furnish Essential Speech with copies of any or all product or equipment supply invoices reflecting purchases by or on behalf of the Center. In addition, Franchisee shall compile and provide to Essential Speech any statistical or financial information regarding the operation of the Center, the products and services sold by it, or data of a similar nature, including without limitation, any financial data that Essential Speech believes that it needs to compile or disclose in connection with the sale of franchises or that Essential Speech may elect to disclose in connection with the sale of franchises. All data provided to Essential Speech under this Section 10 shall belong to Essential Speech and may be used and published by Essential Speech in connection with the System (including in Essential Speech's disclosure documents).

10.2 Examination and Audit of Records

Essential Speech and its designated agents shall have the right to examine and audit Franchisee's records, accounts, books, computer files, and data at all reasonable times to ensure that Franchisee is complying with the terms of this Agreement. If such audit discloses that Franchisee has underreported the Gross Revenue of the Center by two percent or more in any given reporting period (weekly, monthly or otherwise), then Franchisee must: (i) reimburse Essential Speech any costs/expenses incurred in connection with conducting the inspection and audit; and (ii) pay any amount due and owing Essential Speech as a result of Franchisee's underreporting, along with any accrued interest on said amounts.

10.3 Computer System for Records

Franchisee shall record all transactions and Gross Revenue of the Center using the Required Software and any other appropriate Computer System components designated by Essential Speech, which must contain software that allows Franchisee to record accumulated sales without turning back, resetting, or erasing such sales. Franchisee agrees that Essential Speech will, at all times and without notice to Franchisee, have the right to independently and remotely access and view Franchisee's Computer System as described in Section 4 of this Agreement and the Franchise Disclosure Document that was timely disclosed to Franchisee prior to entering into this Agreement in accordance with applicable law.

10.4 Computer System Files and Passwords

Franchisee will not install or load any computer software on the hard disks of the Computer System used in connection with the Center without Essential Speech's prior written consent. All computer and file passwords associated with the Computer System must be supplied as a list to Essential Speech by Franchisee, along with any modifications or changes to that list. The passwords to access the Computer System located at the Premises or used by the Center, as well as all computer files and records related to the Center, are the exclusive property of Essential Speech and Franchisee must provide Essential Speech with these files and information on the termination or expiration of this Agreement. Consistent with the other provisions of this Agreement, Franchisee agrees that Essential Speech may have automatic access to Franchisee's specific passwords/keys/logins through the Computer System components and related software that Essential Speech requires Franchisee to use in connection with the Center.

10.5 Current Contracts, Listings and Projects

At any time and on request of Essential Speech, Franchisee shall provide Essential Speech with a copy or summary listing, at Essential Speech's discretion, of all current contracts, listings, agreements, and projects that Franchisee is involved in or working with.

10.6 Tax Returns

On Essential Speech's request, Franchisee shall furnish the Essential Speech with a copy of each of its reports, returns of sales, use and gross receipt taxes, and complete copies of any state or federal income tax returns covering the operation of the Center, all of which Franchisee shall certify as true and correct.

10.7 Required Reports

Franchisee must provide Essential Speech with the following reports and information, all of which must be certified as true and correct by Franchisee and in the form and manner prescribed by Essential Speech: (i) a signed Gross Revenue Report as described in Section 4 of this Agreement on or before Monday of each week; (ii) on or before the twentieth of each month, an unaudited profit and loss statement for the Center for the preceding calendar month; (iii) within sixty days of each calendar quarter, an unaudited balance sheet reflecting the financial position of the Center as of the end of that calendar quarter; (iv) within sixty days of Essential Speech's request, a financial statement that details the total assets and liabilities of the Center (and, if appropriate Franchisee and personal guarantors under this Agreement); (v) within ninety days after the close of each fiscal year of Franchisee, financial statements which shall include a statement of income and retained earnings, a statement of changes in financial position, and a balance sheet of the Center, all as of the end of such fiscal year; and (vi) any other financial information or performance metrics of the Center that Essential Speech may reasonably request. If Franchisee fails to provide Essential Speech with any required report on time, Essential Speech may charge Franchisee its then-current late reporting fee (the "Late Reporting Fee") per late report.

10.8 Right to Require Audit if Franchisee Underreports

If a prior audit or inspection conducted by Essential Speech (or its designee) has revealed that Franchisee has underreporting the Gross Revenue of the Center by two percent or more for any reporting period, then Essential Speech may require Franchisee to provide, at Franchisee's expense, audited financial statements that comply with GAAP and GAAS for Franchisee's fiscal year within 120 days of Franchisee's fiscal year end.

10.9 Change to Ownership of Franchisee

In addition to the foregoing statements, Franchisee must provide Essential Speech with written reports regarding any change to: (i) the listing of all owners and other holders of any type of interest (legal or beneficial) in Franchisee or the Center; and (ii) Franchisee's partners, officers, directors, as well as any of the designated managers that manage the day-to-day operations of the Center. Franchisee will notify Essential Speech in writing within ten days after any such change, unless Essential Speech is required to first notify Essential Speech and obtain its approval prior to making any such change.

Article 11. INSURANCE AND INDEMNIFICATION

11.1 Required Insurance

Franchisee shall, at its own expense and no later than the earlier of (a) the date on which Franchisee uses any of the Marks, or (b) the date Franchisee begins building out the Premises, procure and maintain in full force and effect throughout the term of this Agreement the types of insurance enumerated in the Manual or otherwise in writing (whether the Center is open or not). This insurance shall be in such amounts Essential Speech or the lessor of the Premises designates from time to time.

Franchisee must buy insurance from carriers that are rated A-VIII or better by A.M. Best and Company, Inc. (or similar criteria as Essential Speech periodically specifies). Essential Speech reserves the right to require insurance coverage be acquired from one or more Approved Suppliers. Essential Speech may periodically

increase the amounts of coverage required under these insurance policies and/or require different or additional insurance coverage to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards, changing economic conditions, or other relevant changes in circumstances. All insurance policies Franchisee purchases must name Essential Speech and any affiliate Essential Speech designate as additional insureds, and provide for thirty days' prior written notice to Essential Speech of a policy's material modification or cancellation. The cost of Franchisee's premiums will depend on the insurance carrier's charges, terms of payment, and Franchisee's insurance and payment histories. Franchisee shall make timely delivery of certificates of all required insurance to Essential Speech, each of which shall contain a statement by the insurer that the policy will not be cancelled or materially altered without at least thirty days' prior written notice to Essential Speech. The procurement and maintenance of such insurance shall not relieve Franchisee of any liability to Essential Speech under any indemnity requirement of this Agreement.

11.2 Failure to Procure and Maintain Insurance

If Franchisee fails for any reason to procure and maintain the required insurance coverage, Essential Speech has the right and authority (without having any obligation to do so) to immediately procure such insurance coverage, in which case Franchisee must reimburse Essential Speech for the costs incurred to obtain the required insurance (including any premium amounts paid).

11.3 Indemnification

Franchisee, as a material part of the consideration to be rendered to Essential Speech, agrees to indemnify, defend, and hold Essential Speech, as well as Essential Speech's directors, officers, principals/owners, managers, shareholders, affiliates, subsidiaries, employees, servants, agents, successors, and assignees (collectively, the "Indemnitees"), harmless from and against any and all losses, damage, claims, demands, liabilities, and causes of actions of every kind or character and nature, as well as costs and expenses incident thereto (including reasonable attorneys' fees and court costs), that are brought against any of the Indemnitees (collectively, the "Claims") that arise out of or are otherwise related to Franchisee's (a) breach or attempted breach of, or misrepresentation under, this Agreement, and/or (b) ownership, construction, development, management, and/or operation of the Center in any manner. At Essential Speech's option, Essential Speech may choose to engage counsel and defend against any such Claim and may require immediate reimbursement from the Franchisee of all expenses and fees incurred in connection with such defense.

Article 12. INDEPENDENT CONTRACTOR

12.1 No Fiduciary Relationship

In all dealings with third parties, including without limitation, employees, suppliers, and customers, Franchisee shall disclose in an appropriate manner acceptable to Essential Speech that it is an independent entity licensed by Essential Speech. Nothing in this Agreement is intended by the parties hereto either to create a fiduciary relationship between them or to constitute the Franchisee an agent, legal representative, subsidiary, joint venture, partner, employee, or servant of Essential Speech for any purpose whatsoever.

12.2 Independent Contractor Relationship

It is understood and agreed that Franchisee is an independent contractor and is in no way authorized to make any contract, agreement, warranty, or representation or to create any obligation on behalf of Essential Speech. On Essential Speech's request, Franchisee must display a sign in its Center displaying the following phrase (or something similar): "This franchised Center is independently owned and operated pursuant to a license agreement." Neither this Agreement nor Essential Speech's course of conduct is intended, nor may anything in this Agreement (nor Essential Speech's course of conduct) be construed to state or imply that Essential Speech is the employer of Franchisee's employees and/or independent contractors.

Article 13. TRANSFER AND ASSIGNMENT

13.1 No Transfer by Franchisee without Essential Speech's Approval

Franchisee's rights under this Agreement are personal, and Franchisee shall not sell, transfer, assign, or encumber Franchisee's interest in this Agreement or the Center without Essential Speech's prior written consent. Any sale, transfer, assignment, or encumbrance made without Essential Speech's prior written consent shall be voidable at Essential Speech's option and shall subject this Agreement to termination as specified herein.

13.2 Death or Disability

a. In the event of Franchisee's death, disability or incapacitation (or the death, disability, or incapacitation of Franchisee's principals/owners/guarantors), Franchisee's legal representative, or Franchisee's partner's or guarantor's respective legal representative, as applicable, will have the right to continue the operation of the Center as "Franchisee" under this Agreement if: (i) within ninety days from the date of death, disability, or incapacity, (the "90 Day Period") such person has obtained Essential Speech's written approval and has executed Essential Speech's then-current franchise agreement for the unexpired term of the franchise, or has furnished a personal guaranty of any partnership, corporation, or limited liability company Franchisee's obligations to Essential Speech and Essential Speech's affiliates; and (ii) such person successfully completes Essential Speech's training program (which Essential Speech will provide at Essential Speech's then-current tuition rate). Assignment by operation of law will not be deemed in violation of this Agreement, provided such heirs or legatees accept the conditions imposed by the Franchise Agreement and are acceptable to Essential Speech.

b. Essential Speech is under no obligation to operate the Center or incur any obligation on behalf of any incapacitated franchisee, during or after the 90 Day Period. If necessary, Franchisee (or Franchisee's legal representative, as applicable) shall appoint a previously approved acting interim manager to operate the Center during the 90 Day Period. In the event of Franchisee's death, disability, absence or otherwise, Essential Speech may (but is not required to) operate the Center on Franchisee's behalf and at Franchisee's expense for such period of time (and under such terms and conditions) as Essential Speech determines, including paying out the assets and/or revenues of the Center to cover any or all past, current, and future obligations of the Center (including any amounts owed to Essential Speech or any affiliate) in such priorities as Essential Speech determines in Essential Speech's sole discretion. Essential Speech may pay itself a reasonable amount to reimburse Essential Speech's management services and other costs. Essential Speech may obtain approval of a court or arbitrator for any such arrangements, the attorney's fees and other costs incurred in connection with obtaining such approval to be charged against the assets and/or revenues of the Center. Franchisee (and/or Franchisee's estate) will indemnify Essential Speech against any costs and/or liabilities incurred by it in connection with, or related in any way to, the operation (or otherwise) of the Center.

13.3 Ownership

A transfer or assignment requiring Essential Speech's prior written consent shall be deemed to occur: (i) if Franchisee is a corporation, on any assignment, sale, pledge, or transfer of any fractional portion of Franchisee's voting stock or any increase in the number of outstanding shares of Franchisee's voting stock which results in a change of ownership, (ii) if Franchisee is a partnership, on the assignment, sale, pledge, or transfer of any fractional partnership ownership interest; or (iii) if Franchisee is a limited liability company, on the assignment, sale, pledge, or transfer of any interest in the limited liability company. Any new partner, shareholder, or member or manager having an ownership interest in the surviving entity after the proposed transfer will be required to personally guarantee Franchisee's obligations under this Agreement. A transfer pursuant to (i) and (iii) above shall not be subject to Essential Speech's right of first refusal as set forth in Section 13.4.

13.4 Right of First Refusal

If Franchisee proposes to transfer either this Agreement or all, or substantially all, of the assets used in connection with the Center or any interest in Franchisee's lease to any third party (other than to: (i) a corporation or limited liability company for the convenience of ownership; or (ii) a parent, spouse, or direct lineal descendant of Franchisee), Franchisee shall first offer to sell such interest to Essential Speech on the same terms and conditions as offered by such third party. Franchisee shall obtain from the third party and provide Essential Speech a statement in writing, signed by the third party and Franchisee, of the terms of the offer ("Letter of Intent"). If Essential Speech elects not to accept the offer within a thirty-day period, Franchisee shall have a period not to exceed sixty days to complete the transfer described in the Letter of Intent subject to the conditions for approval set forth in this Agreement. Franchisee shall effect no other sale or transfer as contemplated under the Letter of Intent without first complying with this Section. Any material change in the terms of the offer will be deemed a new proposal subject to Essential Speech's right of first refusal. So long as Franchisee has obtained Essential Speech's prior written consent, which shall not be unreasonably withheld, a transfer to an existing partner or shareholder, or a transfer as a result of the death, disability, or incapacitation of a shareholder or partner, in accordance with the provisions set forth below, is not subject to Essential Speech's first right of refusal.

13.5 Conditions for Approval

Essential Speech may condition its approval of any proposed sale or transfer of the Center or of Franchisee's interest in this Agreement or any other acts of transfer on satisfaction of the following occurrences:

- a. All of Franchisee's accrued monetary obligations to Essential Speech, Essential Speech's affiliates, and Essential Speech's designated/approved suppliers and vendors, are satisfied;
- b. Franchisee must cure all existing defaults under this Agreement, or any other agreement between Franchisee and Essential Speech, Essential Speech's affiliates, Essential Speech's designated/approved suppliers and vendors, within the period permitted for cure and have substantially complied with such agreements during their respective terms;
- c. Franchisee and Franchisee's principals (if Franchisee is a partnership, corporation or limited liability company), and the transferee (if it has had any previous relationship with Essential Speech or Essential Speech's affiliates), must execute a general release under seal, in a form satisfactory to Essential Speech, of any and all claims against Essential Speech and Essential Speech's affiliates and officers, directors, shareholders and employees, in their corporate and individual capacities;
- d. Franchisee or transferee shall provide Essential Speech a copy of the executed purchase agreement relating to the proposed transfer with all supporting documents and schedules, including transferee's assumption of and agreement to faithfully perform all of Franchisee's obligations under this Agreement;
- e. The transferee shall demonstrate to Essential Speech's satisfaction that he or she meets Essential Speech's educational, managerial, and business standards; possesses a good moral character, business reputation and credit rating; has the aptitude and ability to conduct the business to be transferred; and has adequate financial resources and capital to meet the performance obligations under this Agreement; however, transferee shall not be in the same business as Essential Speech either as licensor, franchisor, independent operator or licensee of any other business or chain which is similar in nature or in competition with Essential Speech, except that the transferee may be an existing franchisee of ours;
- f. The transferee shall execute Essential Speech's then-current franchise agreement (which may contain materially different terms than this Agreement) for the remaining balance of Franchisee's term under this Agreement, with transferee's term commencing on the date the transferee executes the then-current franchise agreement;

- g. Franchisee must pay Essential Speech a transfer fee equal to \$5,000 *plus* any costs and expenses incurred by Essential Speech in evaluating the proposed transfer, and Franchisee or transferee will demonstrate that it has paid (or is in position to pay) any third-party broker fees associated with the transaction;
- h. The transferee shall satisfactorily complete Essential Speech's Initial Training Program at the transferee's expense within the time frame Essential Speech sets forth in writing;
- i. Franchisee (and Franchisee's principals/guarantors if Franchisee is a partnership, corporation or limited liability company) must comply with the post-termination provisions of this Agreement;
- j. The transferee must demonstrate that is has obtained or maintained, within the time limits set by Essential Speech, all permits and licenses required for the continued operation of the Center;
- k. To the extent required by the terms of any leases or other agreements, the lessors or other parties must have consented to the proposed transfer;
- l. The transfer must be made in compliance with any laws that apply to the transfer, including state and federal laws governing the offer and sale of franchises;
- m. The purchase price and terms of the proposed transfer must not be so burdensome to the prospective transferee as to impair or materially threaten its future operation of the Center and performance under its franchise agreement;
- n. Franchisee must request that Essential Speech provide the prospective transferee with Essential Speech's current form of disclosure document and Essential Speech shall not be liable for any representations not included in the disclosure document; and
- o. Essential Speech shall have the right to disclose to any prospective transferee such revenue reports and other financial information concerning Franchisee and Center as Franchisee has supplied Essential Speech hereunder.
- p. Essential Speech will have the right to require the transferee to obtain the opinion of the transferee's legal counsel on transferee's eligibility to operate the Center in accordance with the terms of this Agreement.

Essential Speech will not unreasonably withhold its consent to a proposed transfer or assignment requested by Franchisee, provided the foregoing conditions are met. Essential Speech's approval of a transfer shall not operate as a release of any liability of the transferring Party nor shall such approval constitute a waiver of any claims Essential Speech may have against the transferring party.

13.6 Transfer from an Individual Franchisee to Business Entity

If Franchisee is an individual and desires to assign its rights under this Agreement to a corporation or limited liability company, and if all of the following conditions are met, Essential Speech will consent to the transfer without assessing the transfer fee or training tuition fees, and such assignment will not be subject to Essential Speech's right of first refusal: (i) the corporation or limited liability company is newly organized and its activities are confined to operating the Center; (ii) Franchisee is, and at all times remains, the owner of 100% of the outstanding shares of the corporation or a controlling interest in the limited liability company; (iii) the corporation or limited liability company agrees in writing to assume all of Franchisee's obligations hereunder; and (iv) all stockholders of the corporation, or members and managers of the limited liability company, as applicable, personally guarantee prompt payment and performance by the corporation or limited liability company of all its obligations to Essential Speech and Essential Speech's affiliates, under this Agreement and any other agreement between Franchisee and Essential Speech and/or Essential Speech's

affiliates, and execute the Personal Guaranty attached to this Agreement as Attachment B.

13.7 Essential Speech's Right to Transfer

Essential Speech has the right to sell, transfer, assign, and/or encumber all or any part of Essential Speech's assets and Essential Speech's interest in, and rights and obligations under, this Agreement in Essential Speech's sole discretion. Franchisee acknowledges that, as a participant in Essential Speech's System, Franchisee will receive proprietary and confidential information and materials, trade secrets, and the unique methods, procedures and techniques that Essential Speech has developed. As such, Franchisee agrees to the covenants in this Section to protect Essential Speech, the System, Marks, and Essential Speech's other franchisees.

Article 14. COVENANTS

14.1 During the Term of this Agreement

During the term of this Agreement, neither Franchisee, its principals, owners, guarantors, or Center Managers, nor any immediate family of Franchisee, its principals, owners, guarantors or Center Managers, may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership, or corporation:

- a. Own, maintain, engage in, be employed or serve as an officer, director, or principal of, lend money or extend credit to, lease/sublease space to, or have any interest in or involvement with (a) any autism treatment concept or other business that provides Services and/or any of the services or products that are the same or similar to any services or products that a System Center is authorized to promote and/or have performed at its Premises (each, a "Competing Business"), or (b) any business that offers or grants licenses or franchises, or establishes joint ventures, in connection with the ownership or operation of a Competing Business. For purposes of this Agreement, a Competing Business does not include: (i) any Center operated by Franchisee under a franchise agreement with Essential Speech; or (ii) any business operated by a publicly traded entity in which Franchisee owns less than two percent legal or beneficial interest;
- b. Employ or seek to employ any person who is at that time employed by Essential Speech, Essential Speech's affiliates, or any other System franchisee, or otherwise directly or indirectly induce or seek to induce such person to leave his or her employment thereat; or
- c. Divert, or attempt to divert, any prospective customer to a Competing Business in any manner.

