



**FRANCHISE DISCLOSURE DOCUMENT**  
**The Tutoring Center Franchise Corp.**

a California corporation  
3750 Long Beach Boulevard, Suite 100  
Long Beach, California 90807  
Telephone: (562) 984-0830  
[www.tutoringcenter.com](http://www.tutoringcenter.com)

The Tutoring Center Franchise Corp. grants franchises to operate a learning center specializing in after-school tutoring services in reading, math, writing, pre-algebra, algebra 1 and 2, geometry, test preparation and study skills for school age children.

The total investment necessary to begin operation of a Tutoring Center franchised business is ~~\$114,420 to \$191,235~~ \$85,010 to \$162,475. This includes ~~\$45,000~~ \$47,000 that must be paid to the franchisor and/or its affiliate, as appropriate.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Dr. Edward Thalheimer at 3750 Long Beach Boulevard, Suite 100, Long Beach, California 90807 and (562) 984-0830.

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](http://www.ftc.gov) for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

Issuance Date: March 21, 2025

## 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 will not tell you how much you can 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 Item 20 or Exhibit D.
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 estimated 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?	Item 21 or 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 Tutoring Center 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 relevant 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 Tutoring Center franchisee?	Item 20 or Exhibit D list 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 the 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 manuals 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 franchisor 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 E.

Your state may also have laws that require special disclosures or amendments be made to your franchise agreement. If so, you should check the State Specific Addenda. See the Table of Contents for the location of the State Specific Addenda.

## Special Risks to Consider About ***This*** Franchise

Certain states require the following risks be highlighted:

1. Out-of State Dispute Resolution. The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration, and/or litigation only in California. 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 California than in your own state.

2. Mandatory Minimum Payments. You must make minimum royalty and other 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. If so, check the “State-Specific Addenda” (if any) to see whether your state requires other risks to be highlighted.

## DISCLOSURES REQUIRED BY MICHIGAN 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 provision 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 franchise 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, advertising, 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 the 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.
- (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 transferee 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.
  - (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.**

Michigan law provides that a franchisor whose most recent statements are unaudited and which show a net worth of less than \$100,000 shall, at the request of a franchisee, arrange for the escrow of initial investment and other funds paid by the franchisee or subfranchisor 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. In the event that an escrow is so established, the escrow agent shall be a financial institution authorized to do business in the State of Michigan. The escrow agent may release to the franchisor those amounts of the escrowed funds applicable to a specific franchisee or subfranchisor upon presentation of an affidavit executed by the franchisee and an affidavit executed by the franchisor stating that the franchisor has fulfilled its obligation to provide real estate, improvements, equipment, inventory, training, or other items. This portion of the Michigan law does not prohibit a partial release of escrowed funds upon receipt of affidavits of partial fulfillment of the franchisor's obligation.

**SHOULD THE PROSPECTIVE FRANCHISEE HAVE ANY QUESTIONS REGARDING THE NOTICE OF THIS FILING WITH THE ATTORNEY GENERAL, SUCH QUESTIONS SHOULD BE ADDRESSED TO:**

**Department of the Attorney General  
Consumer Protection Division  
Antitrust and Franchise Section  
PO Box 30213  
Lansing, MI 48909  
(517) 335-7567**

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## EXHIBITS

- A. Financial Statements
- B. Franchise Agreement
- C. Table of Contents of Operating Manual
- D. List of Franchisees and Franchisees Who Have Left the System
- E. Lists of State Administrators and Agents for Service of Process
- F. State-Specific Addenda
- G. Form of General Release
- H. Transfer of Franchise to a Corporation or Limited Liability Company
- I. Telephone Listing Agreement
- J. SAT/ACT Program Addendum
- K. Incentive Agreement
- L. State Effective Dates
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## **ITEM 1. THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES**

We are The Tutoring Center Franchise Corp. We are a California corporation formed on January 19, 2005. To simplify this Disclosure Document, we refer to ourselves as “we” or “us.” We refer to the person or company that buys a franchise as “you.” If you are a corporation, limited liability company or other business entity, this disclosure also applies to your owners. Capitalized terms not defined in this Disclosure Document have the same meaning as in the Franchise Agreement attached as Exhibit B.

Our business address is 3750 Long Beach Boulevard, Suite 100, Long Beach, California 90807. Our telephone number is (562) 984-0830.

Our agent for service of process in California is Dr. Edward Thalheimer, 3750 Long Beach Boulevard, Suite 100, Long Beach, California 90807. Exhibit E identifies our agents in some other states.

We do not own or operate any The Tutoring Center® businesses as of the issuance date of this Disclosure Document. We have offered The Tutoring Center® franchises since 2005. Our former affiliate, iQuest Distribution, was a sole proprietorship that began operating in or about July of 2017 and ceased operations in or about May of 2021. iQuest Distribution was located at 4223 Atlantic Avenue, Long Beach, California 90807. This affiliate produced the Student Workbooks that are sold to franchisees. In or about May of 2021, the operations of iQuest Distribution were subsumed into The Tutoring Center Franchise Corp. Our former affiliate, The Tutoring Center, Inc., a California corporation (“TTCI”), was formed on May 18, 1999. On June 3, 2013, TTCI assigned the rights to all trademarks associated with The Tutoring Center to us, and TTCI was dissolved on January 27, 2014.

We have no other affiliates. We do not have any predecessors or parents. Neither we nor our affiliate have offered franchises in other lines of business. We have no business activities other than the franchise services discussed in this Disclosure Document, though we reserve the right to conduct other business activities in the future.

We grant franchises for the ownership and operation of an educational tutoring business (“The Tutoring Center” or “Center”) specializing in after-school tutoring services in reading, math, writing, pre-algebra, algebra 1 and 2, geometry, test preparation and study skills for school age children. We do not require certification of the instructors who provide the tutoring. Under our Franchise Agreement (attached as Exhibit B to this Disclosure Document), and once qualified, you will be granted the right to operate one Center at an Approved Location using The Tutoring Center trademarks and service marks (the “Marks”) and our System, which includes our Marks, as well as our facility design and décor, operational procedures, marketing and advertising, contents of a confidential Operations Manual (or “Manuals”), record-keeping procedures and related elements and the Student Workbooks.

The Tutoring Center also offers an additional optional SAT/ACT Test Prep Program that Franchisees can apply to offer at their Centers. Currently, this program is available to all Franchisees provided that their Center has (i) been in operation for twenty-four (24) months, (ii) has a current average enrollment of fifty (50) or more students, and (iii) has qualified instructors to provide the SAT/ACT program. The requirements, policies and procedures for the SAT/ACT Test Prep Program are identified in operating manual and subject to change. Franchisees who qualify and granted the right to offer the program will execute a SAT/ACT Program Addendum attached as Exhibit J.

You must comply with laws on operating a business, including obtaining a business license. Your Center must also comply with federal, state, and local laws and regulations affecting the business,

including state and local licensing laws, zoning, land use and construction regulations, federal and state environmental laws and regulations and various health, safety, sanitation and fire standards. You must also comply with employment laws, like the Fair Labor Standards Act and state laws covering matters like minimum wages, overtime and working conditions. In addition, your Center must comply with other laws or regulations that are not specific to the industry but applicable to businesses generally.

You will compete with other learning centers and educational institutions offering similar services, some of which are part of national or regional franchised and non-franchised chains. The market for your services is developing in some markets and developed in others.

We pay existing The Tutoring Center® franchisees a referral fee for referred candidates who acquire a franchise within 12 months of the referral, but we can change this policy at any time. Franchisees who receive financial incentives for such referrals may be required to register as franchise brokers under applicable state laws. (See State-Specific Addenda attached as Exhibit F).

**ITEM 2. BUSINESS EXPERIENCE**

**President, Secretary and Treasurer: Edward S. Thalheimer, Ph.D.**

Dr. Edward Thalheimer has been associated with the child tutoring industry since 1985. He has been our Director, President, Secretary and Treasurer since we were formed on January 19, 2005. From July 2017 until May 2021, he was the sole proprietor of our former affiliate, iQuest Distribution.

**Vice President: Chita R. Thalheimer, D.C.**

Dr. Chita Thalheimer has worked with Dr. Edward Thalheimer to build The Tutoring Center brand since 1994. She has been our Vice President since March 20, 2017. Prior to that, she served as our Director of Operations from 2005 until she became our Vice President on March 20, 2017.

**Assistant Vice President: Ryan Oak**

Ryan Oak has been employed by The Tutoring Center Franchise Corp since March 06, 2020. He has served as the Assistant Vice President since January 2025. Prior to that, he has served as the Director of Franchise Development and Executive Director since the start of his employment.

**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

You pay us a franchise fee of ~~\$30,000~~ \$32,000 by cashier's check to operate a single Center at a single approved site (the "Approved Location") upon which you and we agree. The initial franchise fee is paid in a lump sum when you sign your Franchise Agreement and is non-refundable. (Refer to Item 11 regarding the selection of an Approved Location).

If you execute the Franchise Agreement within 30-days of attending Discovery Day, which is scheduled after disclosure of our Franchise Disclosure Document, then we will discount the initial franchise fee to \$20,000 for any additional Centers granted. (See Exhibit K).

Our current policy is to offer VetFran® discounts (VetFran® is a registered trademark of the International Franchise Association). If you are a veteran of the United States Armed Forces and have served at least 4 years and can provide your DD 214 showing that you were Honorably Discharged, we will grant you a credit of \$5,000 against the first \$5,000 in Royalty Fees coming due under your Franchise Agreement. This is a one-time benefit realized only by those Franchisees opening new locations, and is not available for any renewal terms.~~upon renewal.~~ We can change this policy from time to time, however, the policy contained in the FDD delivered to you will apply to the applicable franchise agreement you sign in connection with that FDD.

You do not have a right to acquire any additional franchise agreements for the operation of any additional Center.

You must also pay to us a Pre-opening Training and Support Fee of \$15,000 when you sign the Franchise Agreement. The fee covers initial training and annual mandatory refresher training at the end of your first year of operation, but you must pay for all travel, lodging, meals and incidental costs for you and your employees who attend any training. (See Item 7 for an estimated range of such cost.). This fee is non-refundable.

We do not currently offer any financing. There are no other payments to or purchases from us or our affiliates that you are required to make before your Center opens for business.