14.2 After the Term of this Agreement

- a. For a period of two years after the expiration and nonrenewal, transfer, or termination of this Agreement, regardless of the cause, neither Franchisee, its principals, owners, and guarantors, nor any member of the immediate family of Franchisee, its principals, owners, or guarantors, may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership, or corporation, be involved with any business competing in whole or in part with Essential Speech or granting franchises or licenses for Competing Businesses. The geographic scope of this covenant shall be anywhere where Essential Speech has franchises or is actively offering or selling franchises.
- b. For a period of two years after the expiration and nonrenewal, transfer, or termination of this Agreement, regardless of the cause, neither Franchisee, its principals, owners and guarantors, nor any member of the immediate family of Franchisee, its principals, owners or guarantors, may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation:
- c. Own, maintain, engage in, be employed as an officer, director, or principal of, lend money to, extend

credit to or have any interest in or involvement with any Competing Business:

(i) at the Premises; (ii) within the Territory; or (iii) within a twenty-five (25) mile radius of the perimeter of the Territory being granted hereunder or any other designated territory licensed by Essential Speech to a franchised Center as of the date of expiration or termination of this Agreement;

d. Solicit business from customers of Franchisee's former Center or contact any of Essential Speech's suppliers or vendors for any competitive business purpose, or (ii) subject to and as permitted by applicable laws where the Center is located, solicit any of Essential Speech's other employees, or the employees of Essential Speech's affiliates or any other System franchisee to discontinue employment; or

e. Subject to and as permitted by applicable state law, solicit any of Essential Speech's other employees, or the employees of Essential Speech's affiliates or any other System franchisee to discontinue employment.

14.3 Intent of the Parties and Reasonableness

It is the parties' intent that the provisions of this Section 14 be judicially enforced to the fullest extent permissible under applicable law. Accordingly, the parties agree that any reduction in scope or modification of any part of the noncompetition provisions contained herein shall not render any other part unenforceable. In the event of the actual or threatened breach of this Section 14 by Franchisee, any of Franchisee's principals, or any member of the immediate family of Franchisee or Franchisee's principals, Essential Speech shall be entitled to an injunction restraining such person from any such actual or threatened breach. Franchisee acknowledges that the covenants contained herein are necessary to protect the goodwill of the Center, other System franchisees, and the System. Franchisee further acknowledges that covenants contained in this Section 14 are necessary to protect Essential Speech's procedures and know-how transmitted during the term of this Agreement. Franchisee agrees that in the event of the actual or threatened breach of this Section 14, Essential Speech's harm will be irreparable and that Essential Speech has no adequate remedy at law to prevent such harm. Franchisee agrees on Franchisee's own behalf and on behalf of the persons who are liable under this Section 14 that each has previously worked or been gainfully employed in other careers and that the provisions of this Section 14 in no way prevent any such person from earning a living. Franchisee further agrees that the time limitation of this Section 14 shall be tolled during any default under this Section 14.

14.4 Confidentiality and Non-Competition Agreement

Franchisee must ensure that all management personnel of the Center, as well as any of Franchisee's employees that have access to Essential Speech's Confidential Information and any officers and directors of Franchisee, execute Essential Speech's then-current form of Confidentiality and Non-Competition Agreement. Franchisee must furnish Essential Speech a copy of each executed agreement.

14.5 No Defense

Franchisee hereby agrees that the existence of any claim Franchisee may have against Essential Speech, whether or not arising from this Agreement, shall not constitute a defense to Essential Speech's enforcement of the covenants contained in this Section 14. Franchisee agrees to pay all costs and expenses (including reasonable attorneys' fees) that Essential Speech incurs in connection with the enforcement of this Section 14.

Article 15. DEFAULT AND TERMINATION

Essential Speech may terminate this Agreement as described in this Article, and Franchisee agrees that the defaults, or failure to cure such defaults within the appropriate time period prescribed below (if any), shall constitute "good cause" and "reasonable cause" for termination under any state franchise laws or regulations that might apply to the operation of the Center.

15.1 Automatic Termination

This Agreement will automatically terminate without notice or an opportunity to cure on the occurrence of any of the following:

- a. The Franchisee becomes insolvent or makes a general assignment for the benefit of creditors, unless otherwise prohibited by law;
- b. A petition in bankruptcy is filed by Franchisee or such a petition is filed against and consented to by Franchisee and not dismissed within thirty days;
- c. A bill in equity or other proceeding for the appointment of a receiver of Franchisee or other custodian in connection with the Franchisee or Center (or assets of the Center) is filed and consented to by Franchisee;
- d. A receiver or other custodian (permanent or temporary) of Franchisee's assets or property, or any part thereof, is appointed;
- e. A final judgment in excess of \$10,000 against Franchisee remains unsatisfied or of record for sixty days or longer (unless a bond is filed or other steps are taken to effectively stay enforcement of such judgment in the relevant jurisdiction), except that Essential Speech may provide Franchisee with additional time to satisfy the judgment if Franchisee demonstrates that it is using commercially reasonable efforts to resolve the issues related to the judgment;
- f. If any Service is provided or discussed with a Client by a party other than Licensed Personnel if such interaction with said Client violates any applicable law or regulation;
- g. Franchisee attempts to sell, transfer, encumber, or otherwise dispose of any interest in Franchisee, this Agreement, or the Center in violation of Section 13 hereof.

15.2 Termination On Written Notice

Essential Speech has the right to terminate this Agreement on written notice to Franchisee without providing Franchisee any opportunity to cure with respect to any of the following breaches or defaults:

- a. If Franchisee or Franchisee's owners/principals commit any fraud or misrepresentation in the establishment or operation of the Center, including without limitation, any misrepresentation or untrue statement made in Franchisee's franchise application
- b. If Franchisee and any other required attendees fail to attend and complete the Initial Training Program within the time period prescribed in this Agreement;
- c. If Franchisee receives from Essential Speech three or more notices to cure the same or similar defaults or violations set forth in Section 15.1 of this Agreement during any twelve month period, whether or not these breaches were timely cured;
- d. If Franchisee or Franchisee's owners/principals violate any of the in-term covenant not to compete or any of the other restrictive covenants set forth in Section 14 of this Agreement;
- e. If Franchisee misuses the Marks or Confidential Information in any manner, or otherwise violates any provision of this Agreement related to the use of the Marks, Confidential Information, and any other confidential materials provided by Essential Speech (including those provisions related to non-disclosure of the Manual and other confidential materials that Essential Speech loans to Franchisee);
- f. If Franchisee misuses any proprietary software that Essential Speech designates for use in connection

with the Center;

g. If Franchisee, or any of Franchisee's principals, default on any other agreement with Essential Speech or any affiliate of Essential Speech, and such default is not cured within the prescribed time period set forth in that other agreement;

h. If Franchisee defaults under the lease for the Premises and does not cure within the prescribed period of time thereunder, or if Franchisee otherwise loses its right to possess and control the Premises to operate the Center at any time during the term of this Agreement (except in cases of *force majeure* and cases where Essential Speech has previously approved Franchisee's relocation request and Franchisee timely relocates); or if Franchisee fails to open and commence operations of the Center within the time period prescribed in Section 6 of this Agreement;

i. If Franchisee fails to cure any of the following violations under this Agreement within ten days of being notified by Essential Speech: (i) failure to offer only those products and services that Essential Speech authorizes at the Center; (ii) any purchase of any non-approved item or service for use in connection with the Center; or (iii) failure to purchase any Required Item that Essential Speech designates as necessary for the establishment or operation of the Center from the appropriate suppliers that Essential Speech designates;

j. If Franchisee voluntarily or otherwise abandons the Center. For purposes of this Agreement, the term "abandon" means: (i) failure to actively operate the Center for more than two business days without Essential Speech's prior written consent; or (ii) any other conduct on the part of Franchisee or its principals that Essential Speech determines indicates a desire or intent to discontinue operating the Center in accordance with this Agreement or the Manual;

k. If Franchisee fails to provide Essential Speech with access to Franchisee's Computer System and Required Software located at the Center as required under this Agreement, and fails to remedy this default within three days of being notified by Essential Speech;

l. If Franchisee fails to pay Essential Speech, its affiliates, or any of its approved suppliers any amount that is due and owing within ten days of the date that Essential Speech (or other party owed the money) notifies Franchisee of the outstanding amount that is due and owed;

m. If Franchisee fails, for a period of fifteen days after notification of non-compliance by appropriate authority, to comply with any law or regulation applicable to the operation of the Center;

n. If Franchisee fails, for a period of ten days after notification of non-compliance, to obtain any other licenses, certificates, permits, or approvals necessary to manage the franchised Center located at the Premises;

o. If Franchisee, any person controlling, controlled by, or under common control with the Franchisee, any principal officer or employee of Franchisee, or any person owning an interest in Franchisee is convicted of a felony or any other crime or offense (even if not a crime) that is reasonably likely in the sole opinion of Essential Speech to adversely affect the System, any System unit, the Marks, or the goodwill associated therewith;

p. If Franchisee takes for Franchisee's own personal use any assets or property of the Center, including inventory, employee taxes, FICA, insurance, or benefits;

q. If there are insufficient funds in Franchisee's EFT Account to cover a check or EFT payment due to Essential Speech or its affiliates under this Agreement three or more times within any twelve-month period; or

r. If Franchisee commits repeated violations of any health, zoning, sanitation, or other regulatory law,

standard, or practice; operates the business in a manner that presents a health or safety hazard to its employees or customers; or if Franchisee loses its approval from any city, state, or other regulatory agency to operate a business that provides any of the Approved Services.

15.3 Termination on Notice and 30 Days' Cure

Except for those defaults set forth in Sections 15.1 and 15.2 of this Agreement, Essential Speech may terminate this Agreement on notice to Franchisee If Franchisee: (i) breaches or violates any other covenant, obligation, term, condition, warranty, or certification under this Agreement, including Franchisee's failure to comply with any of Essential Speech's System Standards in the operation of the Center as set forth in the Manual; and (ii) fails to cure such breach or violation within thirty days of the date Franchisee is provided with notice thereof by Essential Speech.

15.4 Step-In Rights

In addition to Essential Speech's right to terminate this Agreement, and not in lieu of such right or any other rights hereunder, if this Agreement is subject to termination due to Franchisee's failure to cure any default within the applicable time period (if any), then Essential Speech has the right, but not the obligation, to enter the Premises and exercise complete authority with respect to the operation of the Center until such time that Essential Speech determines, in its reasonable discretion, that the default(s) at issue have been cured and that Franchisee is otherwise in compliance with the terms of this Agreement. If Essential Speech exercises these "step-in rights," Franchisee must (a) pay Essential Speech a management fee amounting to eight percent of the Gross Revenue of the Center during the time period that Essential Speech's representatives are operating the Center (the "Management Fee"), and (b) reimburse Essential Speech for all reasonable costs and overhead that Essential Speech incurs in connection with its operation of the Center, including without limitation, costs of personnel supervising and staffing the Center and any travel, lodging, and meal expenses. If Essential Speech undertakes to operate the Center pursuant to this Section, Franchisee must indemnify, defend, and hold Essential Speech (and its representatives and employees) harmless from and against any Claims that may arise out of Essential Speech's operation of the Center.

Article 16. POST-TERM OBLIGATIONS

On the expiration or termination of this Agreement, Franchisee shall immediately:

16.1 Cease Ownership, Operation, and Affiliation

Cease to be a franchise owner of Center under this Agreement and cease to operate the former Center under the System. Franchisee shall not thereafter directly or indirectly represent to the public that the former Center is or was operated or in any way connected with the System or hold itself out as a present or former franchise owner of Franchise at or with respect to the Premises.

16.2 Return Manuals and Confidential Information

Return to Essential Speech the Manual and all trade secrets, Confidential Information (including all Client lists and Approved Services agreements) and other confidential materials, equipment, software, and property owned by Essential Speech and all copies thereof. Franchisee shall retain no copy or record of any of the foregoing; provided, however, that Franchisee may retain its copy of this Agreement, any correspondence between the parties, and any other document which Franchisee reasonably needs for compliance with any applicable provision of law.

16.3 Assignment of Telephone/Facsimile Numbers and Domain Names

Take such action as Essential Speech may require to transfer, disconnect, forward, or assign all telephone/facsimile numbers and domain names used in connection with the Center, as well as all white and

yellow page telephone references, advertisements, and all trade and similar name registrations and business licenses to Essential Speech or its designee and cancel any interest which Franchisee may have in the same (as Essential Speech directs in its sole discretion). Franchisee agrees to execute all documents necessary to comply with the obligations of this Section.

16.4 Cease Using Marks

Cease to use in advertising or in any manner whatsoever any methods, procedures, or techniques associated with the System in which Essential Speech has a proprietary right, title, or interest, and cease to use the Marks and any other marks and indicia of operation associated with the System; and remove all trade dress, physical characteristics, color combinations, and other indications of operation under the System from the Premises. Without limiting the generality of the foregoing, Franchisee agrees that, in the event of any termination or expiration and non-renewal of this Agreement, it will remove all signage bearing the Marks, deliver the fascia for such signs to Essential Speech on Essential Speech's request, and remove any items that are characteristic of the System trade dress from the Premises. Franchisee agrees that Essential Speech or a designated agent may enter on the Premises at any time to make such changes at Franchisee's sole risk and expense and without liability for trespass.

16.5 Compliance with Post-Term Covenants

Comply with the post-term covenants not to compete and other restrictive covenants set forth in Section 14 of this Agreement.

16.6 Payment of Amounts Due

Pay Essential Speech, as well as each of Essential Speech's affiliates and approved suppliers, any and all amounts owed under this Agreement or otherwise in connection with the former Center within ten days of the termination or expiration date.

16.7 Written Evidence of Compliance

Provide Essential Speech with written evidence that they have complied with the post-term obligations, within thirty days' notice of termination or scheduled expiration of the franchise.

16.8 Option to Purchase Operating Assets of Franchised Center

In addition to its rights under the prescribed form of collateral assignment of lease, Essential Speech shall have the option, but not the obligation, within thirty days after the date of termination, expiration, or non-renewal of this Agreement to purchase any and all of Franchisee's operating assets from the Center at a purchase price equal to net depreciated book value. If Essential Speech elects this option, Essential Speech will deliver written notice to Franchisee. Essential Speech will have the right to inspect equipment at any time during this thirty day period. If Essential Speech elects to purchase equipment as part of the asset purchase, Essential Speech will be entitled to, and Franchisee must provide, all customary warranties and representations as to the maintenance, function, and condition of the equipment and Franchisee's good title to the equipment (including, but not limited to, that Franchisee owns the equipment free and clear of any liens and encumbrances).

Article 17. TAXES AND INDEBTEDNESS

17.1 Taxes

Franchisee must promptly pay when due any and all federal, state, and local taxes, including without limitation, unemployment, workers' compensation, and sales taxes which are levied or assessed with respect to any services or products furnished, used, or licensed pursuant to this Agreement and all accounts or other

indebtedness of every kind incurred by Franchisee in the operation of the Center.

17.2 Debts and Obligations

Franchisee hereby expressly covenants and agrees to accept full and sole responsibility for any and all debts and obligations incurred in the operation of the Center.

Article 18. APPROVALS, WAIVERS, AGREEMENTS, AND AMENDMENTS

18.1 Essential Speech's Approval

Whenever this Agreement requires or Franchisee desires to obtain Essential Speech's approval, Franchisee shall make a timely written request. Unless a different period is specified in this Agreement, Essential Speech shall respond with its approval or disapproval within fifteen days of receipt of such request. If Essential Speech has not specifically approved a request within such fifteen-day period, such failure to respond shall be deemed as a disapproval of any such request.

18.2 No Waiver

No failure of Essential Speech to exercise any power reserved to it by this Agreement and no custom or practice of the parties at variance with the terms hereof shall constitute a waiver of Essential Speech's right to demand exact compliance with any of the terms herein. No waiver or approval by Essential Speech of any particular breach or default by Franchisee; no delay, forbearance, or omission by Essential Speech to act or give notice of default or to exercise any power or right arising by reason of such default hereunder; and no acceptance by Essential Speech of any payments due hereunder shall be considered a waiver or approval by Essential Speech of any preceding or subsequent breach or default by Franchisee of any term, covenant, or condition of this Agreement.

18.3 Terms of Other Franchise Agreements

No warranty or representation is made by the Essential Speech that all System franchise agreements heretofore or hereafter issued by Essential Speech do or will contain terms substantially similar to those contained in this Agreement. Further, Franchisee recognizes and agrees that Essential Speech may, in its reasonable business judgment due to local business conditions or otherwise, waive or modify comparable provisions of other franchise agreements heretofore or hereafter granted to other System franchise owners in a non-uniform manner.

18.4 Modification of System and Manuals

Except as provided in Section 22 and Essential Speech's right to unilaterally modify the System and Manual, no amendment, change, or variance from this Agreement shall be binding on either Essential Speech or Franchisee unless set forth in writing and signed by both parties.

18.5 No Disclaimers of Franchise Disclosure Document

Nothing in this Agreement or in any related agreement is intended to disclaim the representations Essential Speech made in the franchise disclosure document.

Article 19. ENFORCEMENT

19.1 No Withholding of Payments

Franchisee agrees that it may not withhold payments or amounts of any kind due to Essential Speech on the premise of alleged nonperformance by Essential Speech of any of its obligations hereunder.

19.2 Costs and Attorneys' Fees

If Franchisee is in breach or default of any monetary or non-monetary obligation under this Agreement or any related agreement between Franchisee and Essential Speech and/or Essential Speech's affiliates, and Essential Speech engages an attorney to enforce Essential Speech's rights (whether or not formal judicial proceedings are initiated), Franchisee must reimburse Essential Speech for all costs/expenses incurred in connection with enforcing its rights under this Agreement including all reasonable attorneys' fees, court costs, and litigation expenses. If Franchisee institutes any legal action to interpret or enforce the terms of this Agreement, and Franchisee's claim in such action is denied or the action is dismissed, Essential Speech is entitled to recover Essential Speech's reasonable attorneys' fees, and all other reasonable costs and expenses incurred in defending against same, and to have such an amount awarded as part of the judgment in the proceeding.

Article 20. NOTICES

Any notice required to be given hereunder shall be in writing and shall be either mailed by certified mail, return receipt requested, or delivered by a recognized courier service, receipt acknowledged. Notices must be provided to each party at the respective addresses set forth below:

If to Essential Speech:

c/o Franchise Development
4638 Riverstone BLVD
Missouri City, TX 77459

If to Franchisee:

As listed in Attachment A

Any notice complying with the provisions hereof will be deemed delivered at the earlier of: (i) three days after mailing; or (ii) the actual date of delivery or receipt (as evidenced by the courier). Each Party shall have the right to designate any other address for such notices by providing the other Party with written notice thereof at the addresses above, and in such event, all notices to be mailed after receipt of such notice shall be sent to such other address.

Article 21. GOVERNING LAW AND DISPUTE RESOLUTION

21.1 Governing Law

This Agreement is governed by the laws of the state of Texas without reference to this state's conflict of laws principles (subject to state law), except that any franchise-specific or franchise-applicable laws of Texas, including those related to pre-sale disclosure and the franchise relationship generally, will not apply to this Agreement or franchise awarded hereunder unless the awarding of said franchise specifically falls within the scope of such Texas laws, regulations, or statutes without reference to and independent of any reference to this choice of law provision.

21.2 Internal Dispute Resolution

Franchisee must first bring any claim or dispute between Franchisee and Essential Speech to Essential Speech's management, after providing notice as set forth in this Agreement and make every effort to resolve the dispute internally. Franchisee must exhaust this internal dispute resolution procedure before Franchisee may bring Franchisee's dispute before a third party. This agreement to first attempt resolution of disputes internally shall survive termination or expiration of this Agreement.

21.3 Mediation

At Essential Speech's option, all claims or disputes between Franchisee and Essential Speech (or its affiliates) arising out of, or in any way relating to, this Agreement or any other agreement by and between Franchisee and Essential Speech (or its affiliates), or any of the parties' respective rights and obligations arising from such agreement, which are not first resolved through the internal dispute resolution procedure set forth in Section 21.2 above, will be submitted first to mediation to take place at Essential Speech's then-current headquarters under the auspices of the American Arbitration Association ("AAA"), in accordance with AAA's Commercial Mediation Rules then in effect. Before commencing any legal action against Essential Speech or its affiliates with respect to any such claim or dispute, Franchisee must submit a notice to Essential Speech, which specifies, in detail, the precise nature and grounds of such claim or dispute. Essential Speech will have a period of thirty days following receipt of such notice within which to notify Franchisee as to whether Essential Speech or its affiliates elects to exercise its option to submit such claim or dispute to mediation. Franchisee may not commence any action against Essential Speech or its affiliates with respect to any such claim or dispute in any court unless Essential Speech fails to exercise its option to submit such claim or dispute to mediation, or such mediation proceedings have been terminated either: (i) as the result of a written declaration of the mediator(s) that further mediation efforts are not worthwhile; or (ii) as a result of a written declaration by Essential Speech. Essential Speech's rights to mediation, as set forth herein, may be specifically enforced by Essential Speech. Each party will bear its own cost of mediation and Essential Speech and Franchisee will share mediator fees equally. This agreement to mediate will survive any termination or expiration of this Agreement. The parties will not be required to first attempt to mediate a controversy, dispute, or claim through mediation as set forth in this Section 21.3 if such controversy, dispute, or claim concerns an allegation that a party has violated (or threatens to violate, or poses an imminent risk of violating): (i) any federally protected intellectual property rights in the Marks, the System, or in any Confidential Information or other confidential information; (ii) any of the restrictive covenants contained in this Agreement; and (iii) any of Franchisee's payment obligations under this Agreement.