## ITEM 6. OTHER FEES

Name of Fee (Note 1)	Amount	Due Date	Remarks
Royalty Fees	\$500 for <u>the first 4<sup>th</sup>-3 months</u> of operation; then \$1,500 per month for the remainder of the franchise term (Notes 2 and 3), except that the monthly amount is automatically increased by \$25 each January during the franchise term	The first Royalty Fee of \$500 is due <u>18-15</u> months after signing the Agreement or when Franchisor issues approval to operate, whichever first occurs.  Except for the first Royalty Fee payment due on a Center, Royalty Fees will be autodrafted on the first day of each month (Note 4)	If any state imposes any sales or use taxes on the royalty fees, then we have the right to collect the sales or use tax from you.
Semi-Annual Program Fees	\$600, twice a year (Note 3)	Autodrafted on February 1 and August 1 of each year <u>and this obligation commences upon execution of the Franchise Agreement</u>	
Technology Fees	Currently \$200 per month	Autodrafted the 1 <sup>st</sup> day of each month <u>and this obligation commences upon execution of the Franchise Agreement</u> (Note 4)	Upon 30 days' advance notice, we can increase up to a maximum of \$250 per month. Maximum is subject to inflation adjustment. (Note 3)
SAT/ACT Test Prep Program Royalty Fees [Optional Program (Note 8)]	Currently \$400 per month	Autodrafted the 1 <sup>st</sup> day of each month (Note 4)	If any state imposes any sales or use taxes on the royalty fees, then we have the right to collect the sales or use tax from you.  The monthly royalty fee is subject to inflation adjustment. (Note 3)
Minimum Digital Marketing Expenditure	Between \$250 and \$400	Monthly	We do not currently require this expenditure, but if we do so in the future the monthly expense will be between \$250 and \$400, payable to us, our affiliate or a designated third party.

Name of Fee (Note 1)	Amount	Due Date	Remarks
Payments for supplies or inventory	Varies	Usually prepaid at time of order; may vary depending on supplier	You pay for equipment, products, and other items you purchase from us, our affiliate or our approved supplier. You also pay freight, and other ancillary charges.
Renewal Fee	\$5,000 (Note 9)	On renewal	To renew your business (subject to future adjustments), you pay us this fee. (See Item 17) (Note 3)
Cure of Breach	Varies	As incurred	If we cure any breach of your Franchise Agreement on your behalf, you reimburse our expenses.
Costs of Enforcement	Varies	As incurred	If we prevail in a lawsuit against you, you pay our attorney's fees, experts' fees, court costs and all other expenses of litigation.
Late Charges	\$250 for each late payment then \$250 per month until each payment is paid in full (Notes 3 and 4)	As incurred	
Insurance	Varies	As incurred	If you do not get insurance we require, then we can get it for you (though we do not have to) and you pay for the insurance or reimburse us.
Non-Compliance Fee	\$250 each time you are found to not be in compliance with the System plus \$250 per month until you are fully compliant (Note 4)	As incurred via autodraft	We may require you to submit information to us, such as photos, videos, documents, and other items, to verify that you are in compliance.
Indemnification	Unknown	On demand	You indemnify us for all expenses we incur relating to your center.

Name of Fee (Note 1)	Amount	Due Date	Remarks
Expenses Caused by Breach	Unknown	On demand	You pay us all expenses we incur due to your breach or default.
Tax Payments	Unknown	On demand	You must reimburse us for any sales taxes, use tax, personal property tax or any other tax we pay on your behalf.
Convention Fees and Additional Training (Note 5)	Varies, as we determine	Before possible future annual conventions	We may hold annual conventions in the future, which we may choose to combine with the annual mandatory training program.  You must pay for all costs associated with your and your employees' attendance at any training programs, including transportation, lodging, meals and incidentals.
Regional Seminar Fee (Note 6)	\$300/year; covers your Designated Owner. (Note 3)	Upon demand, in any year in which we conduct a Regional Seminar	In any given year, you will be excused from payment and attendance in the event closest seminar is more than 300 miles from your closest Center.
Site Review Fee	\$250 for each site over first 3 sites, if we agree to review additional sites	Upon submission of Site Package	Our review of first 3 sites is included in the initial franchise fee.
<u>Resale/Transfer Live Compliance Tour Fee</u>	<u>\$1,000</u>	<u>Upon demand.</u>	<u>Conducted prior to the transfer of the Franchised Business.</u>

Name of Fee (Note 1)	Amount	Due Date	Remarks
Early Cancellation Fee	Varies	Before cancellation date	<p>If you and we agree to cancel the franchise agreement before the expiration date (which neither you nor we have to do) you pay us \$1,000 or the current royalty payment, times the number of months remaining in the term of the agreement plus \$600 semi annual program fees times the number of years remaining in the term of the agreement, whichever is higher, or (in our discretion only) we may require you to transfer all assets of the Center to us and put them into storage for 6 months (at your expense) or until we can sell the assets to a new franchisee. (Notes 3 and 7)</p> <p>All post termination obligations remain in effect.</p>

Notes to Chart on Other Fees  
For a The Tutoring Center Franchise

Note 1: All fees are nonrefundable and uniformly imposed. Unless otherwise noted, all fees are payable to us, by electronic funds transfer. There may be instances in which we have varied, or will vary, the terms on which we offer franchises to suit the circumstances of a particular transaction, to the extent lawful.

Note 2: For new Centers, you pay:

\$500 ~~18~~ 15 months after signing the Franchise Agreement or when Franchisor issues approval to operate, whichever first occurs, for three (3) consecutive months (the “Opening Payment”);

\$1,500 on the 1st day of each calendar month from then on, and throughout the term of your Franchise Agreement.

Each January of the franchise term, the monthly Royalty Fee increases automatically by \$25.

The current royalty period is a calendar month, but we can change the time covered by a royalty period to a different period (e.g., weekly, etc.). If we modify the royalty period, any amounts which are paid and/or calculated in relation to a royalty period will be appropriately adjusted on a pro-rata basis, as will any related requirements.

If you execute the Franchise Agreement within 30-days of attending Discovery Day, you will receive free royalties for each month that you open prior to 12 months from signing your Franchise Agreement (up to \$5,000). (See Exhibit K).

Note 3: Other than the monthly Royalty Fee (covered in Note 2 above), we can adjust any amount described in the Franchise Agreement as subject to inflation adjustment on an annual basis and in proportion to the changes in the Consumer Price Index (U.S. Average, all items) maintained by the U.S. Department of Labor (or any successor index) as compared to the previous year. If we make an adjustment, we will give to you at least 30 days' advance notice.

Note 4: You must sign the forms and complete our reasonable procedure to establish a bank autodraft or electronic transfer arrangement so we can present an autodraft to your bank checking account or other financial institution for the Royalty Fees, Semi-Annual Program Fees, Technology Fees, Late Charges and all other fees or payments currently due us or any of our affiliates. You must sign our "Electronic Funds Transfer Agreement" (or other form we provide to you) before you open your Center.

The fees due under the Franchise Agreement will be autodrafted (withdrawn) directly by electronic funds transfer or otherwise from your bank checking account or credit card. You must install at your expense and use any pre-authorized payment and computerized point of sales systems, credit verification systems, automatic payment systems, electronic funds transfer systems, or automatic banking system that we may require reasonably related to the operation of your franchise and the franchise system or to allow you timely to make all payments to us by automatic bank transfer. You must keep adequate amounts in your bank accounts to make all payments to us by electronic transfer. You must reimburse us for any charges we incur if there are not enough funds in your account to pay amounts due. Any insufficiency in your account to pay us the required fees will be a default under your Franchise Agreement. You must pay all service charges and other fees charged by your bank so that we can autodraft your account and all service charges and other fees that your bank charges for any autodrafts that are not honored or processed by your bank for any reason.

If you pay, or we receive, a lesser amount than the full amount due us, we can apply the payment against the longest outstanding amount due us. We can accept any check or payment in any amount without prejudice to our right to recover the balance of the amount due or to pursue any other right or remedy. No restrictive endorsement or statement on any check or payment or in any letter accompanying any check or payment or elsewhere from you will be an accord or satisfaction or will bind us or any of our affiliates. Our or any of our affiliates' acceptance of any payments made by you is not a waiver of any breach or default of any provision in your Franchise Agreement.

Despite any designation by you, we can apply any payments made by you, or on your behalf (and apply any amounts owed to you or any of your affiliates by us or any of our affiliates) to any of your past due indebtedness for royalty fees and other amounts owing to us or any of our affiliates, or any interest or other indebtedness that you or any of your affiliates owe to us or any of our affiliates.

It is an event of default under your Franchise Agreement if you close any bank account without immediately completing all of the following after the account is closed: (1) immediately notifying us of the closing in writing, (2) immediately establishing another bank account, and (3) executing and delivering to us all documents necessary for us to begin and continue making withdrawals from your new bank account by electronic funds transfer.

Note 5: We may hold an annual convention for all The Tutoring Center franchisees. If we organize an annual convention, you and any member of your Center staff that we require must attend. We may charge reasonable registration fees for the convention. You must pay for all registration fees and all travel, lodging, meals and incidental costs for you and your employees who attend. Your costs incurred while attending a convention will depend on the number attending and the accommodations you select. See Item 7 for general information about a range for such costs. To date, we have not held an annual convention. We believe an annual convention will be more feasible as our franchise network grows. Each Designated Owner must complete the then-current initial training program before opening or operating in any Center. Any hired Center Director must complete our designated training program for Center Directors. ~~or~~ The Head Instructor will receive any and all training from the Designated Owner. The Designated Owner will also conduct any ongoing training at the Center. We may mandate refresher training at the end of your first year of operation which is included in the Pre-Opening Support and Training Fee but you are responsible for costs incurred while training for travel, lodging, meals and incidentals.

Note 6: Franchisor reserves the right to conduct training and/or seminars on a regional basis and for which you will be charged \$300 per year in which any such training/seminars are held. That fee covers attendance by the Designated Owner. The Designated Owner will be obligated to attend each year unless the closest seminar location for that year is more than 300 miles from your closest Center. You must pay all fees and all travel, lodging, meals and incidental costs incurred while you attend.

Note 7: The determination of whether we will require you to transfer all of the Center's assets to us instead of paying the early cancellation fee will be solely ours and will depend, in part, on the condition of the assets at that time. If we choose to take possession of the Center's assets, you must arrange for all of the assets to be put into a storage facility and make sure that we have access to the storage facility at all times. If the 6-month storage period expires without sale of the assets to a new franchisee, we may maintain the storage facility or relocate the assets.