21.4 Injunctive Relief

Franchisee agrees that irreparable harm could be caused to Essential Speech by Franchisee's violation of certain provisions of this Agreement and, as such, in addition to any other relief available at law or equity, Essential Speech shall be entitled to obtain in any court of competent jurisdiction, without bond, restraining orders or temporary or permanent injunctions in order to enforce, among other items, the provisions of this Agreement relating to: (i) Franchisee's use of the Marks and Confidential Information (including any proprietary software used in connection with the Center); (ii) the in-term covenant not to compete, as well as any other violations of the restrictive covenants set forth in this Agreement; (iii) Franchisee's obligations on termination or expiration of this Agreement; (iv) disputes and controversies based on or arising under the Lanham Act, or otherwise involving the Marks, as now or hereafter amended; (v) disputes and controversies involving enforcement of Essential Speech's rights with respect to confidentiality under this Agreement; and (vi) to prohibit any act or omission by Franchisee or its employees that constitutes a violation of applicable law, threatens Essential Speech's franchise system or threatens other franchisees of Essential Speech. Franchisee's only remedy if such an injunction is entered will be the dissolution of the injunction, if appropriate, and Franchisee waives all damage claims if the injunction is wrongfully issued.

21.5 Venue

The Parties agree that any actions arising out of or related to this Agreement must be initiated and litigated exclusively in the state court of general jurisdiction or, if appropriate, federal court that is closest to, or encompasses, Essential Speech's then-current headquarters. Franchisee acknowledges that this Agreement has been entered into in the State of Texas, and that Franchisee is to receive valuable and continuing services emanating from Essential Speech's headquarters on an ongoing basis, including but not limited to training, assistance, support, and the development of the System. In recognition of such services and their origin, Franchisee hereby irrevocably consents to the personal jurisdiction of the state and federal courts of Texas as set forth in this Section.

21.6 Third Party Beneficiaries

Essential Speech's officers, directors, shareholders, agents and/or employees are express third party beneficiaries of the provisions of this Agreement, including the dispute resolution provisions set forth in this Section 21, each having authority to specifically enforce the right to mediate/arbitrate claims asserted against such person(s) by Franchisee.

21.7 Notice Requirement

As a condition precedent to commencing an action for damages or for violation or breach of this Agreement, Franchisee must notify Essential Speech within thirty days after the occurrence of the violation or breach, and failure to timely give such notice shall preclude any claim for damages.

21.8 No Withholding of Payments

Franchisee shall not withhold all or any part of any payment to Essential Speech or any of its affiliates on the grounds of Essential Speech's alleged nonperformance or as an offset against any amount Essential Speech or any of Essential Speech's affiliates allegedly may owe Franchisee under this Agreement or any related agreements.

21.9 Limitation of Actions

Franchisee further agrees that no cause of action arising out of or under this Agreement may be maintained by Franchisee against Essential Speech unless brought before the expiration of one year after the act, transaction, or occurrence on which such action is based or the expiration of one year after the Franchisee becomes aware of facts or circumstances reasonably indicating that Franchisee may have a claim against Essential Speech hereunder, whichever occurs sooner, and that any action not brought within this period shall be barred as a claim, counterclaim, defense, or set-off. Franchisee hereby waives the right to obtain any remedy based on alleged fraud, misrepresentation, or deceit by Essential Speech, including, without limitation, rescission of this Agreement, in any mediation, judicial, or other adjudicatory proceeding arising hereunder, except on a ground expressly provided in this Agreement, or pursuant to any right expressly granted by any applicable statute expressly regulating the sale of franchises, or any regulation or rules promulgated thereunder.

21.10 Waiver of Punitive Damages

Franchisee hereby waives to the fullest extent permitted by law, any right to or claim for any punitive, exemplary, incidental, indirect, special, or consequential damages (including, without limitation, lost profits) against Essential Speech arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agrees that in the event of a dispute, Franchisee's recovery is limited to actual damages. If any other term of this Agreement is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions shall continue in full force and effect, including, without limitation, Franchisee's waiver of any right to claim certain damages. Nothing in this Section or any other provision of this Agreement shall be construed to prevent Essential Speech from claiming and obtaining expectation or consequential damages, including lost future royalties for the balance of the term of this Agreement if it is terminated due to Franchisee's default, which the parties agree and acknowledge Essential Speech may claim under this Agreement.

21.11 Waiver of Jury Trial

THE PARTIES HEREBY AGREE TO WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR EQUITY, REGARDLESS OF WHICH PARTY BRINGS SUIT. THIS WAIVER SHALL APPLY TO ANY MATTER WHATSOEVER BETWEEN THE PARTIES

HERETO WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THIS AGREEMENT, THE PERFORMANCE OF EITHER PARTY, OR FRANCHISEE'S PURCHASE FROM FRANCHISOR OF THE FRANCHISE OR ANY GOODS OR SERVICES.

21.12 Waiver Of Class Actions Or Other Collective Actions

THE PARTIES AGREE THAT ALL PROCEEDINGS ARISING OUT OF OR RELATED TO THIS AGREEMENT, OR THE SALE OF THE FRANCHISED BUSINESS, WILL BE CONDUCTED ON AN INDIVIDUAL, NOT A CLASS-WIDE BASIS, AND THAT ANY PROCEEDING BETWEEN FRANCHISEE, FRANCHISEE'S GUARANTORS AND FRANCHISOR OR ITS AFFILIATES, OFFICERS, OR EMPLOYEES MAY NOT BE CONSOLIDATED WITH ANY OTHER PROCEEDING BETWEEN FRANCHISOR AND ANY OTHER THIRD PARTY.

Article 22. SEVERABILITY AND CONSTRUCTION

22.1 Severability

Should any provision of this Agreement for any reason be held invalid, illegal, or unenforceable by a court of competent jurisdiction, such provision shall be deemed restricted in application to the extent required to render it valid, and the remainder of this Agreement shall in no way be affected and shall remain valid and enforceable for all purposes, both Parties hereto declaring that they would have executed this Agreement without inclusion of such provision. If such total or partial invalidity or unenforceability of any provision of this Agreement exists only with respect to the laws of a particular jurisdiction, this paragraph shall operate on such provision only to the extent that the laws of such jurisdiction are applicable to such provision. Each Party agrees to execute and deliver to the other any further documents which may be reasonably required to make fully the provisions hereof. Franchisee understands and acknowledges that Essential Speech shall have the right in its sole discretion on a temporary or permanent basis, to reduce the scope of any covenant or provision of this Agreement binding on Franchisee without Franchisee's consent, effective immediately on receipt by Franchisee of written notice thereof, and Franchisee agrees that it will comply forthwith with any covenant as so modified, which shall be fully enforceable.

22.2 Counterparts

This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original, but such counterparts together shall constitute the same instrument.

22.3 Headings

The table of contents, headings, and captions contained herein are for the purposes of convenience and reference only and are not to be construed as a part of this Agreement. All terms and words used herein shall be construed to include the number and gender as the context of this Agreement may require. The Parties agree that each Section of this Agreement shall be construed independently of any other Section or provision of this Agreement.

22.4 Guarantee

Franchisee hereby agrees, on behalf of itself and each of its owners and owners' spouses (each, an "Owner"), that each Owner will execute the form of Personal Guarantee attached to this Agreement as Attachment B at the same time Franchisee enters into this Agreement, to the extent Franchisee is any kind of corporation, limited liability company or other entity that Essential Speech approves to serve as the "Franchisee" hereunder.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Parties hereto have duly executed this Agreement under seal as of the Effective Date.

FRANCHISOR:

SPEECH AND ABA THERAPY FRANCHISING, LLC

By:

Name:

Title:

Date:

FRANCHISEE:

[FRANCHISEE ENTITY]

By:

Name:

Title:

Date:

ATTACHMENT A

FRANCHISEE SPECIFIC TERMS

Effective Date:

Franchisee's Name(s):

Ownership of Franchise:

If the franchisee is a business entity (as defined in the Agreement), the following persons constitute all of the owners of a legal and/or beneficial interest in the franchisee:

<u>Name</u>	<u>Percentage Ownership</u>
	%
	%
	%

Principal Executive:

Franchise Fee:

Franchisee's Address, Phone, and Email:

Protected Territory:

[Attach map or list of distinguishing territory features such as list of zip codes]

Franchisee's Initials:

SCHEDULE 1 TO ATTACHMENT A

LOCATION ACCEPTANCE LETTER

(to be completed after site selection and acceptance)

Date:

1. **Preservation of Agreement.** Except as specifically set forth in this letter, the Franchise Agreement shall remain in full force and effect in accordance with its terms and conditions. This letter is attached to and upon execution becomes an integral part of the Franchise Agreement.

2. **Authorized Location.** The Authorized Location shall be the following:

3. **Protected Territory.** Pursuant to the Franchise Agreement, Franchisee's Protected Territory will be defined as follows (if identified on a map, please attach map and reference attachment below):

FRANCHISOR:

SPEECH AND ABA THERAPY FRANCHISING, LLC

By:

Name:

Title:

ATTACHMENT B

PERSONAL GUARANTEE OF OWNER/SHAREHOLDER

This Personal Guarantee and Assumption of Obligations (this “Guarantee”) is given this _____, by _____.

In consideration of, and as an inducement to, the execution of that certain Franchise Agreement of even date herewith (“Franchise Agreement”) by Speech and ABA Therapy Franchising, LLC (“Franchisor”), a Texas limited liability company, and _____, a

_____ (“Franchisee”), the undersigned hereby personally and unconditionally, jointly and severally: guaranties to Franchisor and its successors and assigns, for the Term of the Franchise Agreement and, including any renewal thereof, as provided in the Franchise Agreement, that Franchisee shall punctually pay and perform each and every undertaking, agreement and covenant stated in the Agreement and any documents, agreements, and instruments signed with or in connection with the Franchise Agreement (collectively, the “Franchise Documents”); and (2) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Franchise Documents applicable to the owners of Franchisee.

The undersigned waives:

- acceptance and notice of acceptance by Franchisor of the foregoing undertakings;
- notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed;
- protest and notice of default to any party with respect to the indebtedness of non-performance of any obligations hereby guaranteed;
- any right the undersigned may have to require that an action be brought against Franchisee or any other person as a condition of liability; and
- any and all other notices and legal or equitable defenses to which the undersigned may be entitled.

The undersigned consents and agrees that:

- the undersigned’s direct and immediate liability under this Guarantee shall be joint and several with all signatories to this and similar guaranties of Franchisee’s obligations;
- the undersigned shall render any payment or performance required under the Franchise Agreement upon demand if Franchisee fails or refuses punctually to do so;
- this Guarantee shall apply to any claims Franchisor may have due to return of any payments or property Franchisor may have received from Franchisee as a preference, fraudulent transfer or conveyance or the like in any legal proceeding;
- such liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Franchisee or any other person; and
- such liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor may from time to time grant to Franchisee or any other person, including without limitation, the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which in any way modify or amend this Guarantee, which shall be continuing

and irrevocable during and after the terms of the Franchise Documents, as the same may be amended or renewed, until Franchisee's duties and obligations to Franchisor are fully discharged and satisfied.

All capitalized terms when used shall have the meanings ascribed to them in the Franchise Agreement.

This Guarantee shall be governed, construed, and interpreted in accordance with the substantive laws of the state where Franchisor has its principal place of business at the time a dispute arises, without giving effect to its conflicts of law principles.

IN WITNESS WHEREOF, each of the undersigned has affixed his signature as dated below.

GUARANTOR(S):

By:

Name:

Date:

ATTACHMENT C

ELECTRONIC FUNDS TRANSFER AUTHORIZATION FORM

Bank Name:

ABA Number:

Account Number:

Account Name:

Effective as of the date of the signature below, _____ (the “Franchisee”) hereby authorizes Speech and ABA Therapy Franchising, LLC (the “Franchisor”) or its designee to withdraw funds from the above-referenced bank account, electronically or otherwise, to cover the following payments that are due and owing Franchisor or its affiliates under the franchise agreement dated _____ (the “Franchise Agreement”) for the business operating at: _____ (the “Franchised Business”):

(i) all Royalty Fees; (ii) Fund Contributions; (iii) any amounts due and owing the Franchisor or its affiliates in connection with marketing materials or other supplies or inventory that is provided by Franchisor or its affiliates; and (iv) all other fees and amounts due and owing to Franchisor or its affiliates under the Franchise Agreement. Franchisee acknowledges each of the fees described above may be collected by the Franchisor (or its designee) as set forth in the Franchise Agreement.

The parties further agree that all capitalized terms not specifically defined herein will be afforded the definition they are given in the Franchise Agreement.

Such withdrawals shall occur on a weekly basis, or on such other schedule as Franchisor shall specify in writing. This authorization shall remain in full force and effect until terminated in writing by Franchisor. Franchisee shall provide Franchisor, in conjunction with this authorization, a voided check from the above-referenced account.

AGREED:

FRANCHISEE:

By:
Name:
Title:
Date:

FRANCHISOR ACKNOWLEDGES:

By:
Name:
Date:

ATTACHMENT D

FRANCHISEE QUESTIONNAIRE/COMPLIANCE CERTIFICATION

DO NOT SIGN THIS STATEMENT IF YOU ARE A RESIDENT OF, OR INTEND TO OPERATE THE FRANCHISED BUSINESS IN, ANY OF THE FOLLOWING STATES: CA, HI, IL, IN, MD, MI, MN, NY, ND, RI, SD, VA, WA, WI (EACH A REGULATED STATE).

FOR PROSPECTIVE FRANCHISEES THAT RESIDE IN OR ARE SEEKING TO OPERATE THE FRANCHISED BUSINESS IN ANY REGULATED STATE, SUCH PROSPECTIVE FRANCHISEE IS NOT REQUIRED TO COMPLETE THIS QUESTIONNAIRE OR TO RESPOND TO ANY OF THE QUESTIONS CONTAINED IN THIS QUESTIONNAIRE.

As you know, Speech and ABA Therapy Franchising, LLC (“we”, “us”), and you are preparing to enter into a franchise agreement for the right to operate an Essential Speech & ABA Therapy franchise (a “**Business**”). The purpose of this Questionnaire is to: (i) determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate, or misleading; (ii) be certain that you have been properly represented in this transaction; and (iii) be certain that you understand the limitations on claims you may make by reason of the purchase and operation of your franchise. **You cannot sign or date this Questionnaire the same day as the Receipt for the Franchise Disclosure Document, but you must sign and date it the same day you sign the Franchise Agreement and pay us the appropriate Franchisee Fee.** Please review each of the following questions carefully and provide honest responses to each question. If you answer “No” to any of the questions below, please explain your answer on the back of this sheet.

1. Have you received and personally reviewed the Franchise Agreement, as well as each exhibit or schedule attached to these agreements that you intend to enter into with us?

Yes _____ No _____

2. Have you received and personally reviewed the Franchise Disclosure Document we provided?

Yes _____ No _____

3. Did you sign a receipt for the Disclosure Document indicating the date you received it?

Yes _____ No _____

4. Do you understand all the information contained in the Disclosure Document and the Franchise Agreement you intend to enter into with us?

Yes _____ No _____

5. Have you reviewed the Disclosure Document and Franchise Agreement with a lawyer, accountant or other professional advisor and discussed the benefits and risks of operating the Business(es) with these professional advisor(s)?

Yes _____ No _____

6. Do you understand the success or failure of your Business(es) will depend in large part upon your skills, abilities, and efforts and those of the persons you employ, as well as many factors beyond your control such as demographics of your Territory, competition, interest rates, the economy, inflation, labor and supply costs, lease terms, and the marketplace?

Yes _____ No _____

7. Do you understand we have only granted you certain, limited territorial rights under the Franchise Agreement, and that we have reserved certain rights under the Franchise Agreement?

Yes _____ No _____

8. Do you understand we and our affiliates retain the exclusive unrestricted right to engage, directly or through others, in the providing of services under the System mark or any other mark at any location outside your Territory under the Franchise Agreement, without regard to the proximity of these activities to the premises of your Business(es)?

Yes _____ No _____

9. Do you understand all disputes or claims you may have arising out of or relating to the Franchise Agreement must be mediated and/or arbitrated, at our option, at our then current headquarters?

Yes _____ No _____

10. Do you understand the Franchise Agreement provides that you can only collect compensatory damages on any claim under or relating to the Franchise Agreement and are not entitled to any punitive, consequential, or other special damages?

Yes _____ No _____

11. Do you understand the sole entity or person against whom you may bring a claim under the Franchise Agreement is us?

Yes _____ No _____

12. Do you understand that the Franchisee (or one of its principals if Franchisee is an organization), as well as any Principal Executive(s) (as defined in the Franchise Agreement), must successfully complete the appropriate initial training program(s) before we will allow the Business to open or consent to a transfer of that Business?

Yes _____ No _____

13. Do you understand that we require you to successfully complete certain initial training program(s) and if you do not successfully complete the applicable training program(s) to our satisfaction, we may terminate your Franchise Agreement?

Yes _____ No _____

14. Do you understand that we do not have to sell you a franchise or additional franchises or consent to your purchase of existing franchises (other than those that you timely fulfill your development obligations and have contracted to open under the Development Agreement, provided you have not materially breached that agreement and failed to timely cure that breach)?

Yes _____ No _____

15. Do you understand that we will send written notices, as required by your Franchise Agreement, to either your Business or home address until you designate a different address by sending written notice to us?

Yes _____ No _____

16. Do you understand that we will not approve your purchase of a franchise, or we may immediately terminate your Franchise Agreement, if we are prohibited from doing business with you under any anti-terrorism law enacted by the United States Government?

Yes _____ No _____

17. Is it true that no broker, employee, or other person speaking on our behalf made any statement or promise regarding the costs involved in operating a Business that is not contained in the Disclosure Document or that is contrary to, or different from, the information contained in the Disclosure Document?

Yes _____ No _____

18. Is it true that no broker, employee, or other person speaking on our behalf made any statement or promise regarding the actual, average, or projected profits or earnings, the likelihood of success, the amount of money you may earn, or the total amount of revenue a Business will generate, that is not contained in the Disclosure Document or that is contrary to, or different from, the information contained in the Disclosure Document?

Yes _____ No _____

19. Is it true that no broker, employee, or other person speaking on our behalf made any statement or promise or agreement, other than those matters addressed in your Franchise Agreement and/or Development Agreement concerning advertising, marketing, media support, marketing penetration, training, support service or assistance that is contrary to, or different from, the information contained in the Disclosure Document?

Yes _____ No _____

20. Is it true that no broker, employee, or other person providing services to you on our behalf has solicited or accepted any loan, gratuity, bribe, gift or any other payment in money, property, or services from you in connection with a Business purchase with exception of those payments or loans provided in the Disclosure Document?

Yes _____ No _____

NOTE FOR RESIDENTS OF THE STATE OF MARYLAND AND FRANCHISEES WITH FRANCHISED BUSINESSES TO BE LOCATED IN MARYLAND: All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to, nor shall they act as, a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

SIGNATURES ON FOLLOWING PAGE

YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS QUESTIONNAIRE, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS.

FRANCHISEE(S):

By:

Name:

Date:

EXHIBIT F

AREA DEVELOPMENT AGREEMENT
WITH ATTACHMENTS



DEVELOPMENT AGREEMENT

Between

Speech and ABA Therapy Franchising, LLC

And

Developer

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DEVELOPMENT AGREEMENT

THIS DEVELOPMENT AGREEMENT (“Agreement”) is made effective as of the Effective Date set forth on Attachment A to this Agreement, between Speech and ABA Therapy Franchising, LLC, a Texas limited liability company (the “Franchisor”) and the Franchisee identified on Attachment A (“Developer”), who, on the basis of the following understandings and agreements, agree as follows:

Article 1. PURPOSE

Franchisor has developed methods for establishing and operating centers for providing specialized treatment services to children diagnosed with autism spectrum disorders (“Franchised Business(es)” or “Business(es)”) which use certain trademarks and other indicia of origin owned or licensed by Franchisor for use by franchisees (“Marks”) and Franchisor’s proprietary methods of doing business (“Licensed Methods”). Terms not otherwise defined in this Agreement shall have the meanings given in the Franchise Agreement.

Developer would like to use Franchisor’s Marks and Licensed Methods in connection with the development of a specific number of Franchised Businesses in the geographic area described on Attachment A. Franchisor desires to grant Developer the right to establish and operate Franchised Businesses under the terms and conditions which are contained in this Agreement.

Article 2. GRANT OF DEVELOPMENT RIGHTS

2.1 Development Area

Franchisor grants to Developer the right to develop and establish Franchised Businesses using Franchisor’s Marks and Licensed Methods in the geographic area described in Attachment A hereto (the “Development Area”). Except as provided in Sections 2.2 and 3.1 below and provided that Developer is not in default under this Agreement or any Franchise Agreement to which Franchisor is a party, Franchisor shall not establish, nor shall it license any other party to establish, Franchised Businesses using the Marks and Licensed Methods anywhere within the Development Area for so long as this Agreement is in effect.

2.2 Franchisor’s Reservation of Rights

Developer acknowledges that the rights granted in this Agreement are non-exclusive and that Franchisor, for itself and its affiliates, successors, and assigns, reserves the rights to (i) use and license the use of different proprietary marks or methods in connection with the sale of products or services similar to those which Developer will sell in its Franchised Businesses, whether in alternative channels of distribution or in connection with the operation of businesses which are similar to, or different from Franchised Business, at any location, including within the Development Area, on any terms and conditions as Franchisor deems advisable; (ii) use the Marks to identify any type of services, products, promotional and marketing efforts or related items and to identify services and products distributed or otherwise made available at any location, including within the Development Area, through alternative channels of distribution (other than Franchised Businesses), including but not limited to, at temporary events and venues, wholesale distribution, Internet marketing or distribution, by mail order, catalog sales, social media marketing, telemarketing, other direct marketing or retail store product displays; and (iii) use and license others to use the Marks and Licensed Methods outside of the Development Area.

2.3 Franchise Agreement: First Business Developed

The parties acknowledge that the Franchise Agreement governing the operation of Developer’s first Franchised Business to be opened hereunder is being executed concurrently with this Agreement. Developer agrees to comply with the terms and conditions of the Franchise Agreement as a part of its obligations hereunder and acknowledges that failure to execute and comply with such Franchise Agreement is a breach of this Agreement.

2.4 Subsequent Franchise Agreements

The parties agree that a separate Franchise Agreement in Franchisor's then-current form shall be executed by the parties to this Agreement for each Franchised Business developed under this Agreement. The Franchise Agreement for the second and subsequent Franchised Businesses will be executed within ten days after Franchisor's approval of a location for each such Franchised Business. Developer's failure to execute any additional Franchise Agreements or its default of any term of such Franchise Agreements may, at the option of Franchisor, be deemed a default under this Agreement and shall entitle Franchisor to terminate this Agreement as further provided in Article 4 below. Each Franchise Agreement to be executed by Developer for each Franchised Business to be developed hereunder shall be in a form substantially similar to the Franchise Agreement being executed herewith, although Franchisor reserves the right to change provisions of the Franchise Agreement to conform with the then current Franchise Agreement being offered to new franchisees of Franchisor. Notwithstanding the foregoing, Franchisor agrees that it will not increase the Royalty Fee to a rate that is greater than the rate charged to Developer in the Franchise Agreement being executed herewith. Developer acknowledges that Franchisor has the right, however, to charge then-current published rates for advertising contributions and optional products and services offered to Developer in accordance with Franchisor's then current franchise disclosure document.

Article 3. TERM AND OWNERSHIP OF BUSINESS

3.1 Term

The term of this Agreement shall commence as of the Effective Date set forth on Attachment A and shall end on the earlier of the last Development Deadline set forth on Attachment A or the date on which the last Franchised Business authorized under this Agreement opens for business. After expiration of the term, or earlier termination of this Agreement as provided below, Franchisor shall have the right to establish, or license any other party to establish Franchised Businesses anywhere within the Development Area; provided, however, that Developer's Protected Territory as defined in the Franchise Agreement(s) executed hereunder, will remain in effect subject to the terms of the Franchise Agreement(s).

3.2 Ownership of Business

Developer shall at all times during the term of this Agreement own and control the Franchised Businesses authorized hereunder. On request of Franchisor, Developer shall promptly provide satisfactory proof of such ownership and control to Franchisor. Developer represents and warrants that the list of partners, members, shareholders, and owners of equity interests in Developer set forth on Attachment A, incorporated herein by this reference, is complete, true, and not misleading. Developer shall promptly provide Franchisor with a written notification if the information contained in Attachment A changes at any time during the term of this Agreement and shall comply with the applicable transfer provisions contained in Article 8 herein and in the Franchise Agreement. If Developer is an entity, all of the owners of Developer shall sign the Personal Guarantee of Owner attached hereto as Attachment B.

Article 4. INITIAL FRANCHISE AND DEVELOPMENT FEES

4.1 Fees

Concurrently with the execution of this Agreement, Franchisor acknowledges that in consideration of the development rights granted herein, Developer has paid the fee set forth on Attachment A (the "Development Fee"). Developer agrees that Franchisor has fully earned the Development Fee upon receipt and acknowledges that the Development Fee represents payment for the grant of the development rights, administrative and other expenses, and for development opportunities lost or deferred as a result of the Development Area granted to Developer under this Agreement. All fees hereunder are nonrefundable once paid to Franchisor and under no circumstances will Developer be entitled to a refund, return, or rebate of any portion of initial franchise fees or Development Fees paid hereunder.

The Illinois Attorney General's Office, the Virginia State Corporation Commission's Division of Securities and Retail Franchising, and the Maryland Securities Commissioner requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.

Article 5. DEVELOPMENT OBLIGATIONS

5.1 Development Schedule

Acknowledging that time is of the essence, Developer agrees to exercise its development rights according to the development schedule set forth on Attachment A (the "Development Schedule") and as otherwise set forth herein. Developer must construct, open, and maintain in continuous operation a minimum number of Franchised Businesses in the Development Area within the time periods mandated by the Development Schedule. Developer's failure to adhere to the Development Schedule (including any extensions approved by Franchisor in writing) will constitute a material breach of this Agreement.

5.2 Effect of Failure

Strict compliance with the Development Schedule is of the essence. If Developer fails to construct and open any Franchised Business or maintain the cumulative number of Franchised Businesses open and operating in accordance with the Development Schedule, then Developer will be in default. Any such default constitutes a material breach of this Agreement and Franchisor may, in Franchisor's sole discretion, elect to:

- (a) terminate this Agreement;
- (b) operate or grant franchises to others to operate Franchised Business within the Development Area;
- (c) grant Developer, upon Developer's reasonable request, up to two extensions of the Development Schedule, each for a period of six months. If Franchisor agrees to provide any extensions, the first extension will be provided at no charge and the second extension, if also provided, will be subject to Developer's payment of a non-refundable \$5,000 extension fee; or the reduction of the Development Area and the Development Schedule to a size and magnitude that Franchisor estimates Developer is capable of operating otherwise in accordance with this Agreement. Any extensions of the time periods to open the Franchised Businesses are subject to Franchisor's extension policy, which may change from time to time and may require Developer to pay additional fees to Franchisor.

5.3 Site Selection

Developer shall not, without the prior written approval of Franchisor, enter into any contract for the purchase or lease of any premises for use as a Franchised Business. Developer acknowledges that Franchisor has no obligation to select or acquire a location on behalf of Developer. Assistance by Franchisor will consist of the provision of criteria for a satisfactory location and any other assistance set forth in the Franchise Agreement.

Article 6. TRAINING

6.1 Training Program

Developer acknowledges that Franchisor shall have the right, in Franchisor's sole discretion, to waive the initial training program, which is the same as or similar to the training provided under the Franchise Agreement executed concurrently herewith, for the second and each subsequent Franchised Business developed under the terms of this Agreement. Developer may also request additional assistance from Speech and ABA Therapy Franchising, LLC

Franchisor in connection with site selection, site feasibility studies, lease negotiations, and other issues related to development of Franchised Businesses in its Development Area. If Franchisor agrees to provide such assistance, in Franchisor's sole discretion, Franchisor reserves the right to charge Developer for all travel, lodging, living expenses, telephone charges, and other identifiable expenses incurred in connection with such assistance, plus a fee based on time spent by any of Franchisor's employees in connection with such assistance, which fee will be charged in accordance with the then current daily or hourly rates being charged by Franchisor for assistance.

Article 7. MARKS

7.1 Marks

Notwithstanding any provision to the contrary under this Agreement, this Agreement does not grant Developer any right to use the Marks. The right to use the Marks may only be granted by the terms of a Franchise Agreement. Developer acknowledges and agrees that, until a Franchise Agreement has been entered into for a specific Franchised Business, Developer will not have, nor be entitled to receive, any of the rights, powers, or privileges granted by the Franchise Agreement, including, without limitation, the right to use the Marks. Developer may not use any Mark as part of any corporate or trade name or as Developer's primary business name or with any prefix, suffix, or other modifying words, terms, designs, or symbols, or in any modified forms. Developer may not use any Mark in connection with any business or activity other than the business conducted by Developer pursuant to the Franchise Agreements nor in any other manner not explicitly authorized in writing by Franchisor.

Article 8. TRANSFER

8.1 Transfer by Developer

The rights and duties created by this Agreement are personal to Developer and, except as stated below, Franchisor shall not allow or permit any transfer, assignment, or conveyance of this Agreement or any interest hereunder. As used in this Agreement, the term "transfer" shall mean and include the voluntary, involuntary, direct or indirect assignment, sale, gift, merger, consolidation, exchange or other disposition by Developer (or any of its owners) of any interest in: (1) this Agreement; (2) the ownership of Developer, if Developer is an entity or consists of more than one individual; or (3) a Franchised Business or any assets of a Franchised Business developed pursuant to this Agreement. A "transfer" shall also include all transfers resulting from a divorce, insolvency, corporate or partnership dissolution proceeding, consolidation, exchange, public or private offering of stock or other ownership interests in an entity, merger, or otherwise by operation of law or, in the event of the death of Developer, or an owner of Developer by will, declaration of or transfer in trust or under the laws of intestate succession.

8.2 Pre-Conditions to Developer's Transfer

Developer shall not engage in a transfer, as described above, unless Developer obtains Franchisor's written consent and complies with the following requirements:

- A. payment of all amounts due and owing pursuant to this Agreement and any Franchise Agreement to Franchisor, its affiliates, and payment of all amounts due and owing to third parties holding a security interest in any asset of the Business;
- B. agreement by the proposed transferee to satisfactorily complete the initial training program described in the Franchise Agreement;

- C. at Franchisor's option, the transferee has agreed to be bound by all the terms and conditions of this Agreement or enters into Franchisor's then-current form of development agreement and related documents being offered to new developers (for a term ending on the expiration date of this Agreement and requiring no Development Fee), any and all of the provisions of which may differ materially from any and all of those contained in this Agreement;
- D. provision by Developer of written notice to Franchisor at least ninety days prior to the proposed effective date of the transfer, such notice to contain information reasonably detailed to enable Franchisor to evaluate the terms and conditions of the proposed transfer. If Developer is an entity and one or more owners of Developer entity wish to transfer, sell, assign, or otherwise dispose of his or her interest in Developer entity or if Developer entity wishes to make a public or private offer of its stock or other ownership interests, Developer must submit to Franchisor at least ninety days in advance of the proposed effective date, and obtain Franchisor's prior written approval, of the documents effectuating the transfer, sale, assignment, offering or disposition;
- E. the proposed transferee shall have provided information to Franchisor sufficient for Franchisor to assess the proposed transferee's business experience, aptitude and financial qualification, and Franchisor shall have ascertained that the proposed transferee meets such qualifications;
- F. execution by Developer of a general release, in a form satisfactory to Franchisor, of any and all claims against Franchisor, its affiliates, and their respective officers, directors, employees and agents;
- G. payment by Developer or the proposed transferee of a transfer fee equal to \$5,000 plus all brokerage commissions, finder fees, and similar fees incurred by Franchisor in connection with the transfer, plus \$5,000 for every undeveloped Franchised Business for which no Franchise Agreement has been executed; and
- H. Developer (and Developer's transferring owners) and its (and Developer's transferring owners') immediate family members have signed and delivered to Franchisor a non-competition covenant in favor of Franchisor and the transferee agreeing to be bound, as of the effective date of the transfer, by the post-termination covenant not to compete and other post-termination restrictions set forth in this Agreement.

Developer agrees that it will not be unreasonable for Franchisor to refuse to consent to an assignment or transfer on the basis that one or more of the above conditions have not been met.

8.3 Franchisor's Approval of Transfer

Franchisor has ninety days from the date of the written notice of the proposed transfer to approve or disapprove in writing, of Developer's proposed transfer. Developer acknowledges that the proposed transferee shall be evaluated for approval by Franchisor based on the same criteria as is currently being used to assess new Developers of Franchisor and that such proposed transferee shall be provided, if appropriate, with such disclosures as may be required by state or federal law. If Franchisor has not given Developer notice of its approval or disapproval within the ninety-day period, the transfer will be deemed disapproved. Franchisor's approval of any transfer shall not constitute approval for any subsequent transfer or a waiver of any of Franchisor's rights under this Article 8.

8.4 Right of First Refusal

If Developer wishes to transfer its rights under this Agreement or any interest in it, or any part or portion of any business entity that owns it, or all or a substantial portion of the assets of any Franchised Business developed pursuant to this Agreement, Developer agrees to grant to Franchisor a ninety-day right of first

refusal to purchase such rights, interest or assets on the same terms and conditions as are contained in the written offer to purchase submitted to Developer by the proposed purchaser; provided, however, the following additional terms and conditions shall apply:

- A. Developer shall notify Franchisor of such offer by sending a written notice to Franchisor (which notice may be the same notice as required by Section 8.2 above), enclosing a copy of the written offer from the proposed purchaser;
- B. The ninety-day right of first refusal period will run concurrently with the period in which Franchisor has to approve or disapprove the proposed transferee;
- C. Such right of first refusal is effective for each proposed transfer and any material change in the terms or conditions of the proposed transfer shall be deemed a separate offer on which a new ninety-day right of first refusal shall be given to Franchisor;
- D. If the consideration or manner of payment offered by a third party is such that Franchisor may not reasonably be required to furnish the same, then Franchisor may purchase the interest which is proposed to be sold for the reasonable cash equivalent. If the parties cannot agree within a reasonable time on the cash consideration, an independent appraiser shall be designated by Franchisor, whose determination will be binding upon the parties. All expenses of the appraiser shall be paid for equally between Franchisor and Developer; and
- E. If Franchisor chooses not to exercise its right of first refusal and does not disapprove the transfer, Developer shall be free to complete the sale, transfer or assignment, subject to compliance with Sections 8.2 and 8.3 above. If Franchisor does not respond to Franchisee's notice of proposed transfer within ninety days, the requested transfer will be deemed disapproved.

8.5 Specific Types of Transfers

Developer acknowledges that Franchisor's right to approve or disapprove of a proposed sale or transfer, and all other requirements and rights related to such proposed sale or transfer, as provided for above, shall apply (1) if Developer is a partnership or other business association, to the addition or deletion of a partner or members of the association or the transfer of any partnership or membership among existing partners or members; (2) if Developer is a corporation or limited liability company, to any proposed transfer or assignment of twenty-five percent or more of the ownership interests of Developer, whether such transfer occurs in a single transaction or several transactions; and (3) if Developer is an individual, to the transfer from such individual or individuals to a corporation or limited liability company controlled by them, in which case Franchisor's approval will be conditioned upon: (i) the continuing personal guarantee of the individual (or individuals) for the performance of obligations under this Agreement; (ii) the issuance or transfer of ownership interests which would affect a change in ownership of twenty-five percent or more of the stock or membership units in the company being conditioned on Franchisor's prior written approval; (iii) a limitation on the company's business activity to that of operating as a Developer and operator of the Franchised Business developed pursuant to this Agreement and related activities; and (iv) other reasonable conditions. With respect to a proposed transfer as described in subsection (1) and (3) of this Section, Franchisor's right of first refusal to purchase, as set forth above, shall not apply and Franchisor will waive any transfer fee chargeable to Developer for a transfer under these circumstances.

8.6 Assignment by Franchisor

This Agreement is fully assignable by Franchisor and shall inure to the benefit of any assignee or other legal successor in interest, and Franchisor shall in such event be fully released from the same.

8.7 Developer's Death or Disability

Developer or its representative must promptly notify Franchisor in writing of Developer's death or the death or disability of any of Developer's owners. Upon Developer's death or disability (if Developer is a natural person), or the death or disability of any owner who is a natural person (if Developer is a legal entity), the executor, administrator, or other personal representative of such person must transfer his/her interest in this Agreement, in the business operated hereunder, or in Developer to a third party approved by Franchisor, within a reasonable period of time, not to exceed twelve months from the date of death or six months from the date of disability, as applicable. Such transfers, including, without limitation, transfers by will or inheritance, will be subject to the same terms and conditions as inter vivos transfers and will be subject to Franchisor's right of first refusal as set forth in Section 8.4. If an interest is not transferred upon death or disability as required by this Section, then such failure will constitute a material breach of this Agreement. For purposes of this Agreement, the term "disability" means a mental or physical disability, impairment or condition that is reasonably expected to prevent or actually does prevent such person from performing the obligations set forth in this Agreement.

8.8 Consent to Purchase Rights

Upon execution of this Agreement, each owner of Developer not otherwise signing Attachment B to this Agreement, and their respective spouses, as well as the respective spouses of each owner, will execute a consent to the provisions of Sections 8.4 and 8.7 in a form satisfactory to Franchisor. Such consent will subject any interest they may have in this Agreement, in the business operated hereunder, or in Developer covered by the option or right of first refusal provided for in said Sections, as applicable (whether a separate property interest, joint ownership property interest, community property interest, or otherwise), to the provisions of those Sections.

Article 9. DEFAULT AND TERMINATION

9.1 Termination by Franchisor - Effective Upon Notice

Franchisor shall have the right, at its option, to terminate this Agreement and all rights granted Developer hereunder, without affording Developer any opportunity to cure any default (subject to any state laws to the contrary, where state law shall prevail), effective upon written notice to Developer, addressed as provided in Section 13.11, upon the occurrence of any of the following events:

- A. Developer (or any of Developer's owners) have made any material misrepresentation or omission in connection with Developer's purchase of these development rights;
- B. Developer fails to establish and open Franchised Businesses in accordance with the Development Schedule (or any extension approved by Franchisor in writing);
- C. Developer fails to maintain in continuous operation the minimum number of cumulative Franchised Businesses required by the Development Schedule;
- D. If Developer is convicted of a felony, a crime involving moral turpitude, or any crime or offense that is reasonably likely, in the sole opinion of Franchisor, to materially and unfavorably affect the Licensed Methods, Marks, goodwill or reputation thereof;
- E. Developer fails to pay when due any amount owed to Franchisor or its affiliates, under this Agreement or any other agreement, and does not correct such failure within ten days after written notice of such failure is delivered to Developer;
- F. Developer surrenders or transfers control of this Agreement or the business without Franchisor's prior written consent;

- G. Developer (or any of Developer's owners) engages in any dishonest or unethical conduct which, in Franchisor's opinion, may adversely affect the reputation of Developer's Franchised Businesses or other Franchised Business or the goodwill associated with the Marks;
- H. Developer (or any of Developer's owners) make an unauthorized assignment of this Agreement or of an ownership interest in Developer;
- I. In the event of Developer's death or disability or the death or disability of one of Developer's owners, such person's interest in this Agreement or in Developer is not assigned as required under this Agreement;
- J. Developer (or any of Developer's owners) make any unauthorized use or disclosure of any Confidential Information, including the Manual;
- K. Developer (or any of Developer's owners) fails to comply with any of the restrictive covenants contained in Article 11;
- L. Developer's (or any of Developer's owners') assets, property or interests are blocked under any law, ordinance or regulation relating to terrorist activities, or Developer or any of Developer's owners otherwise violate any such law, ordinance, or regulation;
- M. Developer makes an assignment for the benefit of creditors or admits in writing Developer's insolvency or inability to pay Developer's debts generally as they become due; Developer consents to the appointment of a receiver, trustee, or liquidator of all or the substantial part of Developer's property; or any order appointing a receiver, trustee, or liquidator of Developer is not vacated within sixty days of the entry of such order;
- N. Developer commits a breach or default under any Franchise Agreement or any other agreement between Developer and Franchisor or Franchisor's affiliates and does not cure such breach or default during the time period required under such Franchise Agreement or other agreement, regardless of whether Franchisor in fact terminates such Franchise Agreement or other agreement; or
- O. Franchisor has delivered to Developer a notice of termination of a Franchise Agreement in accordance with its terms and conditions or Developer has terminated a Franchise Agreement without cause.

9.2 Termination by Franchisor - Thirty Days' Notice

Franchisor shall have the right to terminate this Agreement (subject to any state laws to the contrary, where state law shall prevail), effective upon thirty days' written notice to Developer, if Developer breaches any other provision of this Agreement and fails to cure the default during such thirty-day period. In that event, this Agreement will terminate without further notice to Developer, effective upon expiration of the thirty-day period. Notwithstanding the foregoing, if the breach is curable, but is of a nature which cannot be reasonably cured within the thirty-day period and Developer has commenced and is continuing to make good faith efforts to cure the breach during the thirty-day period, Developer shall be given an additional reasonable period of time to cure the breach, and this Agreement shall not automatically terminate without written notice from Franchisor.