Note 8: The SAT/ACT Test Prep Program is an optional service that Franchisees can offer at their Centers and this royalty fee is associated with that program. Franchisees who have been granted the right offer this program will execute the SAT/ACT Program Addendum attached as Exhibit J.

Note 9: If you execute the Franchise Agreement within 30-days of attending Discovery Day, we will waive the renewal fee so long as you execute the renewal Franchise Agreement at least 5 months before the current agreement's expiration (See Exhibit K).

## ITEM 7. ESTIMATED INITIAL INVESTMENT

### YOUR ESTIMATED INITIAL INVESTMENT

DESCRIPTION (NOTE 1)	ESTIMATED COST	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAID
Initial Franchise Fee (Note 2)	<del>\$30,000</del> <u>\$32,000</u>	Cashier's Check	On signing franchise agreement	Us
Start-Up Office Supplies and Equipment Package (Note 3)	<del>\$4,000 to \$7,000</del> <u>\$1,500 to \$3,500</u>	As arranged	As arranged	Approved vendor
Printing and Interior Signage (Note 4)	\$10,000 to <del>\$12,000</del> <u>\$11,000</u>	As arranged	As arranged	Approved vendor
Educational Materials Package (Note 5)	<del>\$4,000 to \$6,000</del> <u>\$3,000 to \$5,000</u>	As arranged	As Arranged	Approved vendor
Furniture Package (Note 6)	<del>\$27,000 to \$30,000</del> <u>\$7,000 to \$13,000</u>	As arranged	As Arranged	Approved vendor
Computer Equipment (Note 7)	<del>\$3,000 to \$4,000</del> <u>\$2,000 to \$4,000</u>	As arranged	Within 30 days of signing your franchise agreement	Approved vendor
<del>High-Speed Internet—3 months</del>	<del>\$210 to \$360</del>	<del>As arranged</del>	<del>Before opening</del>	<del>Approved vendor</del>
[TLD1]Pre-Opening Support and Training Fee (Note 8)	\$15,000	Cashier's Check	On signing franchise agreement	Us
<del>Miscellaneous Pre- opening Supplies, Children's Toys &amp; Rewards (Note 9)</del>	<del>\$200 to \$400</del>	<del>As Arranged</del>	<del>Before opening</del>	<del>Approved vendor</del>
[TLD2]Travel expenses, including travel, food and lodging related to initial training (Note 9-10)	\$0 to <del>\$4,000</del> <u>\$5,000</u>	As Arranged	As Incurred	Various hotels, restaurants, airlines, etc.
Leasehold Improvements (Note 11) <del>0</del>	<del>\$0 to \$40,000</del> <u>\$0 to \$37,000</u> (For Vanilla Shell Space)	As arranged	When signing lease or completion of improvement	Landlord, general contractor

DESCRIPTION (NOTE 1)	ESTIMATED COST	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAID
Rent and CAM charges for 3 months, plus one month's security deposit (Note <a href="#">4211</a> )	\$10,000 to \$20,000	As arranged	When signing lease or completion of improvement	Landlord
Local Advertising; Grand Opening (Note <a href="#">4312</a> )	<del>\$4,500 to \$7,500</del> <a href="#">\$0 to \$4,500</a>	As arranged	As incurred	Various advertisers
Licenses and Permits (Note <a href="#">4413</a> )	\$0 to <del>\$2,000</del> <a href="#">1,500</a>	As arranged	Before opening	Government agencies
Exterior Signage (Note <a href="#">4514</a> )	\$2,000 to \$5,000	As arranged	Before opening	Vendors
Insurance, including Business liability and Worker's compensation - 3 months (Note <a href="#">4615</a> )	\$510 to \$875	As arranged	Before opening	Insurance company
Professional Advisor (Note <a href="#">1746</a> )	\$0 to \$500	As arranged	When incurred before opening	CPA, attorney, etc.
Additional Funds (working capital) - 3 months (Note <a href="#">4817</a> )	<del>\$4,000 to \$6,600</del> <a href="#">\$2,000 to \$4,600</a>	As arranged	As Incurred	Vendors, employees, etc.
TOTAL (Note <a href="#">4918</a> )	<del>\$114,420 to \$191,235</del> <a href="#">\$85,010 to \$162,475</a>			

In general, none of the expenses listed in the above chart are refundable, except any security deposits you must make may be refundable.

#### Notes to Chart

Note 1: This table provides certain estimated costs related to pre-opening expenses for a Center and certain costs you can anticipate occurring during the first 3 months of the Center's operations. We used our and our affiliate's experience to prepare these estimates. These are only estimates.

Note 2: The initial franchise fee is discussed in Item 5. We offer certain discounts, as disclosed in Item 5 of this Disclosure Document. These discounts are not included in the above chart. You pay the initial fee in a lump sum by cashier's check on signing your Franchise Agreement. Your initial franchise fee is nonrefundable.

We do not currently offer financing for your initial fee. (See Items 5 and 10)

Note 3: These amounts are the estimated range for your start-up office supplies and equipment which we require that you order from our designated supplier and we believe are at general retail prices. Some of these costs may be offset by rebates that may be offered by participating manufacturers or vendors. These amounts exclude estimated shipping and handling charges and taxes. You are required to obtain ongoing office supply and equipment orders from our designated supplier as well.

Note 4: These amounts are the estimated costs for your start-up printed materials, promotional items and interior signage and miscellaneous fixtures. These amounts exclude estimated shipping and handling charges and taxes. These amounts do not include the cost of your exterior signs.

Note 5: These amounts are the estimated costs for your start-up educational materials inventory. These amounts include the Student Workbooks we require that you purchase from us or our approved supplier but exclude estimated shipping and handling charges and taxes. Your educational materials supply is based on an estimate of your inventory needs for the first 3 months in business. Your experience may be more or less depending on your initial growth.

Note 6: These amounts are the estimated costs for your start-up furniture package. These amounts exclude estimated shipping and handling charges and taxes (approximately ~~10%~~ 5-10% of the total price). The furniture package includes all required furniture for your reception room, front office, classrooms and director's office.

Note 7: These amounts are the estimated costs for your start-up computer equipment package. These amounts exclude estimated shipping and handling charges and taxes. The higher amount assumes you purchase a larger laptop computer. You must purchase your computer equipment from our approved vendor. All computer equipment items must be purchased as new and not used or refurbished. (Refer to Item 11 for current system requirements.)

Note 8: This fee currently covers various pre-opening support and training services, including our initial training program, pre-opening assistance to help you get ready to open your Center to the public and franchise support services. (Refer to Item 11 for information on pre-opening support and training services.)

~~Note 9: You must purchase an assortment of children's toys and rewards before you open your Center.~~

1. ~~Note 9~~10: You will incur salary, travel and lodging expenses and related costs for yourself and your personnel in connection with initial training. You will need to arrange for transportation, lodging and food for yourself and any additional employees and pay wages to any employees who attend initial training with you. Your actual costs will depend on, among other things, the distance you must travel and the type of accommodations you choose.

You must pay for your attendees' travel expenses, lodging and [meals](#) for attending our initial training program (currently approximately 5 - 7 days). The low estimate assumes you live in close proximity to the training site and will not have any travel expenses. The high estimate assumes you must fly to our training location with round-trip airfare of about \$600 and 5 - 7 nights' ~~feed and food and~~ [lodging \(assumed cost of about \\$250 per night\)](#). [This does not include any travel costs associated with travel to the Mentor Training Facility.](#)

Note ~~10~~4: Your Center must meet our specifications. The range provided assumes that you are beginning your build out of the basic Center Premises in a 'vanilla shell' space that has bathroom, HVAC, electrical and similar build out components already in place and compliant with local codes. The low estimate assumes that your landlord will pay for tenant improvements or that the improvements are capitalized into the lease. The high estimate assumes you will be responsible for

all tenant improvements on a basic Center build out. These figures are based on our experience and are only our best estimates. It is essential that you carefully investigate costs related to any proposed site, since requirements specific to your site or city can result in significant additional costs for items such as permits and code upgrades. Actual costs for any required modifications could vary significantly depending on what a particular code/city/permit requires and these costs are not included in your estimate. Additionally, bids may vary widely among contractors. You should interview with and obtain bids from several contractors. In unusual circumstances, you may also be asked by your city or other governmental agency to provide a conditional use permit for your location. These costs are not included in your estimate. Please note that this estimated range does not apply to those spaces considered to be a grey shell, dark shell, cold grey shell, or any other variation beyond that of a “vanilla shell”. In such cases, buildout costs are unpredictable and are likely to increase exponentially beyond our ability to provide an accurate estimation. These increased costs can result from additional buildout and permitting requirements including but not limited to: HVAC equipment, plumbing, electrical, base flooring (concrete slab), ceiling modifications, etc.

Note 4211: The amounts estimate your first 3 months of rent and CAM charges plus a one-month security deposit. Rents may vary significantly depending on building type, the rental market, and the local economy, among other factors.

Note 4312: ~~You must~~ We strongly suggest that you conduct local advertising for your Center in the 30 days prior to your Grand Opening and in the 60 days following your Grand Opening. ~~You must spend~~ We suggest you spend roughly between \$1,500 ~~and \$2,500~~ each month for advertising of your grand opening during this time, which totals \$4,500 ~~to \$7,500~~. However, this amount is at your sole discretion.

Note 4413: You must get a business license and permits from your city, county and/or state to operate the Center.

Note 4514: You must have an outside sign for your center. Signage costs can vary substantially due to zoning, permits, lessor requirements and other factors and your costs may be higher.

Note 156: You must maintain certain levels of insurance. You must purchase insurance coverage through ~~our designated~~ your preferred supplier. The estimates are for the cost of premiums for the required insurance for 3 months. Insurance premiums may vary based on sales and other factors. You must obtain general liability coverage, including contractual liability, advertising injury, abusive acts coverage and employment practices liability coverage of at least \$2,000,000 naming us and the indemnitees named in your Franchise Agreement as additional insureds; fire and casualty insurance; business interruption insurance; and worker's compensation, employer's liability, unemployment and state disability insurance. We can revise required coverage and amounts. The low estimate assumes you do not pay a deposit for insurance coverage.

Note 4716: You may need to consult with independent professional advisors like a lawyer and CPA concerning the operation of your Center.

Note 178: You must have additional funds available to pay royalties, technology fees, employee wages, utilities, phones, taxes, and other operational costs that may arise in the first 3 months of operation, as well as for other expenses that are incurred before you generate revenues from your Center. We generally suggest that an opening Center begin operations with a Head Instructor, a Center Director and at least one other instructor. None of these Additional Funds amounts takes into consideration any of your personal living expenses or other expenses, such as finance charges, interest or debt service obligations, sales and/or use taxes on goods and services, income taxes, and a variety of other amounts not described above. These expenses may be offset by any revenue you earn during the same period.

Note [4918](#): We have used our and our affiliate's experience to prepare these estimates. These are only estimates [and can be higher or lower as a result of many variables including, but not limited to: proposed location, code/city/permit requirements and upgrades, HVAC equipment, plumbing, electrical, base flooring \(concrete slab\), ceiling modifications, unexpected delays, et cetera](#). You should check with your financial and other advisors. Nothing in the above estimates takes into consideration the costs and expenses that would be associated with the purchase of an existing Center from an existing franchisee, nor the cost of converting an existing independent business. Also, these estimates do not take into consideration any decision you might make to "upgrade" any particular aspect of your Center. It is important that you solicit or investigate multiple bids and sources for each construction contract and each major purchase. Some of your initial start-up expenses for computers, equipment, inventory and other property may be financed if you qualify with your own lender. The total range listed in the above chart also does not include compensation for your time or labor and other material costs or any sort of owner's draw.

## ITEM 8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must offer only Products and Services at your Center that we authorize. Currently, you must purchase certain equipment (including furniture, start up inventory, supplies, equipment, inside signage, and computer hardware and software) and teaching materials (including Student Workbooks and other materials) from us, our affiliate, or approved suppliers. To protect our trade secrets and maintain quality control, we can require you to buy these and other goods and services that we designate occasionally only from us, our affiliate or from suppliers we designate.

As of the date of this Disclosure Document, we have designated suppliers for certain Products and Services that you must purchase on an on-going basis. Our list of approved suppliers and designated Products and Services will be provided to you at training. The list identifies manufacturers, brands, suppliers and Products and Services we approve. We can revise the list in our discretion. As of the date of this Disclosure Document, we have sole approved suppliers for interior wall signage, workflow management software, ~~credit card processor~~, and for printers and printing services. None of our officers currently owns an interest in any supplier.

If we require, you must purchase digital marketing services from us, our affiliate or our approved third-party vendor who will be the sole approved supplier for digital marketing services, in an amount between \$250 and \$400 per month. You may expend more for digital marketing services at your discretion. As of the date of this Disclosure Document, we have not received any revenue from purchases of digital marketing services required for franchisees.

Since May of 2021, we have produced the Student Workbooks you must purchase from us or a designated supplier, and we earn a profit from the sale of the Workbooks. We are also the sole approved supplier for the SAT/ACT workbooks if you qualify to offer this program. In our last fiscal year that ended December 31, [20232024](#), we derived revenue from such sales in the amount of [\\$294,428.33248,483.30](#), representing approximately [12.544%](#) of our total revenue of [\\$2,447,5591,980,975](#).<sup>[TLD3]</sup> Other than what is disclosed in this Item, neither we nor our affiliates have received any other revenue, rebates or other material consideration based on required purchases or leases by The Tutoring Center franchisees.

We have the right to collect and retain any and all allowances, rebates, credits, incentives, or benefits (collectively, "Allowances") offered by manufacturers, suppliers, and distributors to you, to us, or to our affiliates, based upon your purchases of products and services from manufacturers, suppliers, and distributors. We or our affiliates will have all right, title, and interest in and to any and all of these Allowances. We or our affiliates may collect and retain any or all of these Allowances without restriction (unless otherwise instructed by the manufacturer, supplier, or distributor). [For our fiscal](#)

year ~~2023~~2024, we received ~~\$2,770.29~~\$0.00 from Staples Business Advantage as a result of franchisee purchases.<sup>[TLD4]</sup>

Proportion of Total Purchases: We estimate that required purchases/leases make up 50-70% of your total initial investment and 50-60% of your annual operating expenses. Please note that the above-described percentages are not presented as a percentage of gross revenues, but rather as a percentage of annual operating expenses.

If you want to offer something we have not approved, or buy from a supplier we have not approved, you must tell us in writing and provide us samples and other information we need to review the product or supplier, at your expense. We can approve or disapprove at our discretion. The proposed supplier must be able to supply the products or services according to our standards; be in good standing in the business community, have a good reputation, be able to produce and deliver products timely, be financially solvent and meet other applicable criteria. We are not required to make available to you or any supplier the criteria for product or supplier approval that we deem confidential. The arrangement must also not benefit a competitor. We will tell you our decision within 30 days of your written request. If the supplier meets our criteria, we shall permit you to contract directly with the approved supplier. We grant and revoke approval of suppliers through notice to our suppliers and franchisees.

We can arrange for testing, analysis, inspection and sampling of products or services of any supplier proposed or being used, and you can be required to pay the related expenses incurred.

Currently neither we nor our affiliates are suppliers of any items. However, we and our affiliates are entitled to the benefit of all discounts, volume rebates, administration fees, commissions, advertising allowances or other advantages that we can obtain from suppliers. We could make these arrangements in the future. Additionally, we and our affiliates have the right to be an approved supplier, exclusive or otherwise, and to earn a profit on any Products or Services we might sell to you.

You must use only Products and Services that satisfy our standards and any applicable specifications or requirements. We do not provide you with any material benefit, such as the grant of an additional franchise or a renewal franchise, based on your use of or purchases from approved suppliers. We have negotiated volume discounts for our franchisees with certain vendors, but are not obligated to do so.

We require you to purchase and maintain the types and amounts of insurance coverage that we specify, from an insurer that we approve, naming us and our affiliates as additional insureds. We currently require comprehensive general liability coverage, including contractual liability advertising injury, abusive acts, and employment practices liability coverage of at least \$2 million; fire and casualty coverage on the Center and your property; business interruption insurance; and workers' compensation, employer's liability, unemployment and state disability insurance as required by law. We have the right to revise our insurance requirements from time to time, and you are obligated to comply with any new requirements.

There are currently no purchasing or distribution cooperatives.

## ITEM 9. FRANCHISEE'S OBLIGATIONS

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

Obligation	Sections In Franchise Agreement	Items In Disclosure Document
a. Site selection and acquisition/lease	Section 4 and Schedule A	7, 11, and 12
b. Pre-opening purchases/ leases	Section 14.B	7, 8
c. Site development and other pre-opening requirements	Sections 4, 15.A and Schedules A and C	7, 8, 11, 12
d. Initial and ongoing training	Section 5	11
e. Opening	Section 14.B	11
f. Fees	Sections 2, 3.B.v,11.c., 12, 18.A. ii., 20.D.	5, 6, 17
g. Compliance with standards and policies/Operating Manual	Sections 9, 10, 13, 14	8, 11
h. Trademarks and proprietary information	Sections 6, 7, 8	13, 14
i. Restrictions on products/services offered	Section 14	8, 16
j. Warranty and customer service requirements	Not Applicable	11
k. Territorial development and sales quotas	Section 1, 4 and Schedule A	12
l. Ongoing product/service purchases	Section 14	8
m. Maintenance, appearance, and remodeling requirements	Sections 4, 14.C	8, 17
n. Insurance	Section 16	7, 8
o. Advertising	Section 11	6, 11, 12
p. Indemnification	Section 16.F	6
q. Owner's participation/ management/staffing	Sections 5, 14.I, 17	11, 15
r. Records/reports	Sections 13.A, 13.B	6
s. Inspections/audits	Sections 13.D	6
t. Transfer	Section 20	6,17
u. Renewal	Section 3.B	17

Obligation	Sections In Franchise Agreement	Items In Disclosure Document
v. Post-termination obligations	Section 19	17
w. Non-competition covenants	Section 17	17
x. Dispute resolution	Sections 32 and 33	17
y. Other	Not Applicable	Not Applicable

### ITEM 10. FINANCING

We do not currently offer any direct or indirect financing. However, we may do so in the future. We do not guarantee your note, lease, or obligation.

Certain of our approved vendors may provide financing to qualified franchisees for purchases. The decision to provide such financing is solely in the discretion of the 3<sup>rd</sup>-party vendor, and we have no control over their financing policies.

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

**Except as listed below, The Tutoring Center Franchise Corp. is not required to provide you with any assistance.**

A. Pre-Opening Support and Training Services. Before you open for business, we provide you the following services:

1. Approve a proposed Approved Location and lease (Franchise Agreement, Sections 4.C. and 4.E.) for your Center. We will require an Agreement and Conditional Assignment of the Lease (Schedule C to the Franchise Agreement) be signed prior to approval of your lease;

2. Provide an initial training program to you, and the Designated Owner, before the opening of your Center as described below. Training must be completed to our satisfaction (Franchise Agreement, Sections 5.A. and 5.G.);

3. Provide you with standard plans and specifications for the construction and build out of your Center, including interior design and layout, fixtures, furnishings, and signs. (There may be circumstances when your location has an unusual shape, that you must at your expense, use a professional to adapt the standard plans and specifications to your location and submit them to us for approval before starting construction.) (Franchise Agreement, Section 15.A.);

4. Provide, on loan, one copy of our confidential operating manual, which includes advertising and public relations methods; equipment and supply specifications and standards. We may choose to provide only in electronic form. (Franchise Agreement, Section 9.A.); and

5. Provide pre-opening assistance to help you get ready to open your Center to the public, including, providing checklists, specifications and contact information for our approved and/or designated vendors and products, for you to order and arrange for delivery and installation of your equipment, signs, fixtures, opening inventory and supplies.