9.3 Rights and Obligations of Developer Upon Termination or Expiration

- A. Upon termination or expiration of this Agreement for any reason, the development rights granted to Developer under this Agreement will automatically terminate and Developer agrees to immediately and permanently cease its development activities. Franchisor will then have no further obligation to grant Developer additional franchises for Franchised Business and Franchisor will be free to establish and operate, and grant other persons franchises to establish and operate, Franchised Business within the former Development Area.
- B. Except in connection with Franchised Businesses Developer is then operating under effective Franchise Agreements with Franchisor, or with respect to which a Franchise Agreement has been signed prior to the date of expiration or termination of this Agreement, Developer agrees to immediately and permanently cease to use, by advertising or in any manner whatsoever, the Marks and Confidential Information; slogans, trademarks, trade names, service marks, designs, trade dress or logos which are similar in nature to the Marks; or any equipment, materials, forms, confidential methods, procedures, recipes and techniques associated with or similar to the Franchised Business system or which display the Marks or any other distinctive forms, slogans, signs, symbols, trade dress or devices associated with or belonging to Franchisor or its affiliates.
- C. Abide by all restrictive covenants set forth in this Agreement.
- D. All of Franchisor's and Developer's (and Developer's owners) obligations under this Agreement which expressly or by their nature survive the expiration or termination of this Agreement will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement, until they are satisfied in full or by their nature expire.

9.4 State and Federal Law

THE PARTIES ACKNOWLEDGE THAT IN THE EVENT THAT THE TERMS OF THIS AGREEMENT REGARDING TERMINATION OR EXPIRATION ARE INCONSISTENT WITH APPLICABLE STATE OR FEDERAL LAW, SUCH LAW SHALL GOVERN DEVELOPER'S RIGHTS REGARDING TERMINATION OR EXPIRATION OF THIS AGREEMENT.

Article 10. BUSINESS RELATIONSHIP

10.1 Independent Businesspersons

The parties acknowledge that each of them is an independent businessperson, that their only relationship is by virtue of this Agreement and that no fiduciary relationship is created hereunder. Neither party is liable or responsible for the other's debts or obligations, nor shall either party be obligated for any damages to any person or property directly or indirectly arising out of the operation of the other party's business authorized by or conducted pursuant to this Agreement. Neither Franchisor nor Developer will hold themselves out to be the agent, employer or partner of the other and neither Franchisor nor Developer has the authority to bind or incur liability on behalf of the other.

10.2 Payment of Third-Party Obligations

Franchisor shall have no liability for Developer's obligations to pay any third parties, including without limitation, banks, other lenders, government agencies, any product vendors, or any sales, use, service, occupation, excise, gross receipts, income, property or other tax levied upon Developer, Developer's property, the Franchised Business(es) developed under this Agreement or upon Franchisor in connection with the sales made or business conducted by Developer (except any taxes Franchisor is required by law to collect from Developer with respect to purchases from Franchisor).

10.3 Indemnification

Developer shall indemnify, defend, and hold harmless Franchisor, its subsidiaries, parents and affiliates, and their respective shareholders, equity owners, partners, directors, officers, managers, members, employees, agents, representatives, successors and assigns (the “Indemnified Parties”), against, and to reimburse them for all claims, obligations, damages, fines, suits, proceedings, demands or actions of any kind or nature, including reasonable attorneys’ fees, from anyone whomsoever, arising or growing out of, or otherwise connected with Developer’s activities, actions, or failure to act, under this Agreement, or directly or indirectly arising out of Developer’s operation of the Franchised Business(es) developed under this Agreement. For purposes of this indemnification, claims shall mean and include all obligations, actual and consequential damages and costs reasonably incurred in the defense of any claim against the Indemnified Parties, including, without limitation, reasonable accountants’, attorneys’ and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses. Franchisor shall have the right to defend any such claim against it. This indemnity shall continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

10.4 Anti-Terrorism Representation

Developer and its principal shareholders, members or owners (“principals”) agree to comply with or to assist Franchisor to the fullest extent possible in Franchisor’s efforts to comply with Anti-Terrorism Laws (as defined below). In connection with such compliance, Developer and its principals certify, represent, and warrant that none of their respective property or interests are subject to being “blocked” under any of the Anti-Terrorism Laws and that neither Developer nor any of its principals are otherwise in violation of any of the Anti-Terrorism Laws. For the purposes of this Section, the term “Anti-Terrorism Laws” shall mean Executive Order 13224 issued by the President of the United States (“Executive Order 13224”), the Terrorism Sanctions Regulations (Title 31, Part 595 of the U.S. Code of Federal Regulations), the Foreign Terrorist Organizations Sanctions Regulations (Title 31, Part 597 of the U.S. Code of Federal Regulations), the Cuban Assets Control Regulations (Title 31, Part 515 of the U.S. Code of Federal Regulations), the USA PATRIOT Act, and all other present and future federal, state and local laws, ordinances, regulations, policies, lists and any other requirements of any governmental authority (including, without limitation, the United States Department of Treasury Office of Foreign Assets Control, and any other government agency with jurisdiction over the parties to this Agreement or their actions) addressing or in any way relating to terrorist acts or acts of war. Developer and its principals certify that none of them, their respective employees, or anyone associated with any of them is listed in the Annex to Executive Order 13224 (the “Annex”), which is available at: <http://www.treasury.gov/resource-center/sanctions/SDN-List/Pages/default.aspx>. Developer agrees not to knowingly hire any individual who is listed in the Annex (or, if he or she is already employed, retain the employment of that individual). Developer also agrees not to knowingly: (a) establish a new relationship with a person as an employee, principal, banker, or otherwise who is listed in the Annex (whether or not Franchisor has consented to a transfer involving such new principal); and (b) maintain a business relationship (whether with an employee, principal, banker, or otherwise) with a person who is added to the Annex. Developer certifies that it has no knowledge or information that, if generally known, would result in Developer or its principals, its employees, or anyone else associated with Developer to be listed in the Annex. Developer understands that it is solely responsible for ascertaining what actions it must take to comply with the Anti-Terrorism Laws. Any misrepresentation by Developer under this Section or any violation of the Anti-Terrorism Laws by Developer, its principals, its employees, or their respective affiliates shall constitute grounds for immediate termination of this Agreement, and any other Agreement Developer has entered into with Franchisor or one of Franchisor’s affiliates.

Article 11. RESTRICTIVE COVENANTS

11.1 Non-Competition During Term

Developer acknowledges that, in addition to the training provided pursuant to this Agreement and the Franchise Agreements and the license of the Marks under the Franchise Agreements, Franchisor has also Speech and ABA Therapy Franchising, LLC
2024 Development Agreement

licensed commercially valuable information which comprises and is a part of the Licensed Methods, including without limitation, operations, proprietary products, proprietary product formulas, vendor lists, marketing, advertising and related information and materials and that the value of this information derives not only from the time, effort and money which went into its compilation, but from the usage of the same by all Developers and franchisees of Franchisor using the Marks and Licensed Methods. Therefore, other than the Franchised Business(es) authorized by separate agreement(s) with Franchisor, neither Developer nor any of Developer's officers, directors, shareholders, Principal Executives, Key Managers, equity owners, members, managers or partners, nor any member of his or their immediate families, shall during the term of this Agreement:

- a. have any direct or indirect controlling interest as a disclosed or beneficial owner in a "Competitive Business" as defined below;
- b. perform services as a director, officer, manager, employee, consultant, representative, agent or otherwise for a Competitive Business; or
- c. divert or attempt to divert any business related to, or any client or account of any Franchised Business, Franchisor's business or any other Franchised Business Developer's business, by direct inducement or otherwise, or divert or attempt to divert the employment of any employee of Franchisor, another developer or another franchisee licensed by Franchisor to use the Marks and Licensed Methods, to any Competitive Business by any direct inducement or otherwise.

The term "Competitive Business" as used in this Agreement shall mean any business operating or granting franchises or licenses to others to operate, a business that offers treatment of autism spectrum disorders through the integration of occupational, speech, and applied behavior analysis therapies. Notwithstanding the foregoing, Developer shall not be prohibited from owning securities in a Competitive Business if such securities are listed on a stock exchange or traded on the over-the-counter market and represent 5% or less of that class of securities issued and outstanding.

11.2 Post-Termination Covenant Not to Compete

Upon termination or expiration of this Agreement for any reason, Developer and its officers, directors, shareholders, Principal Executive, Key Managers, members, managers and partners agree that, for a period of two years commencing on the effective date of termination or expiration, or the date on which Developer ceases to conduct business, whichever is later, neither Developer nor its officers, directors, shareholders, Principal Executive, Key Managers, members, managers or partners shall have any direct or indirect interest (through a member of any immediate family of Developer or its owners or otherwise) as a disclosed or beneficial owner, investor, partner, director, officer, manager, employee, consultant, representative or agent or in any other capacity in any Competitive Business, defined in Section 11.1 above, located or operating within a ten mile radius of the Franchised Location described in Developer's Franchise Agreements, within ten miles of the Franchised Location of any other Franchised Business or, within ten miles of the premises of any Franchised Business owned by Franchisor or any affiliate of Franchisor. The restrictions of this Section shall not be applicable to the ownership of shares of a class of securities listed on a stock exchange or traded on the over-the-counter market that represent 5% or less of the number of shares of that class of securities issued and outstanding. Developer and its officers, directors, shareholders, Principal Executive, Key Managers, members, managers and/or partners acknowledge that they possess skills and abilities of a general nature and have other opportunities for exploiting such skills. Consequently, enforcement of the covenants made in this Section will not deprive them of their personal goodwill or ability to earn a living.

11.3 Confidentiality of Proprietary Information

Developer and Franchisor acknowledge that the distinctive business format, plans, methods, data, processes, marketing systems, manuals, product formulas, techniques, designs, layouts, operating procedures, trademarks, proprietary marks and information and know-how of Franchisor which are developed and utilized in connection with the Licensed Methods are proprietary and confidential

Speech and ABA Therapy Franchising, LLC
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("Confidential Information"). Such Confidential Information is unique, exclusive property and a trade secret of Franchisor and has valuable goodwill associated with it. Developer acknowledges that any unauthorized disclosure or use of the Confidential Information would be wrongful and would cause irreparable injury and harm to Franchisor. It is understood that Confidential Information is deemed to include, without limitation, clients lists, vendor lists, product formulas, any and all information contained in the Manual (as described in the Franchise Agreement), and any information of whatever nature which gives Franchisor and its affiliates an opportunity to obtain an advantage over its competitors who do not have access to, know or use such lists, written materials, formulas or information. Developer further acknowledges that Franchisor has expended a great amount of effort and money in obtaining and developing the Confidential Information, that Franchisor has taken numerous precautions to guard the secrecy of the Confidential Information, that it would be very costly for competitors to acquire or duplicate the Confidential Information and that any unauthorized disclosure of such Confidential Information shall cause irreparable harm to Franchisor. Consequently, Developer shall not at any time, publish, disclose, divulge or in any manner communicate to any person, firm, corporation, association, partnership or any other entity whatsoever or use, directly or indirectly, for its own benefit or for the benefit of any person, firm, corporation or other entity other than for the use of Franchisor or the Franchised Business(es) developed under this Agreement, any of the Confidential Information of Franchisor or its affiliates. Franchisor and Developer agree that the Confidential Information does not include information that is generally available to the public.

11.4 Confidentiality Agreement

Franchisor requires and Developer agrees to cause each of its officers, directors, partners, shareholders, equity owners, members, managers, Principal Executive, Key Managers, Franchised Business managers, and, if Developer is an individual, immediate family members, to execute a Nondisclosure and Noncompetition Agreement containing the above restrictions, in a form approved by Franchisor.

Article 12. VARIATION IN STANDARDS

Variation in Standards

Since complete uniformity under varying conditions may be impossible or impractical, Franchisor specifically reserves the right to vary standards for any developer, including Developer, based upon the peculiarities of a particular site or circumstances, density of population, business potential, existing business practices, or any other condition which Franchisor deems to have a significant effect on the successful operation of such developer's business. Developer will not complain on account of any variation from standard specifications and practices granted to any other developer and will not be entitled to require Franchisor to grant Developer a like or similar variation hereunder.

Article 13. MISCELLANEOUS PROVISIONS

13.1 Modification

Franchisor or Developer may modify this Agreement only upon execution of a written agreement between the two parties.

13.2 Entire Agreement

This Agreement, including all exhibits and addenda, contains the entire agreement between the parties and supersedes any and all prior agreements, both oral and written, concerning the subject matter hereof, provided that all Franchise Agreements executed by the parties hereto shall remain binding, except to the extent that this Agreement specifically supersedes any term of any Franchise Agreement, but only for so long as this Agreement is in effect. Developer agrees and understands that Franchisor shall not be liable or obligated for any oral representations or commitments made prior to the execution hereof and that no modifications of this Agreement shall be effective except those in writing and signed by both parties.

Franchisor does not authorize and will not be bound by any representation of any nature other than those expressed in this Agreement, the Franchise Agreement or in any related agreement, but nothing in this Agreement, the Franchise Agreement or in any related agreement is intended to disclaim the representations made by Franchisor in the franchise disclosure document that Franchisor provided to Developer.

13.3 Delegation by Franchisor

From time to time, Franchisor shall have the right to delegate the performance of any portion or all of its obligations and duties hereunder to third parties, whether the same are agents of Franchisor or independent contractors which Franchisor has contracted with to provide such services. Developer agrees in advance to any such delegation by Franchisor of any portion or all of its obligations and duties hereunder.

13.4 Governing Law/Consent to Venue and Jurisdiction

Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.) or other federal law, this Agreement shall be interpreted under the laws of the State of Texas and any dispute between the parties shall be governed by and determined in accordance with the substantive laws of the State of Texas, which laws shall prevail in the event of any conflict of law. Developer and Franchisor have negotiated regarding a forum in which to resolve any disputes which may arise between them and have agreed to select a forum in order to promote stability in their relationship. Therefore, if a claim is asserted in any legal proceeding involving Developer, its officers, directors or managers (collectively, “Developer Affiliates”) and Franchisor, its officers, directors, managers or sales employees (collectively, “Franchisor Affiliates”), all parties agree that the exclusive venue for disputes between them shall be in the state and federal courts of Texas and each waive any objection they may have to the personal jurisdiction of or venue in the state and federal courts of Texas. FRANCHISOR, FRANCHISOR AFFILIATES, DEVELOPER AND DEVELOPER AFFILIATES EACH WAIVE THEIR RIGHTS TO A TRIAL BY JURY.

13.5 Injunctive Relief

Franchisor and Developer shall each have the right in the proper case to obtain injunctive relief from a court of competent jurisdiction. Developer agrees that Franchisor may obtain such injunctive relief, without posting a bond or bonds totaling more than \$500, but upon due notice, and Developer’s sole remedy in the event of the entry of such injunctive relief shall be the dissolution of such injunctive relief, if warranted, upon hearing duly had; provided, however, that all claims for damages by reason of the wrongful issuance of any such injunction are hereby expressly waived by Developer.

13.6 INTENTIONALLY OMITTED.

13.7 Attorneys’ Fees

In the event of any default on the part of either party to this Agreement, in addition to all other remedies, the party in default will pay the aggrieved party all amounts due and all damages, costs and expenses, including reasonable attorneys’ fees, incurred by the aggrieved party in any legal action, arbitration or other proceeding as a result of such default, plus interest at the highest rate allowable by law, accruing from the date of such default.

13.8 No Waiver

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

13.9 Invalidity

If any provision of this Agreement shall be held, declared or pronounced void, voidable, invalid, unenforceable or inoperative for any reason, by any court of competent jurisdiction, government authority, arbitrator or other arbiter of any dispute arising hereunder, such holding, declaration or pronouncement shall not affect adversely any other provisions of this Agreement which shall otherwise remain in full force and effect. If the restrictions concerning the time duration, geography, affected individuals or entities, or breadth of activity contained in Article 11 are held to be unenforceable under any applicable law, the arbiter of any dispute regarding this Agreement is hereby authorized to and shall make only such limited changes as are necessary to make the restrictions enforceable.

13.10 Notices

All notices required to be given under this Agreement shall be given in writing, by certified mail, return receipt requested, or by an overnight delivery service providing documentation of receipt, at the address set forth in the first paragraph of this Agreement or at such other addresses as Franchisor or Developer may designate from time to time, and shall be effectively given when deposited in the United States mail, postage prepaid, or when received via overnight delivery, as may be applicable.

13.11 No Third-Party Beneficiaries

Developer acknowledges and agrees that neither Developer nor any of its officers, directors, members, managers, employees, affiliates, successors or assigns shall be deemed a third-party beneficiary of any agreement between Franchisor and another Developer or any other party, unless specifically agreed to by Franchisor in writing.

13.12 Survival of Provisions

Any provisions that by their terms extend beyond termination or expiration of this Agreement shall continue in full force and effect subsequent to and notwithstanding the termination or expiration of this Agreement.

13.13 Payment of Taxes

Developer shall reimburse Franchisor, or its affiliates and designees, promptly and when due, the amount of all sales taxes, use taxes, personal property taxes and similar taxes imposed upon, required to be collected or paid by Franchisor, or its affiliates or designees, on account of services or goods furnished by Franchisor, its affiliates or designees, to Developer through sale, lease or otherwise (except for any taxes Franchisor or its affiliates are required by law to collect from Developer with respect to products purchased from Franchisor and its affiliates). Payment of all such taxes is Developer's responsibility.

13.14 Cumulative Rights

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

[Signature page follows.]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above set forth.

Speech and ABA Therapy Franchising, LLC

Developer

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

ATTACHMENT A

FRANCHISEE SPECIFIC TERMS

Effective Date:

Franchisee's Name(s):

Franchisee's Address, Phone, and Email:

Principal Executive:

Ownership of Franchise:

If the franchisee is a business entity (as defined in the Agreement), the following persons constitute all of the owners of a legal and/or beneficial interest in the franchisee:

<u>Name</u>	<u>Percentage Ownership</u>
[FRANCHISEE MEMBER 1]	%
[FRANCHISEE MEMBER 2]	%
[FRANCHISEE MEMBER 3]	%

Development Fee:

Development Area:

[Provide list of counties or zip codes which make up the Development Area. Attach map if necessary.]

Development Schedule: You agree to establish and operate a total of _____ Franchised Businesses within the Development Area during the term of this Agreement. The Franchised Businesses must be open and operating in accordance with the following Development Schedule:

Franchised Businesses Agreed to Open	Date By Which Franchised Business Must Be Open and Operating
1	
2	
3	
4	
5	

Other Terms:

ATTACHMENT B

PERSONAL GUARANTEE OF OWNER/SHAREHOLDER

This Personal Guarantee and Assumption of Obligations (this “Guarantee”) is given this [DATE], by [GUARANTOR].

In consideration of, and as an inducement to, the execution of that certain Area Development Agreement of even date herewith (“Agreement”) by Speech and ABA Therapy Franchising, LLC (“Franchisor”), a Texas limited liability company, and [FRANCHISEE ENTITY], a [STATE AND FRANCHISEE ENTITY TYPE] (“Franchisee”), the undersigned hereby personally and unconditionally, jointly and severally: guaranties to Franchisor and its successors and assigns, for the Term of the Agreement and, including any renewal thereof, as provided in the Agreement, that Franchisee shall punctually pay and perform each and every undertaking, agreement and covenant stated in the Agreement and any documents, agreements, and instruments signed with or in connection with the Agreement (collectively, the “Franchise Documents”); and (2) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Franchise Documents applicable to the owners of Franchisee.

The undersigned waives:

- acceptance and notice of acceptance by Franchisor of the foregoing undertakings;
- notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed;
- protest and notice of default to any party with respect to the indebtedness of non-performance of any obligations hereby guaranteed;
- any right the undersigned may have to require that an action be brought against Franchisee or any other person as a condition of liability; and
- any and all other notices and legal or equitable defenses to which the undersigned may be entitled.

The undersigned consents and agrees that:

- the undersigned’s direct and immediate liability under this Guarantee shall be joint and several with all signatories to this and similar guaranties of Franchisee’s obligations;
- the undersigned shall render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so;
- this Guarantee shall apply to any claims Franchisor may have due to return of any payments or property Franchisor may have received from Franchisee as a preference, fraudulent transfer or conveyance or the like in any legal proceeding;
- such liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Franchisee or any other person; and
- such liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor may from time to time grant to Franchisee or any other person, including without limitation, the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which in any way modify or amend this Guarantee, which shall be continuing and irrevocable during and after the terms of the Franchise Documents,

as the same may be amended or renewed, until Franchisee's duties and obligations to Franchisor are fully discharged and satisfied.

All capitalized terms when used shall have the meanings ascribed to them in the Agreement.

This Guarantee shall be governed, construed, and interpreted in accordance with the substantive laws of the state where Franchisor has its principal place of business at the time a dispute arises, without giving effect to its conflicts of law principles.

IN WITNESS WHEREOF, each of the undersigned has affixed his signature as dated below.

Guarantor:

By: _____

Name: _____

Title: _____

Date: _____

EXHIBIT G

GENERAL RELEASE AGREEMENT

WAIVER AND RELEASE OF CLAIMS

This Waiver and Release of Claims (“Release”) is made as of [DATE], by [FRANCHISEE], a(n) [STATE ORGANIZATION TYPE] (“Franchisee”), and each individual holding an ownership interest in Franchisee (collectively with Franchisee, “Releasor”) in favor of Speech and ABA Therapy Franchising, LLC (“Franchisor,” and together with Releasor, the “Parties”).

WHEREAS, Franchisor and Franchisee have entered into a Franchise Agreement (“Agreement”) pursuant to which Franchisee was granted the right to own and operate a Essential Speech & ABA Therapy business;

WHEREAS, [Franchisee has notified Franchisor of its desire to transfer the Agreement and all rights related thereto, or an ownership interest in Franchisee, to a transferee/enter into a successor franchise agreement/amend the Agreement] OR [the Agreement is being terminated/or indicate other reason for the requirement of this waiver and release], and Franchisor has consented to such [transfer] [successor franchise agreement] [amendment] [termination] [other reason]; and

WHEREAS, as a condition to Franchisor’s consent to [transfer the Agreement] [enter into a successor franchise agreement] [amend the Agreement] [terminate the Agreement] [other reason], Releasor has agreed to execute this Release upon the terms and conditions stated below.

NOW, THEREFORE, in consideration of Franchisor’s consent, and for other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, and intending to be legally bound, Releasor hereby agrees as follows:

1. Representations and Warranties. Releasor represents and warrants that it is duly authorized to enter into this Release and to perform the terms and obligations herein contained, and has not assigned, transferred, or conveyed, either voluntarily or by operation of law, any of its rights or claims against Franchisor or any of the rights, claims, or obligations being terminated and released hereunder. Each individual executing this Release on behalf of Franchisee represents and warrants that he/she is duly authorized to enter into and execute this Release on behalf of Franchisee. Releasor further represents and warrants that all individuals that currently hold a direct or indirect ownership interest in Franchisee are signatories to this Release.

2. Release. Releasor and its subsidiaries, affiliates, parents, divisions, successors and assigns, and all persons or firms claiming by, through, under, or on behalf of any or all of them, hereby release, acquit, and forever discharge Franchisor, any and all of its affiliates, parents, subsidiaries, or related companies, divisions, and partnerships, and its and their past and present officers, directors, agents, partners, shareholders, employees, representatives, successors and assigns, and attorneys, and the spouses of such individuals (collectively, the “Released Parties”), from any and all claims, liabilities, damages, expenses, actions, or causes of action which Releasor may now have or has ever had, whether known or unknown, past or present, absolute or contingent, suspected or unsuspected, of any nature whatsoever, including without limiting the generality of the foregoing, all claims, liabilities, damages, expenses, actions, or causes of action directly or indirectly arising out of or relating to the execution and performance of the Agreement and the Speech and ABA Therapy Franchising, LLC
FDD 2024

offer and sale of the franchise related thereto, except to the extent such liabilities are payable by the applicable indemnified party in connection with a third party claim.

3. Nondisparagement. Releasor expressly covenants and agrees not to make any false representation of facts, or to defame, disparage, discredit, or deprecate any of the Released Parties or otherwise communicate with any person or entity in a manner intending to damage any of the Released Parties, their business, or their reputation.

4. Confidentiality. Releasor agrees to hold in strictest confidence and not disclose, publish, or use the existence of, or any details relating to, this Agreement to any third party without Franchisor's express written consent, except as required by law.

5. Miscellaneous

a. Releasor agrees that it has read and fully understands this Release and that the opportunity has been afforded to Releasor to discuss the terms and contents of said Release with legal counsel and/or that such a discussion with legal counsel has occurred.

b. This Release shall be construed and governed by the laws of the State of Texas.

c. Each individual and entity that comprises Releasor shall be jointly and severally liable for the obligations of Releasor.

d. In the event that it shall be necessary for any Party to institute legal action to enforce or for the breach of any of the terms and conditions or provisions of this Release, the prevailing Party in such action shall be entitled to recover all of its reasonable costs and attorneys' fees.

e. All of the provisions of this Release shall be binding upon and inure to the benefit of the Parties and their current and future respective directors, officers, partners, attorneys, agents, employees, shareholders, and the spouses of such individuals, successors, affiliates, and assigns. No other party shall be a third-party beneficiary to this Release.

f. This Release constitutes the entire agreement and, as such, supersedes all prior oral and written agreements or understandings between and among the Parties regarding the subject matter hereof. This Release may not be modified except in a writing signed by all the Parties. This Release may be executed in multiple counterparts, each of which shall be deemed an original and all of which together shall constitute but one and the same document.

g. If one or more of the provisions of this Release shall for any reason be held invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect or impair any other provision of this Release, but this Release shall be construed as if such invalid, illegal, or unenforceable provision had not been contained herein.

h. Releasor agrees to do such further acts and things and to execute and deliver such additional agreements and instruments as any Released Party may reasonably require to consummate, evidence, or confirm the Release contained herein in the matter contemplated hereby.

[Signature Page follows]

Signature Page to General Release Form

IN WITNESS WHEREOF, Releasor has executed this Release as of the date first written above.

FRANCHISEE:

[FRANCHISEE]

By: _____

Printed Name: _____

Title: _____

FRANCHISEE'S OWNERS:

Signature: _____

Printed Name: _____

Signature: _____

Printed Name: _____

Signature: _____

Printed Name: _____

EXHIBIT H

FORM OF NONDISCLOSURE AND NONCOMPETE AGREEMENT

Speech and ABA Therapy Franchising, LLC

CONFIDENTIALITY AND RESTRICTIVE COVENANT AGREEMENT *(for trained employees, officers, directors, general partners, members, Operating Principal(s), Key Manager(s), and any other management personnel of Franchisee)*

In consideration of my being a [INSERT TITLE/ROLE WITH FRANCHISEE] of [FRANCHISEE ENTITY] (the “Franchisee”), and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, I (the undersigned) hereby acknowledge and agree that Franchisee has acquired the right from Speech and ABA Therapy Franchising, LLC (the “Company”) to: (i) establish and operate an Essential Speech & ABA Therapy franchised business (the “Franchised Business”); and (ii) use in the operation of the Franchised Business the Company’s trade names, trademarks and service marks (collectively, the “Marks”) and the Company’s unique and distinctive format and system relating to the establishment and operation of a Franchised Business (the “System”), as they may be changed, improved and further developed from time to time in the Company’s sole discretion, only at the following authorized and approved location: [LOCATION ADDRESS] (the “Premises”).

1. The Company possesses certain proprietary and confidential information relating to the operation of the Franchised Business and System generally, including without limitation: Company’s proprietary and confidential Operations Manual and other manuals providing guidelines, standards and specifications related to the establishment and operation of the Franchised Business (collectively, the “Manual”); Franchisor’s proprietary training materials and programs, as well as proprietary marketing methods and other instructional materials, trade secrets; information related to any other proprietary methodology or aspects of the System or the establishment and continued operation of the Franchised Business; financial information; any and all customer lists, contracts and other customer information obtained through the operation of the Franchised Business and other _____ businesses; any information related to any type of proprietary software that may be developed and/or used in the operation of with the Franchised Business; and any techniques, methods and know-how related to the operation of the Franchised Business or otherwise used in connection with the System, which includes certain trade secrets, copyrighted materials, methods and other techniques and know-how (collectively, the “Confidential Information”).

2. Any other information, knowledge, know-how, and techniques which the Company specifically designates as confidential will also be deemed to be Confidential Information for purposes of this Agreement.

3. As [INSERT TITLE WITH RESPECT TO FRANCHISEE] of the Franchisee, the Company and Franchisee will disclose the Confidential Information to me in furnishing to me the training program and subsequent ongoing training, the Manual, and other general assistance during the term of this Agreement.

4. I will not acquire any interest in the Confidential Information, other than the right to utilize it in the operation of the Franchised Business during the term hereof, and the use or duplication of the Confidential Information, in whole or in part, for any use outside the System would constitute an unfair method of competition.

5. The Confidential Information is proprietary, involves trade secrets of the Company, and is disclosed to me solely on the condition that I agree, and I do hereby agree, that I shall hold in strict

confidence all Confidential Information and all other information designated by the Company as confidential. Unless the Company otherwise agrees in writing, I will disclose and/or use the Confidential Information only in connection with my duties as [INSERT TITLE] of the Franchisee, and will continue not to disclose any such information even after I cease to be in that position and will not use any such information even after I cease to be in that position unless I can demonstrate that such information has become generally known or easily accessible other than by the breach of an obligation of Franchisee under the Franchise Agreement.

6. I will surrender any material containing some or all of the Confidential Information to the Company, upon request, or upon conclusion of the use for which the information or material may have been furnished.

7. Except as otherwise approved in writing by the Company, I shall not, while in my position with the Franchisee, for myself, or through, on behalf of, or in conjunction with any person, persons, partnership, corporation, or limited liability company, own, maintain, engage in, be employed by, or have any interest in any other business which: qualified and licensed professionals provide Applied Behavioral Analysis (ABA) therapy, speech therapy, and occupational therapy to individuals with developmental disabilities (collectively, a “Competing Business”). I also agree that I will not undertake any action to divert business from the Franchised Business to any Competing Business or solicit any of the former customers or employees of Franchisee for any competitive business purpose.

7.1 *Post-Term Restrictive Covenant for Controlling Person of Franchised Business or Manager/Officers/Directors of Franchisee.* In the event I am a manager of the Franchised Business, or an officer/director/manager/partner of Franchisee that has not already executed a personal guaranty agreeing to be bound by the terms of the Franchise Agreement, then I further agree that I will not be involved in a Competing Business of any kind for a period of one year after the expiration or termination of my employment with Franchisee for any reason: (i) at or within a 10-mile radius of the Premises; or (ii) within a 10-mile radius of any other Essential Speech & ABA Therapy business that exists at the time my employment with Franchisee ceases through the date of my involvement with the Competing Business. I also agree that I will not be involved in the franchising or licensing of any Competing Business at any location or undertake any action to divert business from the Franchised Business to any Competing Business or solicit any of the former customers or employees of Franchisee for any competitive business purpose, during this one-year period following the termination or expiration of my employment with the Franchisee.

8. I agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which the Company is a party, I expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Agreement.

9. I understand and acknowledge that the Company shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Agreement, or any portion thereof, without my consent, effective immediately upon receipt by me of written notice thereof; and I agree to comply forthwith with any covenant as so modified.

10. The Company is a third-party beneficiary of this Agreement and may enforce it, solely and/or jointly with the Franchisee. I am aware that my violation of this Agreement will cause the

Company and the Franchisee irreparable harm; therefore, I acknowledge and agree that the Franchisee and/or the Company may apply for the issuance of a temporary and/or permanent injunction and a decree for the specific performance of the terms of this Agreement, without the necessity of showing actual or threatened harm and without being required to furnish a bond or other security. I agree to pay the Franchisee and the Company all the costs it/they incur(s), including, without limitation, legal fees, and expenses, if this Agreement is enforced against me. Due to the importance of this Agreement to the Franchisee and the Company, any claim I have against the Franchisee or the Company is a separate matter and does not entitle me to violate, or justify any violation of this Agreement.

11. I shall not at any time, directly or indirectly, do any act that would or would likely be injurious or prejudicial to the goodwill associated with the Confidential Information and the System.

12. Franchisee shall make all commercially reasonable efforts to ensure that I act as required by this Agreement.

13. Any failure by Franchisor to object to or take action with respect to any breach of this Agreement by me shall not operate or be construed as a waiver of or consent to that breach or any subsequent breach by me.

14. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS AND I HEREBY IRREVOCABLY SUBMIT TO THE JURISDICTION OF THE STATE COURT CLOSEST TO FRANCHISOR'S THEN-CURRENT HEADQUARTERS OR, IF APPROPRIATE, THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF TEXAS. I HEREBY WAIVE ALL QUESTIONS OF PERSONAL JURISDICTION OR VENUE FOR THE PURPOSE OF CARRYING OUT THIS PROVISION. I HEREBY AGREE THAT SERVICE OF PROCESS MAY BE MADE UPON ME IN ANY PROCEEDING RELATING TO OR ARISING UNDER THIS AGREEMENT OR THE RELATIONSHIP CREATED BY THIS AGREEMENT BY ANY MEANS ALLOWED BY TEXAS OR FEDERAL LAW. I FURTHER AGREE THAT VENUE FOR ANY PROCEEDING RELATING TO OR ARISING OUT OF THIS AGREEMENT SHALL BE ONE OF THE COURTS DESCRIBED ABOVE IN THIS SECTION; PROVIDED, HOWEVER, WITH RESPECT TO ANY ACTION WHICH INCLUDES INJUNCTIVE RELIEF OR OTHER EXTRAORDINARY RELIEF, FRANCHISOR MAY BRING SUCH ACTION IN ANY COURT IN ANY STATE WHICH HAS JURISDICTION.

15. The parties acknowledge and agree that each of the covenants contained in this Agreement are reasonable limitations as to time, geographical area, and scope of activity to be restrained and do not impose a greater restraint than is necessary to protect the goodwill or other business interests of Franchisor. The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in any unappealed final decision to which Franchisor is a part, I expressly agree to be bound by any lesser covenant subsumed within the terms of the covenant that imposes the maximum duty permitted by law as if the resulting covenant were separately stated in and made a part of this Agreement.

16. This Agreement contains the entire agreement of the parties regarding the subject matter of this Agreement. This Agreement may be modified only by a duly authorized writing executed by all parties.

17. All notices and demands required to be given must be in writing and sent by personal delivery, expedited delivery service, certified or registered mail, return receipt requested, first-class postage prepaid, facsimile or electronic mail, (provided that the sender confirms the facsimile or electronic mail, by sending an original confirmation copy by certified or registered mail or expedited delivery service within three (3) business days after transmission), to the respective party at the following address unless and until a different address has been designated by written notice.

Any notices sent by personal delivery shall be deemed given upon receipt. Any notices given by facsimile or electronic mail shall be deemed given upon transmission, provided confirmation is made as provided above. Any notice sent by expedited delivery service or registered or certified mail shall be deemed given three (3) business days after the time of mailing. Any change in the foregoing addresses shall be effected by giving fifteen (15) days written notice of such change to the other parties. Business day for the purpose of this Agreement excludes Saturday, Sunday, and the following national holidays: New Year's Day, Martin Luther King Day, Presidents' Day, Memorial Day, Independence Day, Labor Day, Columbus Day, Veterans Day, Thanksgiving and Christmas.

18. The rights and remedies of Franchisor under this Agreement are fully assignable and transferable and inure to the benefit of its respective parent, successor, and assigns.

IN WITNESS WHEREOF, this Agreement is made and entered into by the undersigned parties as of the Effective Date.

UNDERSIGNED

Signature: _____

Name: _____

Address: _____

Title: _____

ACKNOWLEDGED BY FRANCHISEE

[FRANCHISEE NAME]

By: _____

Title: _____

EXHIBIT I

STATE SPECIFIC ADDENDA

The following modifications are made to this disclosure document given to you and may supersede, to the extent then-required by valid applicable state law, certain portions of the Franchise Agreement between you and us dated as of the Effective Date set forth in your Franchise Agreement. When the term “Franchisor’s Choice of Law State” is used, it means the laws of the State of Texas, subject to any modifications as set forth in the addenda below. When the term “Supplemental Agreements” is used, it means Area Development Agreement.

Certain states have laws governing the franchise relationship and franchise documents. Certain states require modifications to the FDD, Franchise Agreement and other documents related to the sale of a franchise. These State Specific Addenda (“Addenda”) modify the agreements to comply with the state’s laws. The terms of these Addenda will only apply if you meet the requirements of the applicable state, independent of your signing the appropriate Addenda. The terms of the Addenda will override any inconsistent provision in the FDD, Franchise Agreement, or any Supplemental Documents. These Addenda are only applicable to the following states: California, Hawaii, Illinois, Iowa, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Ohio, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

If your state requires these modifications, you will sign the signature page to the Addenda along with the Franchise Agreement and any Supplemental Agreements.

CALIFORNIA ADDENDUM TO DISCLOSURE DOCUMENT

OUR WEBSITE (www.speechandabatherapy.com) HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENTS OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION AT dfpi.ca.gov.

Notwithstanding anything to the contrary set forth in the Franchise Disclosure Document, the following provisions shall supersede and apply to all franchises offered and sold in the State of California:

ITEM 3 – LITIGATION

1. Neither the Franchisor, nor any person identified in Item 2 of the Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 79a et seq., suspending or expelling such persons from membership in such association or exchange

ITEM 17 - RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

1. California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer, or non-renewal of a franchise. The Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

2. The Franchise Agreement provides for termination upon bankruptcy, this provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq).

3. The Franchise Agreement and the Development Agreement contain provisions requiring application of the laws of Texas. This provision may not be enforceable under California law.

4. The Franchise Agreement and the Development Agreement require venue to be limited to Texas. This provision may not be enforceable under California law.

5. The Franchise Agreement contains a covenant not to compete which extends beyond the termination or non-renewal of the franchise. This provision may not be enforceable under California law.

6. THE FRANCHISE AGREEMENT MAY REQUIRE THE FRANCHISEE TO EXECUTE A GENERAL RELEASE OF CLAIMS UPON EXECUTION OF THE FRANCHISE AGREEMENT. CALIFORNIA CORPORATIONS CODE SECTION 31512 VOIDS A WAIVER OF YOUR RIGHTS UNDER THE FRANCHISE INVESTMENT LAW (CALIFORNIA CORPORATIONS CODE SECTIONS 31000 THROUGH 31516). BUSINESS AND PROFESSIONS CODE SECTION 20010 VOIDS A WAIVER OF YOUR RIGHTS UNDER THE FRANCHISE RELATIONS ACT (BUSINESS AND PROFESSIONS CODE SECTIONS 20000 THROUGH 20043).

7. California Corporations Code, Section 31125 requires us to give you a disclosure document, approved by the Department of Corporations before we ask you to consider a material modification of your Franchise Agreement or the Development Agreement.

8. THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.

9. The Franchise Agreement and Area Development Agreement require binding arbitration. The arbitration will occur in Texas. If we are the substantially prevailing party, we will be entitled to recover reasonable attorneys' fees and litigations costs and expenses in connection with the arbitration. Prospective Speech and ABA Therapy Franchising, LLC

franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5 Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

HAWAII ADDENDUM TO DISCLOSURE DOCUMENT

The following paragraphs are added in the state cover pages:

THESE FRANCHISES WILL HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF SECURITIES, DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE COMMISSIONER OF SECURITIES, DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE, AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE, OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, WHICHEVER OCCURS FIRST, A COPY OF THE DISCLOSURE DOCUMENT, AND THIS ADDENDUM, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS ADDENDUM AND THE DISCLOSURE DOCUMENT CONTAIN A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND FRANCHISEE.

The name and address of the Franchisor's agent in this state authorized to receive service of process is: Commissioner of Securities, Department of Commerce and Consumer Affairs, Business Registration Division, Securities Compliance Branch, 335 Merchant Street, Room 203, Honolulu, Hawaii 96813.

In recognition of the requirements of the Hawaii Franchise Investment Law, Hawaii Rev. Stat. §§ 482E, et seq., the Franchise Disclosure Document for Speech & ABA Therapy Franchising, LLC in connection with the offer and sale of franchises for use in the State of Hawaii shall be amended to include the following:

This proposed registration is effective/exempt from registration or will shortly be on file in California, Hawaii, Illinois, Indiana, Kentucky, Maryland, Michigan, Minnesota, Nebraska, New York, North Dakota, Rhode Island, South Dakota, Texas, Utah, Virginia, Washington, and Wisconsin. No states have refused, by order or otherwise, to register these franchises. No states have revoked or suspended the right to offer these franchises. The proposed registration of these franchises has not been involuntarily withdrawn in any state.

Each provision of this Addendum to the Disclosure Document shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Hawaii Franchise Investment Law, Hawaii Rev. Stat. §§ 482E, et seq., are met independently without reference to this Addendum to the disclosure document.

ILLINOIS ADDENDUM TO DISCLOSURE DOCUMENT

Illinois law governs the Disclosure Document and Franchise Agreement(s).

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a disclosure document and franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a disclosure document and franchise agreement may provide for arbitration to take place outside of Illinois.

Your rights upon Termination and Non-Renewal are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

In conformance with Section 41 of the Illinois Disclosure Act, any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

Based upon the franchisor's financial condition, the Illinois Attorney General's Office has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the development agreement opens. The Illinois Attorney General's Office imposed this deferral requirement due to Franchisor's financial condition.