B. During the Operation of Your Business. During the operation of your business, we will provide you with the following services:

1. Provide you additional assistance as needed via telephone, email and/or other electronic media or method that we select at the times and in the manner we consider appropriate. (Franchise Agreement, Section 5.A.);

2. Provide and require that you attend and successfully complete any mandatory additional training programs that we choose to conduct at our headquarters, an operating Center, or some other location we select (you pay all expenses during any of these training programs, including transportation, lodging, meals, and other incidental expenses.) (Franchise Agreement, Section 5.D.);

3. May prescribe, in writing, additions to, deletions from, or revisions of, our operating manual. (Franchise Agreement, Section 9.D.);

4. As new improvements to the system are developed, we can change or modify the System, including adoption and use of new or modified trademarks, copyrighted materials, computer programs, operational techniques or any other aspects of our System. (Franchise Agreement, Section 10);

5. May provide you with advertising templates for advertising the Center. (Franchise Agreement, Section 11.A.);

6. Update the approved supplies and supplier list, as we deem necessary. (Franchise Agreement, Section 14.E.);

7. As part of the Franchise Fee, we also provide continuing assistance in the operation of your center, at the times and in the manner we deem appropriate, including possibly and by way of example: enabling you to participate in multimedia training program that will allow you and other franchisees to discuss any operational questions that arise; conducting franchise meetings online; providing you a monthly newsletter for staff and parents; enabling you to contact us via telephone, email or iChat to discuss any questions. (Franchise Agreement, Section 15.C.);

8. We may (but we do not have to) inspect your Center, physically or through electronic media, and tell you of operations we think you need to address or improve. (Franchise Agreement, Section 15.D.); and

9. We may (but we do not have to) recommend suggested prices for your products and services offered and sold by your Center.

Initial Training.

A. The initial training program will be at our corporate training facility in Long Beach, California, or at some other location we select. You must complete our initial training to our satisfaction. (Franchise Agreement, Section 5.A.)

B. The instructional materials we use in the initial training program include the Operations Manual and any other materials that we believe will be beneficial in the training process. The initial training program includes the following:

## TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of on the Job Training	Location
Classroom Operations	4.0	4.0	Long Beach, California or other Designated Center
Opening a Franchise Center, Comprehensive Tour, Marketing, Computer Instruction	4.0	4.0	Long Beach, California or other Designated Center
The Rotational Approach to Learning® System, Classroom Operations, Enrolling Students, Front Office Operations	4.0	4.0	Long Beach, California or other Designated Center
Academic Programs, Diagnostic Testing, Enrolling Students, Classroom Operations	4.0	4.0	Long Beach, California or other Designated Center
Marketing Plan	8.0	0.0	Long Beach, California or other Designated Center
Mentor Program	0	40.0 (8hrs x 5 days)	At a Franchisee Center Designated by Franchisor.
<b>TOTAL HOURS</b>	<b>24.0</b>	<b>56.0</b>	

C. We expect the initial training to take 6 days consisting of the subject-matter above before you open your Center (Franchise Agreement, Section 5.A.). You are responsible for all costs for you and all your attendees such as airfare, lodging, meals, and transportation while attending any of our training, seminars, conventions or other similar workshops. (See Item 7 for an estimated range for such costs and Franchise Agreement, Section 5.G.). You are required to successfully complete initial training before you will be permitted to open your Center. Initial training is typically offered in January, April, July, and November, but we may change this schedule. If you do not successfully complete the initial training program to our satisfaction, we may terminate the franchise agreement and keep all amounts paid to us. (Franchise Agreement, Section 5.D.)

As part of your successful completion of the training described in the above chart, you will be required to participate in additional, “hands-on” training from a mentor (an experienced franchisee we designate) at the mentor’s Center for 5 days, but possibly up to 6 days, in each case as Franchisor determines and according to a schedule determined by Franchisor with input from you and the mentor.

D. Dr. Edward Thalheimer oversees our training program. Dr. Thalheimer and the instructors on our support team generally have at least 6-10 years’ experience in the tutoring industry, opening Centers and in the field that is relevant to the subject taught and our operations.

We may, in our sole discretion, require that you attend a refresher training programs at our corporate training facility in Long Beach, California, or at another location we designate. This refresher training

is included as part of your Pre-Opening Support and Training Fee although you are responsible to pay all travel, lodging, meals and incidental expenses incurred by your attendees during training. (See Item 7 for an estimated range of such expenses). As we designate, any required refresher training for you will take place at the end of your first year of operation and must be completed within 6 months of this date. The length and content of these mandatory refresher training programs may change, but will not be longer than 11 days. (Franchise Agreement, Section 5.F.)

Each “Designated Owner” (Franchise Agreement, Schedule A) must complete the then-current initial training program, before opening or operating any Center. Any hired Center Director shall complete our initial training program for Center Directors. ~~or~~ Head Instructor shall be trained by the Designated Owner. (Franchise Agreement, Sections 5.A. and 5.I.)

#### Operating Manual.

A. During the term of your Franchise Agreement, we will lend you one copy of our operations manual. See Exhibit C for the table of contents of our operations manual. We may choose to provide the Operations Manual in electronic, rather than tangible, format and it can consist of one or more separate manuals and components. (Franchise Agreement, Section 9.F.). In addition to the Operations Manual, which is 114 pages in length, we currently lend you access to over 750 pages of supporting documents in electronic format.

B. The Operations Manual may include standards, procedures, policies and specifications pertaining to our system and to operation of a franchised The Tutoring Center location and other elements of our system. You must operate your Center in compliance with our standards, procedures, policies, and methods. (Franchise Agreement, Section 9.E.)

C. We can change the contents of the Operations Manual. You must abide by the changes and keep the manual up to date. (Franchise Agreement, Section 9.D.)

D. You must keep the Operations Manual and its contents confidential. On expiration or termination of your franchise, you must return to us (and lose all access to) the Operations Manual. (Franchise Agreement, Section 9.G.)

#### Advertising.

A. Local Advertising. We encourage you to conduct local advertising. We may provide you with advertising templates that you may use in advertising your center. If you wish to use any other advertising, you must give us copies of your advertising and promotional materials so that can approve or disapprove it before you use it. All advertising must be in good taste and accurately describe the Products and Services provided at the Center. If you use any standard form or template that we have approved for any advertising and we do not give you a written response within 10 days after you give us the proposed advertising, the advertising is approved for your use. (Franchise Agreement, Section 11.A.). The submission of advertising to us does not affect your right to determine the prices at which you sell products or services, except that we have the right to establish maximum prices as permitted by law.

B. Grand Opening Advertising. Before opening, we recommend that ~~require you to~~ advertise the grand opening of your Center, and that you spend cumulatively between \$4,500 and \$7,500 on this advertising within the period that begins 30 days before you open and for 60 days after you open. Currently we provide you a marketing plan that you may use for this purpose, but this can change. (Franchise Agreement, Section 11.C.)

C. Internet Advertising. We have the sole right to advertise, market and promote our system on the Internet. You must not establish any website, social networking profile, Internet directory listing, or any other presence on the Internet relating to your Center without our prior written consent. If we consent to your use of the Marks on the Internet, you must comply with our related policies. If we request, you must discontinue any website, Internet directory listing, or any other presence on the Internet. (Franchise Agreement, Section 13.C.) You will participate in our Tutoring Center website by providing us with up-to-date contact information, or other information that we may require. We have the right to offer on-line tutoring services on the Internet, and you must comply with our then-current system policies and requirements, including those relating to access to or participation in any operating systems, website, and related programs. You also must arrange for any related maintenance, support or other services required in connection with any online tutoring services we might offer. (Franchise Agreement, Section 13.C.)

D. Our Advertising. We have the right to display informational material regarding our franchise opportunities in a conspicuous location in the front office of your Center at your expense. (Franchise Agreement, Section 11.F.) We do not have any obligation to spend any amounts on advertising in your geographic area or Territory.

There are presently no advertising councils or local or regional advertising cooperatives. If an advertising cooperative is formed by our franchisees and approved by us, you must agree to contribute to the cooperative the amount agreed upon by a majority of the members of the cooperative, to pay that amount to the advertising cooperative at the times agreed upon by the majority, and abide by the cooperative's rules. The cooperative will determine who will administer the cooperative. The written governing documents will be available for review by you. Cooperatives need not prepare annual or periodic financial statements, but if they are prepared, they may be reviewed by you. We will not have the power to require cooperatives to be formed, changed, dissolved, or merged.

Currently we have not established a centralized Advertising Fund for the creation and placement of advertising on a national or regional basis, but we may do so in the future. When we do create the Advertising Fund, any sums paid to the Advertising Fund that are not spent in the year they are collected will be spent in the following year. We will prepare, and furnish to you upon written request, an annual, unaudited statement of funds collected and costs incurred.

#### Computer System.

     A. You must purchase your computer equipment from our approved vendor (unless we approve otherwise in writing). (Franchise Agreement, Section 14.E.). All computer equipment items must be purchased as new and not used or refurbished. (Franchise Agreement, Section 14.H.). As of the date of this Disclosure Document, the required computer package includes an Apple brand laptop and desktop computer with ancillary operating equipment and software and costs approximately ~~\$3,000~~ \$2,000 to \$4,000, depending on the size of the units purchased. We have no obligation to provide any upgrades or maintenance services to you. Those items would be purchased from the applicable software/hardware vendor at the then-current prices. (See Item 7 of this Disclosure Document – both the Chart and Note 8)

B. We can require you to upgrade the software and hardware whenever we think necessary and on written notice to you, including operating systems and databases, Internet technology, communications devices, and other systems/items/equipment, as well as payment and computerized point of sales systems, credit verification systems, automatic payment systems, electronic funds transfer systems, or automatic banking systems. If your computer system or any of its components break, you must buy/replace/fix these at your own expense pursuant to our

specifications. (Franchise Agreement, Section 13.C.). The annual costs of any optional or required maintenance update, upgrading or support contracts may cost \$1,000.

C. We require you to have a high-speed Internet connection at all times for your computer system.

D. We have the right to full independent access to your computer information such as sales, enrollment, student and operations information and data, and other information that we may need.

E. We can license, create and/or maintain a The Tutoring Center website(s) (individually and collectively, the "The Tutoring Center Website"). You will participate in any The Tutoring Center Website and related e-mail addresses, subject to usage policies and procedures, as we require in the Manuals or otherwise. You agree to provide us with such data and information as we may require to enable us to develop and maintain our The Tutoring Center Website content. We can, but are not obligated to, offer to the public on or through our The Tutoring Center Website on-line tutoring services provided by us, a 3<sup>rd</sup>-party company or otherwise as we elect. You must comply with our then-current use, privacy and other system policies and requirements, including those relating to access to or participation in any The Tutoring Center operating systems or any The Tutoring Center Website and related programs. You must make sure that all of employees, agents and others involved in your Franchised Business are in compliance with our policies and requirements. You must also comply with the terms of use established by any third-party system host or website provider in connection with any The Tutoring Center systems, Websites or programs and to arrange for any related maintenance, support or other services required in connection with ongoing operation and participation.