INDIANA ADDENDUM TO DISCLOSURE DOCUMENT

Notwithstanding anything to the contrary set forth in the Franchise Agreement or Area Development Agreement, the following provisions shall supersede and apply to all franchises offered and sold in the State of Indiana:

1. The Franchise Agreement and Area Development Agreement will be governed by Indiana law. Venue for litigation will not be limited to a venue outside of the State of Indiana, as specified in the Franchise Agreement and Area Development Agreement.
2. The prohibition by Indiana Code 23-2-2.7-1 (7) against unilateral termination of the franchise without good cause or in bad faith, good cause being defined therein as a material breach of the Franchise Agreement, shall supersede any conflicting provisions of the Franchise Agreement and the Area Development Agreement in the State of Indiana to the extent they may be inconsistent with such prohibition.
3. No release language set forth in the Franchise Agreement or Area Development Agreement will relieve us or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Indiana.
4. The post-termination non-competition covenants set forth in the Franchise Agreement and Area Development Agreement shall be limited in time to a maximum of three (3) years and in geographic scope to the designated territory granted by the Agreement.
5. Nothing in the Franchise Agreement or Area Development Agreement will relieve us or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Indiana, and the laws of the State of Indiana supersede any conflicting choice of law provisions set forth herein if such provision is in conflict with Indiana law.
6. You will not be required to indemnify us and the other Indemnities for any liability caused by your proper reliance on or use of procedures or materials provided by us or caused by our negligence.
7. If we receive any payments related to purchases from you that we do not pass on in full to the supplier, we will promptly account for the amount of the payment that we retained and we will transmit the retained amount to you.

IOWA ADDENDUM TO DISCLOSURE DOCUMENT

Any provision in the Franchise Agreement or Compliance Questionnaire which would require you to prospectively assent to a release, assignment, novation, waiver, or estoppel which purports to relieve any person from liability imposed by the Iowa Business Opportunity Promotions Law (Iowa Code Ch. 551A) is void to the extent that such provision violates such law.

The following language will be added to the Franchise Agreement:

NOTICE OF CANCELLATION

_____ (enter date of transaction)

You may cancel this transaction, without penalty or obligation, within three business days from the above date. If you cancel, any property traded in, any payments made by you under the contract or sale, and any negotiable instrument executed by you will be returned within ten business days following receipt by the seller of your cancellation notice, and any security interest arising out of the transaction will be canceled.

If you cancel, you must make available to the seller at your residence or business address, in substantially as good condition as when received, any goods delivered to you under this contract or sale; or you may, if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk.

If you do not agree to return the goods to the seller or if the seller does not pick them up within 20 days of the date of your notice of cancellation, you may retain or dispose of the goods without any further obligation.

To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice to Speech & ABA Therapy Franchising, LLC at 4638 Riverstone Blvd., Missouri City, Texas 77459 not later than midnight of the third business day after the Effective Date.

I hereby cancel this transaction.

Franchisee: _____

Signed: _____

Name: _____

Date: _____

**MARYLAND ADDENDUM TO DISCLOSURE DOCUMENT, FRANCHISE AGREEMENT,
AND AREA DEVELOPMENT AGREEMENT**

The following provisions will supersede anything to the contrary in the Franchise Disclosure Document, Franchise Agreement or Area Development Agreement and will apply to all franchises offered and sold under the laws of the State of Maryland:

Item 17 - RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

1. No release language in the Franchise Agreement or Area Development Agreement will relieve us or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Maryland. Any general release required as a condition of renewal, sale and/or assignment or transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

2. A franchisee may sue in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Laws must be brought within three years after the grant of the franchise.

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

4. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the development agreement opens.

**ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT PURSUANT TO
THE MICHIGAN FRANCHISE INVESTMENT LAW**

The state of Michigan prohibits certain unfair provisions that are sometimes in franchise documents. If any of the following provisions are in these franchise documents, the provisions are void and cannot be enforced against you:

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provisions of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value, at the time of expiration, of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchised business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years; and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, marketing, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.¹
- (g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:
 - (i) the failure of the proposed franchisee to meet the franchisor's then-current reasonable qualifications or standards;
 - (ii) the fact that the proposed transferee is a competitor of the franchisor or subfranchisor;
 - (iii) the unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations; and

¹NOTE: Notwithstanding paragraph (f) above, we intend to fully enforce the provisions of the arbitration section of our agreements. We believe that paragraph (f) is preempted by the Federal Arbitration Act and that paragraph (f) is therefore unconstitutional.

- (iv) the failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

- (h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona-fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).

- (i) A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

The fact that there is a notice of this offering on file with the attorney general does not constitute approval, recommendation, or endorsement by the attorney general.

If the franchisor's most recent financial statements are unaudited and show a net worth of less than \$100,000, the franchisor must, at the request of the franchisee, arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations to provide real estate, improvements, equipment, inventory, training, or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

The name and address of the franchisor's agent in this state authorized to receive service of process is: Michigan Department of Commerce, Corporation and Securities Bureau, 6546 Mercantile Way, P.O. Box 30222, Lansing, MI 48910.

Any questions regarding this notice should be directed to:

Department of the Attorney General's Office
Corporate Oversight Division
Attn: Franchise
670 G. Mennen Williams Building
Lansing, MI 48913

INFORMATION REQUIRED BY THE STATE OF MINNESOTA

Notwithstanding anything to the contrary set forth in the Disclosure Document, the Franchise Agreement, or the Area Development Agreement, the following provisions will supersede and apply:

1. We will protect your right to use the trademarks, service marks, trade names, logotypes, or other commercial symbols and/or indemnify you from any loss, costs or expenses arising out of any claim, suit, or demand regarding the use of the same.
2. Minn. Stat. §80C.21 and Minn. Rule 2860.4400J prohibit the Franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring you to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the disclosure document or agreement(s) can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.
3. No release language set forth in the Franchise Agreement or Area Development Agreement will relieve us or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Minnesota.
4. Minnesota law provides franchisees with certain termination and non-renewal rights. Minnesota Statutes, Section 80C.14, subdivisions 3, 4, and 5 require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement or Area Development Agreement.
5. Under the terms of the Franchise Agreement and Area Development Agreement, as modified by the Minnesota Addendum to the Franchise Agreement, you agree that if you engage in any non-compliance with the terms of the Franchise Agreement or unauthorized or improper use of the System Marks, or Proprietary Materials during or after the period of the Agreements, we will be entitled to seek both temporary and permanent injunctive relief against you from any court of competent jurisdiction, in addition to all other remedies which we may have at law, and you consent to the seeking of these temporary and permanent injunctions.

NEW YORK ADDENDUM TO DISCLOSURE DOCUMENT

NOTICE TO PROSPECTIVE FRANCHISEES IN THE STATE OF NEW YORK

1. The following information is added to the cover page of the Franchise Disclosure Document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT B OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NEW YORK 10005. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE 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 FRANCHISE DISCLOSURE DOCUMENT.

2. The following is added at the end of Item 3:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

- a. No such party has an administrative, criminal, or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.
- b. No such party has pending actions, other than routine litigation, incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.
- c. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.
- d. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust; trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added at the end of Item 4:

Neither the Franchisor, nor its affiliates, officers, or directors during the 10-year period immediately preceding the date of the offering prospectus have (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within one (1) year after the officer or general partner of the franchisor held this position in the company or partnership.

4. The following are revisions to Item 5 of the Franchise Disclosure Document:

The Initial Franchise Fee is to be used for the purpose of sales development, training, and marketing costs as set forth in Item 7.

5. The following is added to the end of the "Summary" section of Item 17(c), titled "**Requirements for franchisee to renew or extend**," and Item 17(m), entitled "**Conditions for franchisor approval of transfer**":

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Section 687.4 and 687.5 be satisfied.

6. The following language replaces the "Summary" section of Item 17(d), titled "**Termination by franchisee**":

You may terminate the agreement on any grounds available by law.

7. The following is added to the end of the "Summary" section of Item 17(o), titled "**Assignment of contract by franchisor**":

However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor's obligations under the Franchise Agreement.

8. The following is added to the end of the "Summary" section of Item 17(v), titled "**Choice of forum**", and Item 17(w), titled "**Choice of Law**":

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

9. Any requirements of an Area Representative Agreement that you consent to the entry of an injunction prohibiting any breach by you of your obligations under the Franchise Agreement are modified in the State of New York to provide only that you consent to the seeking of such an injunction.

10. The following sentence is added at the end of the section entitled "Modifications to System" in Item 17 of the Franchise Disclosure Document:

However, any new or different requirement set forth will not unreasonably increase your obligations or place an excessive economic burden on your operations.

NORTH DAKOTA ADDENDUM TO DISCLOSURE DOCUMENT

In North Dakota, the Disclosure Document is amended as follows to conform to North Dakota law:

1. Item 17(c) “**Requirements for Franchisee to Renew or Extend**” of the Disclosure Document is amended to provide as follows: “Any provision in the Franchise Agreement which requires the franchisee to sign a general release upon renewal of the Franchise Agreement is unfair, unjust, or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.”
2. Item 17(r) “**Non-competition Covenants**” of the Disclosure Document is amended to provide as follows: “Any provision in the Franchise Agreement restricting competition is contrary to Section 9-08-06 of the North Dakota Century Code, without further disclosing that such covenants may be subject to this statute, are unfair, unjust or inequitable within the intent of Section 51-09-09 of the North Dakota Franchise Investment Law.”
3. Item 17(u) “**Dispute Resolution**” of the Disclosure Document is amended to provide as follows: “Any provision in the Franchise Agreement which provides that the parties agree to an arbitration or mediation of disputes which place at a location that is remote from the site of Franchisee’s business is unfair, unjust or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.”
4. Item 17(v) “**Venue**” of the Disclosure Document is amended to provide as follows: “Any provision in the Franchise Agreement which designates jurisdiction or venue or requires the Franchisee to agree to jurisdiction or venue in a forum outside of North Dakota is void with respect to any cause of action which is otherwise enforceable in North Dakota.”
5. Item 17(w) “**Governing Law**” is amended to provide as follows: “Any provision in the Franchise Agreement requiring that the Franchise Agreement be construed according to the laws of a state other than North Dakota is unfair, unjust, or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.”

OHIO ADDENDUM TO DISCLOSURE DOCUMENT

The following language will be added to the front page of the Franchise Agreement:

You, the purchaser, may cancel this transaction at any time prior to midnight of the fifth business day after the date you sign this agreement. See the attached notice of cancellation for an explanation of this right.

Initials: _____

Date: _____

NOTICE OF CANCELLATION

_____ (enter date of transaction)

You may cancel this transaction, without penalty or obligation, within five business days from the above date. If you cancel, any payments made by you under the agreement, and any negotiable instrument executed by you will be returned within ten business days following the seller's receipt of your cancellation notice, and any security interest arising out of the transaction will be cancelled. If you cancel, you must make available to the seller at your business address all goods delivered to you under this agreement; or you may, if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk. If you do make the goods available to the seller and the seller does not pick them up within 20 days of the date of your notice of cancellation, you may retain or dispose of them without further obligation. If you fail to make the goods available to the seller, or if you agree to return them to the seller and fail to do so, then you remain liable for the performance of all obligations under this agreement. To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice to Speech & ABA Therapy Franchising, LLC at 4638 Riverstone Blvd., Missouri City, Texas 77459 not later than midnight of the fifth business day after the Effective Date.

I hereby cancel this transaction.

Franchisee: _____

Signed: _____

Name: _____

Date: _____

RHODE ISLAND ADDENDUM TO DISCLOSURE DOCUMENT

Notwithstanding anything to the contrary set forth in the Franchise Disclosure Document, the following provisions shall supersede and apply to all franchises offered and sold in the State of Rhode Island.

ITEM 17 - RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

§19-28.1.-14 of the Rhode Island Franchise Investment Act provides that “A provision in a Franchise Agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.”

**VIRGINIA ADDENDUM TO DISCLOSURE DOCUMENT, FRANCHISE AGREEMENT, AND
DEVELOPMENT AGREEMENT**

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for Speech & ABA Therapy Franchising, LLC for use in the Commonwealth of Virginia shall be amended as follows:

Additional Disclosure:

The following statements are added to Item 5:

The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.

The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the development fee owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the development agreement.

The following statements are added to Item 17:

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement do not constitute “reasonable cause” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

INFORMATION REQUIRED BY THE STATE OF WASHINGTON

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

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

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

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

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

WISCONSIN ADDENDUM TO DISCLOSURE DOCUMENT

The Wisconsin Fair Dealership Law, Chapter 135 of the Wisconsin Statutes supersedes any provision of the Franchise Agreement if such provision is in conflict with that law. The Franchise Disclosure Document, the Franchise Agreement and the Supplemental Agreements are amended accordingly.

SIGNATURE PAGE FOR APPLICABLE ADDENDA

If any one of the preceding Addenda for specific states (“Addenda”) is checked as an “Applicable Addenda” below, then that Addenda shall be incorporated into the Franchise Disclosure Document, Franchise Agreement, and any other specified agreement(s) entered into by us and the undersigned Franchisee. To the extent any terms of an Applicable Addenda conflict with the terms of the Franchise Disclosure Document, Franchise Agreement, or other specified agreement(s), the terms of the Applicable Addenda shall supersede the terms of the Franchise Agreement.

- California
- Hawaii
- Illinois
- Iowa
- Indiana
- Maryland

- Michigan
- Minnesota
- New York
- North Dakota
- Ohio

- Rhode Island
- South Dakota
- Virginia
- Washington
- Wisconsin

Date: _____, _____

FRANCHISOR:

Speech & ABA Therapy Franchising, LLC

By: _____

Title: _____

FRANCHISEE:

By: _____

Title: _____

EXHIBIT J

BILLING SERVICES AGREEMENT

MEDICAL BILLING SERVICES AGREEMENT

This Medical Billing Services Agreement (“Agreement”) is made effective this _____ (“Effective Date”) between Essential Staffing, LLC (Essential Billing Solutions) with its primary place of business located at Pearland, TX 77584 (“Essential Billing Solutions”) and _____ located at _____ (“Client”).

1. DESCRIPTION OF SERVICES

1. Claim Management. Essential Billing Solutions will provide the following services (“Billing Services”):

- enter and transmit claims for reimbursement to third-party payors in Client’s name using provider numbers assigned to Client by the respective third-party payor and based on information provided to Essential Billing Solutions by Client through Client’s electronic medical records management software;
- post insurance to Client’s account and will endeavor to resolve claim rejections in accordance with payor policies and procedures and applicable law; and
- direct payment of claims filed on Client’s behalf to accounts under Client’s control as may be required by third-party payors.

2. Patient Statements. Essential Billing Solutions will record payments received from third-party payers in the corresponding patients files within a 72-hour business timeframe.

3. Prior Authorization. Essential Billing Solutions will prepare and submit requests for prior authorization of services provided or to be provided by Client to patient insurance carriers as required and to the extent permitted by applicable law and payor policies within a 72-hour business day timeframe. Prior authorization approval does not guarantee payments of claims and Essential Billing Solutions is not responsible for prior authorization approval or denial and Client agrees to take on all risk if servicing clients prior to authorization being approved.

4. Quote of Benefits. Essential Billing Solutions will complete a quote of benefits for new patients for services provided by the client after sites Office Manager/Client have completed their own Quote of Benefits and sent to Essential Billing Solutions along with other required materials in order to check benefits, Essential Billing Solutions has a 72-hour business day timeframe to complete these. Quotes of benefits do not guarantee payments of claims. Insurance coverage can vary based on factors such as plan specifics, eligibility criteria, and medical necessity. Essential Billing Solutions bears no responsibility for errors found in Quote of Benefits forms.

2. CLIENT RESPONSIBILITIES

2.1. Reasonable Assistance. Client agrees to provide Essential Billing Solutions with all necessary records, information, and assistance to enable Essential Billing Solutions to provide such Services. Client shall be responsible for ensuring the accuracy and completeness of coding associated with claims and for ensuring the medical necessity and appropriateness of the Services for which a bill will be submitted. Essential Billing Solutions shall have no liability or responsibility whatsoever regarding the accuracy or completeness of the coding or determinations regarding medical necessity. The client also agrees to promptly provide Essential Billing Solutions all copies of all Explanation of Benefits forms received from third-party payers as well as records of payments received directly from patients. Client shall be responsible for providing Essential Billing Solutions, signed contracts, fee schedules, and credentialing records needed to assist with claims and prior authorizations. Essential Billing Solutions is not responsible for any credentialing and contracting tasks and it is solely on the client to hire outside company for credentialing and contracting.

2.2. System Access. Client grants to Essential Billing Solutions the right to access and use its practice management software to facilitate the submission of medical claims. All patient information and data provided by Client will be kept confidential and only be disclosed to parties necessary to successfully process and submit claims on behalf of Client.

2.3. Client Acknowledgement. The parties expressly agree and acknowledge that the services shall be forward moving only, there will not be hindsight review or analysis performed. All billing recommendations and item deliveries will be for forward moving strategies to increase the performance of the company. Essential Billing Solutions will not have any knowledge regarding, nor make any recommendations regarding any matter predating this agreement. Clients expressly understand that the services to be performed under this agreement are done in an advisory capacity only. That is, the client is free to accept or reject Essential Billing Solutions recommendations. Client further acknowledges and understands that results are not guaranteed by the client's implementation of clients recommendations. Client shall be solely responsible for the actual implementation of any such recommendations, including ensuring that all applicable laws and regulations are followed. Essential Billing Solutions shall bear no responsibility for any claims, damages, fines, ect., that may arise from Clients implementation of any recommendations including but not limited to:

- Client's improper implementation of any recommendations;
- Clients failure to implement any recommendations;
- Client's failure to ensure that any recommendations are in compliance with state and or/ local laws; or
- Any future changes to the general practice standards after the termination of this agreement.

Client acknowledges and agrees to the following:

The submission of false, fraudulent, or misleading data, information, or statements to the government and/or commercial third-party payers in connection with health insurance coding, billing and claims submission is a crime and can subject the violator to imprisonment and fines. Client shall indemnify and hold Essential Billing Solutions and its owners, directors, employees, and contractors harmless from and against any claims submitted on behalf of and in the name of the Client for which client has provided Essential Billing Solutions false, fraudulent, incomplete, misleading, or otherwise incorrect information or data, including but not limited to, the coding of claims pursuant to Section 2.1 above. The ultimate responsibility for all claims submitted is that of the Client. Client shall be responsible for maintaining all original source documents to enable it to verify and document the claims submitted to third-party payers.

3. FEES.

3.1. Setup Fee. Client will pay Essential Billing Solutions \$2,500 on execution of this Agreement for initial setup. The Setup Fee is due on execution of this Agreement.

- This fee is collected so that our team can start working diligently on setting up your practice mate software, enrolling your site in electronic remittance advice and electronic funds transfer as well as starting the process of verifying benefits for all interested potential clients, and beginning the process of getting authorization approvals as well as navigating the first steps in setting up your clearing house.

3.2. Billing Services Fee. Client will pay Essential Billing a fee for Billing Services equal to four percent of amounts collected. The Billing Services Fee will be invoiced on the first day of each month.

- The rate of 4% of net collections of Essential Billing Solutions charges monthly covers all the services EBS offers to you. This includes but is not limited to verifying insurance coverage, submitting and obtaining prior authorization for all specialties, scrubbing through billing entries to ensure compliance, billing audits, training and teaching sites on compliance and audit procedures, billing claims out through practice mate software, ensure claims passing through clearing house, monitor payments coming in, claims management, posting payments, and monthly meeting to go over RCM.

3.3. Payment Terms. The Billing Services Fee will be invoiced on the first of each month. Electronic Funds Withdrawal (ACH) will be processed each month on the 5th day of the month for Billing Services dues for the previous month. Payments are due within ten (10) days of receipt of invoice. Client will pay interest on all overdue amounts at a rate of eighteen percent per annum or the maximum rate allowed by law, whichever is greater. Essential Billing Solutions retains the authority to suspend services to the Client in the event that monthly service payments remain outstanding for a period of two months or longer and will only resume services once all outstanding invoices and balances are paid in full.

4. CONFIDENTIALITY AND HIPAA

4.1. Business Associate Agreement. Essential Billing and Client agree to comply with the terms of Essential Billing's form of Business Associate Agreement, incorporated herein by reference.

5. TERM AND TERMINATION

5.1. Term. Client's agreement shall remain in effect (1) year beginning on the commencement date. Essential Billing Solutions has the right to terminate services on a 60-day written notice. Upon expiration of this agreement of the initial term (and each renewal term), this agreement shall automatically renew for an additional period of (1) year.