F. Currently, our sole approved supplier for workflow management software is [TrackVia Foundation Roster](#). [TrackVia Foundation Roster](#) is the database provider for your Center and currently charges a monthly subscription fee of approximately \$60.00 which will be paid directly to them.

#### Site Selection.

You are responsible for selecting your own site for your business; however, the site is expressly subject to our written approval. You should not sign any lease or other agreement until we give you written approval.

Once you have identified a site, you will be required to submit a site package in a form we require, which will include information about the site and the proposed lease and buildout terms. We consider many factors when reviewing a site, including but not limited to: size of the space, cost per square foot, estimated buildout costs, [variousvarious](#) demographics of the surrounding area, nearby tenants, distance from the nearest The Tutoring Center business, and type of shopping plaza. We encourage franchisees to locate their The Tutoring Center business in a shopping plaza that is anchored by a supermarket along with other popular community businesses, and have high levels of walk-by traffic. In the event we do not approve a proposed site by written notice to you within 30 days, such site shall be deemed disapproved by us. We will review up to 3 proposed sites at no additional cost, but for the 4th and each subsequent site we charge a site review fee of \$250.

It typically takes about 3-6 months after the Franchise Agreement is signed to secure a location. If, within 12 months after signing your Franchise Agreement, you do not have a fully executed lease agreement in a form that we approve and for a site that we have approved, we may require you to begin paying our Noncompliance Fee. If you do not have a fully executed lease agreement, or if we cannot agree on a site within 18 months after the Franchise Agreement is signed, we may, at our

sole option: (a) begin charging royalties (instead of a noncompliance fee); or (b) terminate your Franchise Agreement. You will not be entitled to a full or partial refund of your initial franchise fee or any other payments to us under any circumstances. (Franchise Agreement, Section 4.)

Starting Operation.

The typical length of time between your signing your Franchise Agreement and your opening of your center is approximately 6-12 months, but delays may occur depending on your circumstances. If you have not yet begun to operate your The Tutoring Center business within ~~18-15~~ months after the Franchise Agreement is signed, you shall commence paying Royalties as set forth in the Franchise Agreement. ~~we may, at our sole option: (a) begin charging royalties; or (b) terminate your Franchise Agreement.~~ You will not be entitled to a full or partial refund of your initial franchise fee or any other payments to us under any circumstances.

## ITEM 12. TERRITORY

We grant you a franchise for one specific site that we approve, which is your Approved Location. The Approved Location is the actual street address for the Center that you will operate under your Franchise Agreement.

Most franchisees do not have an Approved Location when they sign their franchise agreements. If an Approved Location has not been identified when you sign your Franchise Agreement, you must find a site within the geographic area that is identified as the “General Vicinity” on Schedule A of your Franchise Agreement. You will look for a proposed Approved Location in the General Vicinity and request our written approval of any proposed site that you identify. Any site you propose cannot be within the territory of another Center. The General Vicinity identified on Schedule A is not your Territory. You do not have any exclusive rights in the General Vicinity and other Centers may be located in the General Vicinity. When we approve a specific site that you propose for the development and build out of your Center, the specific address of the approved Center site will be your Approved Location for purposes of your Schedule A and the boundaries of and rights in your Territory will be determined as specified below. The General Vicinity identification and its exclusivity lapse and have no meaning once a specific site location is approved by us.

When we consent to your Approved Location, your “Territory” will be identified on a map attached to the Schedule A in your Franchise Agreement. If no map is provided when Schedule A is amended to identify your Approved Location, then the Territory is established as the area within a 5-mile radius from the front door of your Center at the Approved Location (as measured by straight line with a global positioning system [“GPS”]).

You can operate only your Franchised Business at the Approved Location.

We grant you a limited protected territory. So long as you remain in full compliance with your Franchise Agreement, we will not franchise to others or operate for ourselves or through our affiliates, a The Tutoring Center® to be physically located at a street address within your Territory during the term of your Franchise Agreement. We can franchise or operate other The Tutoring Center outlets at any location outside your Territory.

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.

Our policy is to allow you and other The Tutoring Center franchisees to recruit and enroll customers located anywhere and to market to customers located anywhere subject to our restrictions on Internet promotions, but we can change this policy. You must comply with any policies we adopt.

You do not have the right to acquire additional franchises. You must at all times use your best efforts to promote and increase the sales and services of your Center. There is no minimum sales quota and you maintain rights to your Territory during the term of the applicable Franchise Agreement even though the population increases. There are no other circumstances that permit us to modify your territorial rights.

You may not relocate your Approved Location without our consent. If the lease for the site of your Center expires or terminates without your fault or if the site is destroyed, condemned, or otherwise rendered unusable, we may permit you to relocate to a location and site acceptable to us. You will pay for all costs for your relocation, and we can charge you for any costs we incur in providing assistance to you. Any relocation, if any, may interrupt your operations until a new location is obtained and your operations resume.

We and our affiliates have all rights in the Territory not expressly granted to you in your Franchise Agreement. Except for a Center physically located and having a street address in your Territory, we can locate and operate anywhere, and to authorize others to locate and operate anywhere, a Tutoring Center and/or any other kind of business, using any channel of distribution, including the Internet, mobile services, and temporary facilities, and offering any type of product or service to customers located anywhere under any brand or trademark, including the Marks. We do not have to share with you any revenue opportunities associated with these activities, but can choose to do so.

We also can acquire, be acquired by, merge, affiliate, or co-brand with, or engage in any transaction with other businesses with outlets located anywhere, whether or not competitive or franchised. Any of these business activities can result in changes to the Marks and System, including possibly the need to convert to another brand. In that case, you will follow any conversion instructions from us and will have at least 6 months to comply with them.

We occasionally may have the opportunity to form arrangements to provide Products and Services to substantial organizations with multiple outlets or sites, such as a school district, an educational agency or a private educational organization. We refer to these opportunities as “Centralized Accounts.” We and our affiliates can service and/or administer Centralized Accounts. If you agree to provide services to the Centralized Accounts at our request, you can participate and share in the related revenues on terms that we established with the applicable Centralized Account.

You may not engage in any promotional activities or sell Center Products and Services whether directly or indirectly, through or on the Internet, the World Wide Web, or any other similar proprietary or common carrier electronic delivery system (collectively, the “Electronic Media”); through catalogs or other mail order devices sent or directed to customers or prospective customers located anywhere; or by telecopy or other telephonic or electronic communications, including toll-free numbers, directed to or received from customers or prospective customers located anywhere. You have no options, rights of first refusal, or similar rights to acquire additional franchises. You may not sell Center Products or Services to any business or other customer for resale.

We and our affiliates may sell products under the Marks within and outside your designated Territory through any method of distribution other than a Tutoring Center with a street address in your Territory, including sales through channels of distribution such as the Internet, catalog sales, telemarketing or other direct marketing sales (together, “alternative distribution channels”). You may not use alternative distribution channels to make sales outside or inside your Territory except as described in the following paragraph and you do not have any right to receive any compensation for our sales through alternative distribution channels, although we may choose to enable you to do so, as described in the following paragraphs.

Neither we nor any parent or affiliate has established, or presently intends to establish, other franchised or company-owned centers which sell our products or services under a different trade name or trademark, but we reserve the right to do so in the future, without notice to you or first obtaining your consent.

**ITEM 13. TRADEMARKS**

We let you use the “The Tutoring Center” Marks and Logos in connection with the Center and the Franchised Business. The primary marks are THE TUTORING CENTER (word mark) and THE TUTORING CENTER and Design of Person Reaching for a Star (shown on the cover of this Disclosure Document).

We own the following trademarks, registered on the Principal Register of the United States Patent and Trademark Office (USPTO):

Trademark	Reg No.	Registration Date	Services
THE TUTORING CENTER (word mark)	3362490	January 1, 2008 (Renewed April 27, 2017)	Education services, namely, providing tutorial sessions in the fields of reading, math and writing for children, in Class 41.
	3563825	January 20, 2009 (Renewed February 14, 2018)	Education services, namely, providing tutorial sessions in the fields of reading, math and writing for children, in Class 41.
	3498257	September 9, 2008 (Renewed February 14, 2018)	Education services, namely, providing tutorial sessions in the fields of reading, math and writing for children, in Class 41.
THE ROTATIONAL APPROACH TO LEARNING	4925041	March 29, 2016	Education services, namely, providing tutorial sessions in the fields of reading, math and writing for children, in Class 41.
IQUEST (word mark)	5314808	October 24, 2017	Education services, namely, providing tutorial sessions in the fields of reading, math and writing for children, in Class 41.
	5314809	October 24, 2017	Education services, namely, providing tutorial sessions in the fields of reading, math and writing for children, in Class 41.

The required affidavits have been filed and we intend to maintain and renew our registrations for the Marks when they become due.

No decision of any court or government agency limits our right to use or license the use of the Tutoring Center trademarks. There are no currently effective material determinations of the USPTO, Trademark Trial and Appeal Board or any other government agency or court concerning our Marks nor is there any pending infringement, opposition, or cancellation proceeding, nor any pending material litigation involving the Marks which may be relevant to their use in this state or in any other state. There are no agreements currently in effect which limit our right to use or to license others to use the Marks. There are no infringing or previous superior uses that we or our principals know of that could materially affect your use of the Licensed Marks in the state where you operate.

You must not use any of our Marks in any way that is disparaging to the Marks. (Franchise Agreement, Section 6.E.) You must not use any of our Marks in Internet advertising, including on social media sites, without our prior written authorization and continued approval. (Franchise Agreement, Section 6.I.) You must not use any of our Marks as part of any corporate or other entity name, without our prior written consent. (Franchise Agreement, Section 6.G.) You must not use our Marks in connection with the sale of any unauthorized product or service or in any other manner not expressly authorized by us. (Franchise Agreement, Section 6.O.)

You must notify us immediately when you learn about an infringement of, or challenge to, your use of any of our Marks. We will take any action we think appropriate. You cannot commence any investigation, complaint or legal action without first getting our written consent. We will indemnify you for your costs of you are held liable in an infringement action and you complied with the Franchise Agreement and used the Marks properly.

You must notify us promptly if you become aware of any complaint to, or investigation by, a governmental authority.

You must modify or discontinue the use of any of our trademarks if we modify or abandon it/them. If this happens, we do not have to reimburse you for any related expenses.

You must not directly or indirectly contest our right to our trademarks, trade secrets or business techniques that are part of our business.

#### **ITEM 14. PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION**

There are no patents that are material to the franchise. We license certain copyrighted material that is included in the Student Workbooks, under a License Agreement with Creative Teaching Press, Inc. dated November 4, 2011, as amended. We claim copyrights in our confidential Operating Manual (which may consist of one or more manuals and other materials we name), tests, lessons and in other written materials we provide to you. You will also learn information that belongs to us as trade secrets. This includes methods of assessment, of conducting tutoring and other education, and of operating centers to provide these services, as well as advertising and marketing plans and strategies, client lists and data, Centers' operating data and statistics, The Tutoring Center Website contents and all Tutoring Center on-line tutoring services customer accounts and related enrollment information and other methods, formulas, information, and specifications and procedures on how we operate, as well as the contents of our Operating Manual. Your Franchise Agreement requires you to keep all of this confidential.

You must keep our secrets confidential while you are a franchisee and afterward. You cannot use our secrets in any activity other than operating your franchise. You must use reasonable procedures that we request to help protect our secrets.

There is no current determination of the Patent and Trademark Office, Copyright Office or court regarding our claimed copyrights. We are not aware of any infringement in the U.S. that could materially affect the franchise in the U.S.

You must notify us when you learn of an unauthorized use of our confidential information or any copyrighted work. We do not have to take any action against an unauthorized user, and we can respond to as we deem appropriate. We do not have a duty to indemnify you for losses brought by a third party concerning your use of this information. You must cooperate with us when requested.

You assign all telephone numbers appearing under our trademarks to us and we keep them when you no longer are our franchisee. (Refer to the “Telephone Listing Agreement” attached to this disclosure document as Exhibit I.)

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

The Designated Owner must manage the Center and must maintain competent and conscientious personnel to staff the Center, in accordance with our standards, specifications and operating procedures. The Designated Owner must attend and successfully complete our initial training program. The Designated Owner must maintain the condition and appearance of the Center consistent with our standards. The Designated Owner must use best efforts to maximize and promote the sales and delivery of the Center’s Products and Services.

The Designated Owner will be fully responsible for ensuring the Center Director, Head Instructor or any other requisite staff meet then-current training standards and attend and participate in any training programs as we require. A Designated Owner is the person named in Schedule A of the Franchise Agreement and we deal solely with this individual on all matters about the Franchise Agreement. The Center Director must attend and successfully complete our initial training related to Center Directors. We can work with the Center Director about routine operations. You must keep us informed at all times of the identities of your Designated Owner, Center Director and Head Instructor.

We can require all owners of a business entity franchisee to sign a personal guaranty of the franchisee’s performance. Our current form of personal guaranty is attached to the Franchise Agreement as Schedule B, but the form can change. The Franchisee and all owners commit to personal covenants to protect our Trade Secrets, copyrighted materials, and confidential information. (Section 17 of the Franchise Agreement)

### **ITEM 16. RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL**

You must offer and sell only goods and services we approve (the “Products and Services”) for sale at your Center. If you want to offer other items, you must first get our written consent.

You must offer the full range of Products and Services we designate. You must not offer for sale or sell or provide any other service, supply, merchandise, good or accessory or use the Center for any purpose other than the operation of a The Tutoring Center facility unless authorized by us in writing. If you wish to stop offering any Product or Service, you must first get our approval in writing. As it is important for the System to be flexible, we can add, delete, or modify Approved Suppliers, the Services and Products you must offer from your Center, the Manuals and all other components of The Tutoring Center System to respond to commercial opportunities and challenges. However, you

cannot make changes without our written consent. When you sign a Franchise Agreement you commit to the System and all related requirements and changes to the System and understand that changes can require additional investment from you.

We can condition your offer or use of any Product or Service, or your participation in any program or promotion, on your ability to meet training, professional, operational or experience qualifications or other requirement. We can also require that your students meet enrollment eligibility criteria and other conditions in order to have certain products and services available to them.

You must use only enrollment and attendance forms, receipts, invoices and other forms approved by us. We do not warrant the legal sufficiency or quality of any documents that we may approve or provide, and you are responsible for having them reviewed locally for your own protection and ours.

You are not restricted with regard to customers you may sell to, except for our expressly reserved rights which include Internet and other restrictions as well as our Centralized Accounts as defined in Section 1.C.iii of the Franchise Agreement. However, you must conduct your Franchised Business only from your Center.

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

This table lists certain important provisions of the franchise and related agreements pertaining to renewal, termination, transfer and dispute resolution. You should read these provisions in the agreements attached to this Disclosure Document.

**THE FRANCHISE RELATIONSHIP**

Provision	Sections In Franchise or Other Agreement	Summary
a. Length of the franchise term	Section 3.A.	Term of your agreement with us is 10 years. It could end earlier if we terminate you earlier pursuant to (e) and (f), below. Any term is potentially extendable for up to an additional 6 months, if we agree in writing, to correspond with the expiration of the Center’s lease.
b. Renewal or extension of the term	Section 3.B.	If you meet all conditions, you can renew for an additional term of 5 years.

Provision	Sections In Franchise or Other Agreement	Summary
c. Requirements for franchisee to renew or extend	Section 3.B.	<p>To renew you must: not be in default of any agreement with us; your center is in compliance with our then-current specifications and standards; be able to keep your leased premises; comply with our qualifications and training; provide at least 90 days' written notice of renewal (but not more than 6 months' notice); be current on all financial obligations to us; sign then-current franchise agreement, pay renewal fee of \$5,000 (subject to inflation adjustment); provided us with a General Release (see Exhibit G for a copy of our standard General Release to be signed when you renew your Franchise Agreement).</p> <p>In addition, you will be required to sign our then-current standard franchise agreement which may contain terms and conditions that are materially different from your original contract and will be adjusted to reflect that it is for a 5-year renewal.</p>
d. Termination by franchisee	Section 18.A.	<p>You cannot terminate your Franchise Agreement early unless you and we both choose to agree in writing to an early termination. If that happens, you either pay us before the cancellation date a payment equal to \$1,000, or the then current royalty payment, whichever is higher, times the number of full or partial calendar months left in your Agreement term plus \$600 semi annual program fees times the number of years remaining in the term of the agreement, or transfer all assets of the Center to us (at our option). Post termination obligations survive. These terms are subject to applicable state law.</p>
e. Termination by franchisor without cause	Not Applicable	We cannot terminate without cause.
f. Termination by franchisor with cause	Section 18.B. and C	We may terminate if you default on any of your obligations.
g. "Cause" defined – curable defaults	Section 18.C.	<p>You have 5 days to cure monetary defaults and funds transfer account deficiencies and 30 days to cure any other curable defaults except where law requires longer. If you fail to cure in 30 days, we may terminate your franchise. Defaults not listed below in (h) are probably curable.</p>

Provision	Sections In Franchise or Other Agreement	Summary
h. "Cause" defined – non-curable defaults	Section 18.B.	Non-curable defaults include: failure to open and equip center or complete any required training; misrepresentation in franchise application; felony or other offense likely to have an adverse impact on the franchise; unauthorized use or disclosure of the Manual, Trade Secret or other confidential information; abandonment; abandons or fails to operate the Center for 5 consecutive days; unauthorized surrender or transfer; failure to pay fees or other amounts due us or commit other default on two or more occasions in a consecutive 12-month period, whether or not cured; bankruptcy or insolvency; assignment of assets for benefit of creditors; appointment of receiver; voluntary or involuntary dissolution; levy against assets; misuse of Marks; submit false reports on two or more occasions within any 12-month period; violation of health and safety or other laws; refusal or failure to allow or cooperate with Franchisor's inspections of the Center. (See Note 1)
i. Franchisee's obligations on termination/ non-renewal	Section 19, Schedule C of Franchise Agreement and Exhibit I of this disclosure document	De-identify and stop operating the Center; assign lease to us if we request and turnover branded items on premises as requested; stop using our System and Marks; cancel or assign any assumed name containing "The Tutoring Center," "Tutoring Center" or any of the other Marks; pay all amounts due to us including any damages, costs and expenses we incur because of your default or to obtain injunctive relief if you fail to abide by your agreement; return/destroy/discontinue all use (as we request) of all manuals, customer lists, on line accounts and account information and related passwords and identifiers, records and all other information we request; cooperate on transfer of phone numbers, Internet and email addresses to us or our designee per telephone listing agreement; provide us option to buy assets of your center and/or deliver at your expense furniture and similar The Tutoring Center materials to a location we select; and comply with the non-compete and other covenants.
j. Assignment of contract by franchisor	Section 20.A.	There is no restriction on our right to assign.
k. "Transfer" by franchisee – defined	Section 20.B.	Includes transfer, assignment, sale or sublicense of your Franchise Agreement or all or any of your rights in agreement, the Franchised Business or a substantial portion of the assets.

Provision	Sections In Franchise or Other Agreement	Summary
l. Franchisor approval of transfer by franchisee	Sections 20.B.	You must receive our approval first.
m. Conditions for franchisor approval of transfer	Sections 20.C. and 20.D.	You offer us right of first refusal; the proposed assignee is of good moral character and applies to become a franchisee, completes training, demonstrates necessary skills and qualifications, signs our then-current agreement with some modifications or an assignment at our option; you are current on all money obligations, pay transfer fee, sign general release and comply with non-compete provisions.
n. Franchisor's right of first refusal to acquire franchisee's business	Section 22	We can match any offer for your business.
o. Franchisor's option to purchase franchisee's business	Section 19.i.	On written notice to you, on termination or expiration of the agreement, we can elect to purchase for cash, the assets of your center, including leasehold improvements, equipment, and supplies, for the sum of \$2,500.
p. Death or disability of franchisee	Section 21	Surviving heirs may operate the business if they qualify within 180 days, or they may assign to approved buyer. If you are an entity, the death or incapacity of a majority Owner will not constitute a transfer if the surviving spouse or heirs qualify within 180 days, or they assign to an approved buyer.
q. Non-competition covenants during the term of franchise	Sections 17.B., 17.C. and Confidentiality and Non-Competition Agreement	You and Owners must deal exclusively with us. You and Owners must not divert any customers or have involvement in any competing business.
r. Non-competition covenants after the franchise is terminated or expires	Sections 17.D. and Confidentiality and Non-Competition Agreement	For 24 months after termination or non-renewal, you and Owners cannot operate a competing business within your Territory, or a 10-mile radius of your Center, or within a 10-mile radius of any other The Tutoring Center location.
s. Modification of the agreement	Section 30	No modification except in writing signed by you and us, but we can change the Manuals as we wish.