5.2. Rights on Termination. On termination of this Agreement for any reason, Client will be permitted to terminate Essential Billing Solutions' access to its systems. Client will be required to pay fees accrued as of the date of termination plus any claims or charges pending or in transit. All information provided will fall under HIPAA compliance as outlined in the Business Associates Agreement.

6. LIMITATION OF WARRANTY AND LIABILITY

6.1. Limited Warranty. All services will be provided "as is," without any warranty whatsoever, whether express or implied, including but not limited to any warranty of merchantability or fitness for a particular purpose. Essential Billing Solutions in essence, the services are provided without any guarantees beyond what has been expressly outlined in the agreement, ensuring transparency and clarity in the expectations of both parties.

6.2. Indemnification. Client agrees to indemnify, defend (at Essential Billing Solutions' election), and hold Essential Billing and its owners, directors, executives, officers, affiliates, employees, and agents harmless from and against any and all claims, causes of action, liabilities, damages, fines, assessments, fees, penalties, costs (including reasonable attorney fees and costs of litigation), judgments, awards, and damages of any kind arising from the performance or non-performance of this Agreement or any associated acts or omissions.

6.3. Limitation of Liability. Client agrees Essential Billing will not be liable for any special, indirect, incidental, punitive, or consequential damages, whether arising under contract, warranty, or tort (including negligence or strict liability) or any other theory of liability ("Excluded Damages"). Client hereby waives, to the maximum extent permitted by applicable law, the right to seek any Excluded Damages in any dispute between Client and Essential Billing. Client further agrees that in no case will Essential Billing's liability for damages, regardless of the form of the action, exceed the amount of fees paid by Client hereunder during the three months immediately preceding the event giving rise to the claim. Notwithstanding anything to the

contrary contained in this Agreement, neither party will be liable to the other for any third-party claims even if a party has been apprised of the likelihood of such damages.

7. GENERAL

7.1. Choice of Law. This Agreement is made under and will be governed by and construed in accordance with the laws of the State of Texas, without regard to the state’s conflict of laws provisions.

7.2. Entire Agreement. This Agreement constitutes the entire agreement and understanding of the parties with respect to the subject matter hereof, and supersedes all prior agreements and understandings.

7.3. Notices: All communicating or notification that are allowed or mandated by provider or delivered pursuant to this agreement must be in written form and can be transmitted via email or portal mail to the address specified on the initial page of this agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective duly authorized representative as of the Effective Date.

Essential Staffing, LLC

Client

Signature: _____

Signature: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

EXHIBIT K

ELECTRONIC FUNDS TRANSFER AUTHORIZATION FORM

Bank Name:

ABA Number:

Account Number:

Account Name:

Effective as of the date of the signature below, _____ (the “Franchisee”) hereby authorizes Speech and ABA Therapy Franchising, LLC (the “Franchisor”) or its designee to withdraw funds from the above-referenced bank account, electronically or otherwise, to cover the following payments that are due and owing Franchisor or its affiliates under the franchise agreement dated _____ (the “Franchise Agreement”) for the business operating at: _____ (the “Franchised Business”): (i) all Royalty Fees; (ii) Fund Contributions; (iii) any amounts due and owing the Franchisor or its affiliates in connection with marketing materials or other supplies or inventory that is provided by Franchisor or its affiliates; and (iv) all other fees and amounts due and owing to Franchisor or its affiliates under the Franchise Agreement. Franchisee acknowledges each of the fees described above may be collected by the Franchisor (or its designee) as set forth in the Franchise Agreement.

The parties further agree that all capitalized terms not specifically defined herein will be afforded the definition they are given in the Franchise Agreement.

Such withdrawals shall occur on a weekly basis, or on such other schedule as Franchisor shall specify in writing. This authorization shall remain in full force and effect until terminated in writing by Franchisor. Franchisee shall provide Franchisor, in conjunction with this authorization, a voided check from the above-referenced account.

AGREED:

FRANCHISEE:

By:
Name:
Title:
Date:

FRANCHISOR ACKNOWLEDGES:

By:
Name:
Date:

EXHIBIT L
LEASE RIDER

LEASE RIDER

THIS LEASE RIDER is entered into this _____ between
Speech and ABA Therapy Franchising, LLC ("Company"), _____ ("Franchisee"),
and _____ ("Landlord").

WHEREAS, Company and Franchisee are parties to a Franchise Agreement dated _____
(the "Franchise Agreement"); and

WHEREAS, the Franchise Agreement provides that Franchisee will operate an Essential Speech & ABA
Therapy business ("Business") at a location that Franchisee selects and Company accepts; and

WHEREAS, Franchisee and Landlord propose to enter into the lease to which this Rider is attached (the
"Lease"), pursuant to which Franchisee will occupy premises located at _____

(the "Premises") for the purpose of constructing and operating the Business in accordance with the
Franchise Agreement; and

WHEREAS, the Franchise Agreement provides that, as a condition to Company's authorizing Franchisee to
enter into the Lease, the parties must execute this Lease Rider;

NOW, THEREFORE, in consideration of the mutual undertakings and commitments set forth in this Rider
and in the Franchise Agreement, the receipt and sufficiency of which the parties acknowledge, the parties agree
as follows:

1. During the term of the Franchise Agreement, Franchisee will be permitted to use the Premises for the
operation of the Business and for no other purpose.
2. Subject to applicable zoning laws and deed restrictions and to prevailing community standards of decency,
Landlord consents to Franchisee's installation and use of such trademarks, service marks, signs, decor items,
color schemes, and related components of the Essential Speech & ABA Therapy system as Company may from
time to time prescribe for the Business.
3. Landlord agrees to furnish Company with copies of all letters and notices it sends to Franchisee pertaining
to the Lease and the Premises, at the same time it sends such letters and notices to Franchisee. Notice shall be
sent to Company by the method(s) as stated in the lease to:

Speech and ABA Therapy Franchising, LLC
4638 Riverstone BLVD
Missouri City, TX 77459

4. Company will have the right, without being guilty of trespass or any other crime or tort, to enter the
Premises at any time or from time to time (i) to make any modification or alteration it considers necessary to
protect the Essential Speech and ABA Therapy system and marks, (ii) to cure any default under the Franchise
Agreement or under the Lease, or (iii) to remove the distinctive elements of the Essential Speech and ABA
Therapy trade dress upon the Franchise Agreement's expiration or termination. Neither Company nor Landlord
will be responsible to Franchisee for any damages Franchisee might sustain as a result of action Company
takes in accordance with this provision. Company will repair or reimburse Landlord for the cost of any damage
to the Premises' walls, floor or ceiling that result from Company's removal of trade dress items and other
property from the Premises.

5. Franchisee will be permitted to assign the Lease to Company or its designee upon the expiration or
termination of the Franchise Agreement. Landlord consents to such an assignment and agrees not to impose any

assignment fee or similar change, or to increase or accelerate rent under the Lease, in connection with such an assignment.

6. If Franchisee assigns the Lease to Company or its designee in accordance with the preceding paragraph, the assignee must assume all obligations of Franchisee under the Lease from and after the date of assignment but will have no obligation to pay any delinquent rent or to cure any other default under the Lease that occurred or existed prior to the date of the assignment.

7. Franchisee may not assign the Lease or sublet the Premises without Company's prior written consent, and Landlord will not consent to an assignment or subletting by Franchisee without first verifying that Company has given its written consent to Franchisee's proposed assignment or subletting.

8. Landlord and Franchisee will not amend or modify the Lease in any manner that could materially affect any of the provisions or requirements of this Lease Rider without Company's prior written consent.

9. The provisions of this Lease Rider will supersede and control any conflicting provisions of the Lease.

10. Landlord acknowledges that Company is not a party to the Lease and will have no liability or responsibility under the Lease unless and until the Lease is assigned to, and assumed by, Company.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties have executed this Lease Rider of the date first above written:

COMPANY:

SPEECH AND ABA THERAPY FRANCHISING, LLC

By:

Name:

Title:

Date:

FRANCHISEE:

[FRANCHISEE ENTITY]

By:

Name:

Title:

Date:

LANDLORD:

By:

Name:

Title:

Date:

EXHIBIT M

MEDICAID REIMBURSEMENT RATES

These rates were sourced via each state’s specific Medicaid website and are the most recent rate updates of April 2024. For the most recent rates at your time of reading, please refer to each state's independent Medicaid website.

Each rate below is for one unit, where one unit is equivalent to 15 minutes.

BCBA Code for Assessment/Re-Assessment (97151): used for assessment and or re-assessment of a client, generally between 32 and 48 units (8 and 12 hours) every 6 months.

RBT Code for Direct Therapy (97153): used for direct 1:1 ABA Therapy, can vary depending on client need. The Franchisor recognizes at least 120 units (30 hours) a week “full-time.”

BCBA Code for Protocol Modification (97155): used for BCBA to assist RBTs, required to be a minimum of 5% of 97153 units.

BCBA Code for Family Guidance/Parent Training (97156): used for BCBA to meet with client parents, required 4 units (1 hour) per month.

Medicaid Reimbursement Rates				
	97151	97153	97155	97156
1. Alabama	\$25.00	\$10.00	\$30.00	\$30.00
2. Alaska	\$25.03	\$19.02	\$25.03	\$15.71
3. Arizona	\$30.06	\$17.91	\$25.05	\$0.00
4. Arkansas	\$20.00	\$15.00	\$22.50	\$20.00
5. California	Unavailable	Unavailable	Unavailable	Unavailable
6. Colorado	\$38.83	\$17.88	\$26.20	\$0.00
7. Connecticut	\$0.00	\$11.70	\$0.00	\$0.00
8. Delaware	\$43.76	\$15.68	\$17.66	\$31.25
9. Florida	\$19.05	\$12.19	\$19.05	\$19.05
10. Georgia	\$30.01	\$15.13	\$30.01	\$13.21
11. Hawaii	\$31.25	\$12.50	\$31.25	\$41.67
12. Idaho	Unavailable	Unavailable	Unavailable	Unavailable

13. Illinois	\$20.39	\$13.00	\$20.39	\$20.39
14. Indiana	\$21.87	\$17.06	\$21.85	\$21.87
15. Iowa	\$34.03	\$16.34	\$35.06	\$16.34
16. Kansas	\$43.75	\$11.75	\$24.00	\$37.50
17. Kentucky	\$21.25	\$11.77	\$21.25	\$16.51
18. Louisiana	\$25.00	\$12.50	\$22.50	\$22.50
19. Maine	Unavailable	Unavailable	Unavailable	Unavailable
20. Maryland	\$33.46	\$16.73	\$33.46	\$18.25
21. Massachusetts	\$30.73	\$16.37	\$30.73	\$30.73
22. Michigan	Unavailable	Unavailable	Unavailable	Unavailable
23. Minnesota	\$50.11	\$20.17	\$20.17	\$20.17
24. Mississippi	\$34.18	\$12.96	\$21.05	\$20.19
25. Missouri	\$25.26	\$20.13	\$20.13	\$20.13
26. Montana	\$37.72	\$10.61	\$19.10	\$19.10
27. Nebraska	\$54.17	\$36.11	\$36.11	\$54.17
28. Nevada	\$17.54	\$18.06	\$30.10	\$21.17
29. New Hampshire	\$0.00	\$0.00	\$0.00	\$0.00
30. New Jersey	\$25.00	\$15.00	\$21.25	\$25.00
31. New Mexico	\$91.62	\$16.19	\$32.38	\$21.04
32. New York	\$19.26	\$19.26	\$19.26	\$19.26
33. North Carolina	\$18.39	\$16.67	\$16.67	\$16.11
34. North Dakota	\$29.64	\$10.09	\$29.64	\$27.50
35. Ohio	\$13.84	\$12.69	\$16.60	\$16.60
36. Oklahoma	\$23.55	\$17.35	\$23.55	\$23.55
37. Oregon	\$20.16	\$14.22	\$31.02	\$31.02
38. Pennsylvania	\$22.09	\$12.73	\$22.09	\$22.09
39. Rhode Island	\$41.09	\$41.09	\$41.09	\$41.09
40. South Carolina	\$23.51	\$14.88	\$21.25	\$21.25
41. South Dakota	\$36.53	\$20.36	\$36.53	\$36.53
42. Tennessee	Unavailable	Unavailable	Unavailable	Unavailable
43. Texas	\$24.71	\$13.00	\$18.00	\$16.50

44. Utah	\$36.27	\$17.92	\$36.27	\$36.27
45. Vermont	\$65.80	\$15.00	\$49.35	\$21.39
46. Virginia	20.58	\$15.00	23.48	20.01
47. Washington	\$19.17	\$12.65	\$14.38	\$18.69
48. West Virginia	Unavailable	Unavailable	Unavailable	Unavailable
49. Wisconsin	\$25.90	\$11.91	\$22.93	\$28.03
50. Wyoming	\$19.15	\$20.50	\$20.50	\$20.50

EXHIBIT N

BUSINESS ASSOCIATE AGREEMENT

BUSINESS ASSOCIATE AGREEMENT

This Privacy Agreement ("Agreement"), is effective upon signing this Agreement and is entered into by and between the party listed as the Covered Entity below ("Covered Entity") and _____ (the "Business Associate").

1. Term. This Agreement shall remain in effect for the duration of this Agreement and shall apply to all of the Services and/or Supplies delivered by the Business Associate according to this Agreement.

2. HIPAA Assurances. In the event Business Associate creates, receives, maintains, or otherwise is exposed to personally identifiable or aggregate patient or other medical information defined as Protected Health Information ("PHI") in the Health Insurance Portability and Accountability Act of 1996 or its relevant regulations ("HIPAA") and otherwise meets the definition of Business Associate as defined in the HIPAA Privacy Standards (45 CFR Parts 160 and 164), Business Associate shall:
 - (a) Recognize that HITECH (the Health Information Technology for Economic and Clinical Health Act of 2009) and the regulations thereunder (including 45 C.F.R. Sections 164.308, 164.310, 164.312, and 164.316), apply to a business associate of a covered entity in the same manner that such sections apply to the covered entity;
 - (b) Not use or further disclose the PHI in a manner that had Covered Entity or Insert Clinic Name done so, would violate the requirements of HIPAA;
 - (c) Use appropriate safeguards (including implementing administrative, physical, and technical safeguards for electronic PHI) to protect the confidentiality, integrity, and availability of and to prevent the use or disclosure of the PHI other than as provided for by this Agreement;
 - (d) Comply with each applicable requirement of 45 C.F.R. Part 162 if the Business Associate conducts Standard Transactions for or on behalf of the Covered Entity;
 - (e) Report promptly to Covered Entity any security incident or other use or disclosure of PHI not provided for by this Agreement of which Business Associate becomes aware;
 - (f) Ensure that any subcontractors or agents who receive or are exposed to PHI (whether in electronic or other format) are explained the Business Associate obligations under this paragraph and agree to the same restrictions and conditions;
 - (g) Make available PHI in accordance with the individual's rights as required under the HIPAA regulations;
 - (h) Account for PHI disclosures for up to the past six (6) years as requested by Covered Entity, which shall include: (i) dates of disclosure, (ii) names of the entities or persons who received the PHI, (iii) a brief description of the PHI disclosed, and (iv) a brief statement of the purpose and basis of such disclosure;
 - (i) Make its internal practices, books, and records that relate to the use and disclosure of PHI available to the U.S. Secretary of Health and Human Services for purposes of determining Customer's compliance with HIPAA; and Incorporate any amendments or corrections to PHI when Speech and ABA Therapy Franchising, LLC
FDD 2024

notified by Customer or enter into a Business Associate Agreement or other necessary Agreements to comply with HIPAA.

(j) Not use or further disclose the PHI, except as permitted by law;

3. Termination Upon Breach of Provisions. Notwithstanding any other provision of this Agreement, Covered Entity may immediately terminate this Agreement if it determines that Business Associate breaches any term in this Agreement. Alternatively, Covered Entity may give written notice to Business Associate in the event of a breach and give Business Associate five (5) business days to cure such breach. Covered Entity shall also have the option to immediately stop all further disclosures of PHI to Business Associate if Covered Entity reasonably determines that Business Associate has breached its obligations under this Agreement. In the event that termination of this Agreement and the Agreement is not feasible, Business Associate hereby acknowledges that the Covered Entity shall be required to report the breach to the Secretary of the U.S. Department of Health and Human Services, notwithstanding any other provision of this Agreement or Agreement to the contrary.

4. Return or Destruction of Protected Health Information upon Termination. Upon the termination of this Agreement, unless otherwise directed by Covered Entity, Business Associate shall either return or destroy all PHI received from the Covered Entity or created or received by Business Associate on behalf of the Covered Entity in which Business Associate maintains in any form. Business Associate shall not retain any copies of such PHI. Notwithstanding the foregoing, in the event that Business Associate determines that returning or destroying the Protected Health Information is infeasible upon termination of this Agreement, Business Associate shall provide to Covered Entity notification of the condition that makes return or destruction infeasible. To the extent that it is not feasible for Business Associate to return or destroy such PHI, the terms and provisions of this Agreement shall survive such termination or expiration and such PHI shall be used or disclosed solely as permitted by law for so long as Business Associate maintains such Protected Health Information.

5. No Third Party Beneficiaries. The parties agree that the terms of this Agreement shall apply only to themselves and are not for the benefit of any third party beneficiaries.

6. De-Identified Data. Notwithstanding the provisions of this Agreement, Business Associate and its subcontractors may disclose non-personally identifiable information provided that the disclosed information does not include a key or other mechanism that would enable the information to be identified.

7. Amendment. Business Associate and Covered Entity agree to amend this Agreement to the extent necessary to allow either party to comply with the Privacy Standards, the Standards for Electronic Transactions, the Security Standards, or other relevant state or federal laws or regulations created or amended to protect the privacy of patient information. All such amendments shall be made in a writing signed by both parties.

8. Interpretation. Any ambiguity in this Agreement shall be resolved in favor of a meaning that permits the parties to comply with the then most current version of HIPAA and the HIPAA privacy regulations.

9. Definitions. Capitalized terms used in this Agreement shall have the meanings assigned to them as outlined in HIPAA and its related regulations.

10. Survival. The obligations imposed by this Agreement shall survive any expiration or termination of this Agreement.

COVERED ENTITY

BUSINESS ASSOCIATE

Signature: _____

Signature: _____

Name: _____

Name: _____

Date: _____

Date: _____

Title: _____

Title: _____

EXHIBIT O

STATE EFFECTIVE DATES

The following States require that the Franchise Disclosure Document be registered or filed with the State, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed or registered as of the Effective Date stated below:

State	Effective Date
California	Not Registered
Hawaii	Not Registered
Illinois	Pending
Indiana	Not Registered
Maryland	August 15, 2024
Michigan	Not Registered
Minnesota	Not Registered
New York	Not Registered
North Dakota	Not Registered
Rhode Island	Not Registered
South Dakota	Not Registered
Virginia	July 10, 2024
Washington	Not Registered
Wisconsin	Not Registered

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Speech and ABA Therapy Franchising, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the Franchisor or an affiliate in connection with the proposed franchise sale. New York requires that you be given this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of any franchise or other agreement, or payment of any consideration that relates to the franchise relationship.

If Speech and ABA Therapy Franchising, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580, and any applicable state agency (which are listed in Exhibit B).

This franchise is being offered by the following seller(s) at the principal business address and phone number listed below (check all that have been involved in the sales process):

Nafisa Obi | Amber Lister | Camila Trevino | Ben Gerding | 4638 Riverstone Blvd., Missouri City, TX 77459 | 346-463-8679

Franchise Brokers, Consultants, or Franchise Development Company Representatives (if any):

(Name) _____ (Address) _____ (Phone) _____

Issuance Date: May 22, 2024

I received a disclosure document that included the following Exhibits:

- A. Financial Statements
- B. List of State Administrators and Agents for Service of Process
- C. List of Current and Former Franchisees
- D. Operations Manual Table of Contents
- E. Franchise Agreement with Attachments
- F. Area Development Agreement with Attachments
- G. Form of General Release
- H. Form of Confidentiality and Noncompetition
- I. State Specific Addenda
- J. State Effective Dates
- K. Billing Services Agreement
- L. Business Associate Agreement
- M. EFT Authorization Form
- N. Lease Rider
- O. Medicare Reimbursement Rates

Date Received: _____

Signature: _____

Print Name: _____

Please sign and keep this copy for your records.

RECEIPT

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If Speech and ABA Therapy Franchising, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the Franchisor or an affiliate in connection with the proposed franchise sale. New York requires that you be given this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of any franchise or other agreement, or payment of any consideration that relates to the franchise relationship.

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- L. Business Associate Agreement
- M. EFT Authorization Form
- N. Lease Rider
- O. Medicare Reimbursement Rates

Date Received: _____

Signature: _____

Print Name: _____

Return This Copy To Us: **Speech and ABA Therapy Franchising, LLC**
4638 Riverstone Blvd
Missouri City, TX 77459
franchise@speechandabatherapy.com | 346-463-8679