Provision	Sections In Franchise or Other Agreement	Summary
t. Integration/merger clause	Section 30	Only the terms of the Franchise Agreement or other applicable agreement are binding (subject to state law). Any representations or promises outside the Disclosure Document and Franchise Agreement may not be enforceable.
u. Dispute resolution	Section 32.B. and Section 33	Any claim arising out of or relating to the Agreement, or its breach and not resolved directly between you and us is to be resolved by litigation in Los Angeles County, California. (See also State Addenda, Ex. G.)
v. Choice of forum	Section 32.	Most claims arising out of or relating to the Agreement, or its breach are to be mediated, and if not be resolved, arbitrated in Los Angeles County, California. (See also State Addenda, Ex. G.)
w. Choice of law	Section 32.H.	Except to the extent governed by the Federal Arbitration Act or other federal law, California law applies, except for breaches of Section 17 (law of the place where breach occurs controls then) and no California franchise law applies unless jurisdictional, definitional and application requirements of the law are met independently of Franchise Agreement Section 32.H. (See State Addenda, Ex. G.)

## ITEM 18. PUBLIC FIGURES

We do not use any public figure to promote the franchise.

## ITEM 19. FINANCIAL PERFORMANCE REPRESENTATIONS

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

The following is the financial performance representation for operational Centers for the period of ~~(i) January 1, 2023 through December 31, 2023;~~ ~~(ii) January 1, 2022 through December 31, 2022;~~ and ~~(iii) January 1, 2021 through December 31, 2021~~ January 1, 2024 through December 1, 2024. It includes average student enrollment for all of TTCFC's existing Centers that have been open for 12 months or longer, as of the first day of each month. The diagram below shows student enrollment broken down into 4 categories; Top 25% of Centers; Mid-Upper 25% of Centers; Mid-Lower 25% of Centers; and Bottom 25% of Centers. There are between ~~178~~ and ~~189~~ Centers in each category.

As of December 1, 2024, we had 75 franchised “The Tutoring Center®” Centers in operation. Of the franchised Centers, 1 was not included because they had not been open for 12 months or longer as of December 1, 2024<sup>3</sup> and 2 franchised Centers were not included because they are located in the United Arab Emirates. In addition, 1 franchised The Tutoring Center® Center that had been open for 12 months was not included in this financial performance representation because they did not provide TTCFC with enrollment numbers for each month during the period of January 1, 2024<sup>3</sup> to December 1, 2024<sup>3</sup>.

~~As of December 1, 2023, we had 84 franchised “The Tutoring Center®” Centers in operation. Of the franchised Centers, 5 were not included because they had not been open for 12 months or longer as of December 1, 2023 and 2 franchised Centers were not included because they are located in the United Arab Emirates. In addition, 5 franchised The Tutoring Center® Centers that had been open for 12 months were not included in this financial performance representation because they did not provide TTCFC with enrollment numbers for each month during the period of January 1, 2023 to December 1, 2023.~~

~~As of December 1, 2022, we had 87 franchised “The Tutoring Center®” Centers in operation. Of the franchised Centers, 8 were not included because they had not been open for 12 months or longer as of December 1, 2022 and 2 franchised CentoresCenters were not included because they are located in the United Arab Emirates. In addition, 3 franchised The Tutoring Center® Centers that had been open for 12 months were not included in this financial performance representation because they did not provide TTCFC with enrollment numbers for each month during the period of January 1, 2022 to December 1, 2022.~~

~~As of December 1, 2021, we had 85 franchised “The Tutoring Center®” Centers in operation. Of the franchised Centers, 8 were not included because they had not been open for 12 months or longer as of December 1, 2021 and 1 franchised Center was not included because it is located in the United Arab Emirates. In addition, 4 franchised The Tutoring Center® Centers that had been open for 12 months were not included in this financial performance representation because they did not provide TTCFC with enrollment numbers for each month during the period of January 1, 2021 to December 1, 2021.~~

**2021**

Top 25% of Centers by Student Enrollment	Mid-Upper 25% of Centers by Student Enrollment	Mid-Lower 25% of Centers by Student Enrollment	Bottom 25% of Centers by Student Enrollment
Median Student Enrollment, by Category			
87	59	45	26
Average Student Enrollment, by Category			
90	59	44	25
Number of Centers Meeting or Exceeding Average Student Enrollment for Category			
8 or 44% of 18 Centers in Top 25%	9 or 50% of 18 Centers in Mid-Upper 25%	13 or 72% of 18 Centers in Mid-Lower 25%	10 or 56% of 18 Centers in Bottom 25%

**2021**

Range of Student Enrollment For Category	
118 to 69	69 to 50
69	74
14 or 39% of 36 Centers included in average	36
36	35
20 or 56% of 36 Centers included in average	

**2022**

Top 25% of Centers by Student Enrollment	Mid-Upper 25% of Centers by Student Enrollment	Mid-Lower 25% of Centers by Student Enrollment	Bottom 25% of Centers by Student Enrollment
Median Student Enrollment, by Category			
93	73	56	32
Average Student Enrollment, by Category			
95	72	56	33
Number of Centers Meeting or Exceeding Average Student Enrollment for Category			
8 or 44% of 18 Centers in Top 25%	12 or 63% of 19 Centers in Mid-Upper 25%	8 or 42% of 19 Centers in Mid-Lower 25%	7 or 39% of 19 Centers in Bottom 25%
Range of Student Enrollment For Category			
115 to 78	77 to 64	64 to 47	46 to 19

Median of the Top 50% of Centers by Student Enrollment	77
Average of the Top 50% of Centers by Student Enrollment	83
Number of Centers in Top 50% meeting or exceeding the average of the top 50%	14 or 38% of 37 Centers included in average
Median of the bottom 50% of Centers by student enrollment	47
Average of the bottom 50% of Centers by student enrollment	44
Number of Centers in bottom 50% meeting or exceeding the average of the bottom 50%	22 or 59% of 37 Centers included in average

**2023**

Top 25% of Centers by Student Enrollment	Mid-Upper 25% of Centers by Student Enrollment	Mid-Lower 25% of Centers by Student Enrollment	Bottom 25% of Centers by Student Enrollment
Median Student Enrollment, by Category			
90	70	52	35
Average Student Enrollment, by Category			
93	72	52	35
Number of Centers Meeting or Exceeding Average Student Enrollment for Category			
8 or 44% of 18 Centers in Top 25%	8 or 44% of 18 Centers in Mid-Upper 25%	9 or 50% of 18 Centers in Mid-Lower 25%	7 or 37% of 19 Centers in Bottom 25%
Range of Student Enrollment For Category			
124 to 83	80 to 61	60 to 45	45 to 14

Median of the Top 50% of Centers by Student Enrollment	82
Average of the Top 50% of Centers by Student Enrollment	82
Number of Centers in Top 50% meeting or exceeding the average of the top 50%	18 or 50% of 36 Centers included in average
Median of the bottom 50% of Centers by student enrollment	45

<del>Average of the bottom 50% of Centers by student enrollment</del>	<del>43</del>
<del>Number of Centers in bottom 50% meeting or exceeding the average of the bottom 50%</del>	<del>23 or 62% of 37 Centers included in average</del>

**2024**

<u>Top 25% of Centers by Student Enrollment</u>	<u>Mid-Upper 25% of Centers by Student Enrollment</u>	<u>Mid-Lower 25% of Centers by Student Enrollment</u>	<u>Bottom 25% of Centers by Student Enrollment</u>
<u>Median Student Enrollment, by Category</u>			
<u>90</u>	<u>66</u>	<u>49</u>	<u>35</u>
<u>Average Student Enrollment, by Category</u>			
<u>92</u>	<u>66</u>	<u>49</u>	<u>34</u>
<u>Number of Centers Meeting or Exceeding Average Student Enrollment for Category</u>			
<u>8 or 44% of 18 Centers in Top 25%</u>	<u>9 or 50% of 18 Centers in Mid-Upper 25%</u>	<u>7 or 41% of 17 Centers in Mid-Lower 25%</u>	<u>10 or 55% of 18 Centers in Bottom 25%</u>
<u>Range of Student Enrollment For Category</u>			
<u>115 to 76</u>	<u>75 to 59</u>	<u>53 to 45</u>	<u>44 to 14</u>

<u>Median of the Top 50% of Centers by Student Enrollment</u>	<u>75</u>
<u>Average of the Top 50% of Centers by Student Enrollment</u>	<u>79</u>
<u>Number of Centers in Top 50% meeting or exceeding the average of the top 50%</u>	<u>15 or 41% of 36 Centers included in average</u>
<u>Median of the bottom 50% of Centers by student enrollment</u>	<u>45</u>
<u>Average of the bottom 50% of Centers by student enrollment</u>	<u>41</u>
<u>Number of Centers in bottom 50% meeting or exceeding the average of the bottom 50%</u>	<u>22 or 62% of 35 Centers included in average</u>

The above annual averages and medians of Enrollments for franchised The Tutoring Center® Centers at least 12 months and reporting throughout the year shown was calculated by us based on reports on Enrollment furnished to TTCFC by its franchisees. For the period from January 1, 2024 through December 1, 2024, TTCFC had an average response rate of ninety-five percent (95%) For

~~the period from January 1, 2023 through December 1, 2023, TTCFC had an average response rate of ninety five percent (95%); for the period from January 1, 2022 through December 1, 2022, TTCFC had an average response rate of ninety five percent (95%); and for the period from January 1, 2021 through December 1, 2021, TTCFC had an average response rate of ninety four percent (94%). This information is unaudited.~~

**Some Centers have this Enrollment. Your individual results may differ. There is no assurance that you will have the same Enrollment numbers.**

TTCFC will make written substantiation of the data used in preparing the information above available to you upon reasonable request.

Other than the preceding financial performance representation, TTCFC does 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 Dr. Edward Thalheimer, 3750 Long Beach Boulevard, Suite 100, Long Beach, California 90807, (562) 984-0830, the Federal Trade Commission, and the appropriate state regulatory agencies.

**ITEM 20. OUTLETS AND FRANCHISEE INFORMATION**

TABLE 1  
System wide Outlet Summary  
For Years [2021-2022](#) to [2023-2024](#)

Outlet Type	Year	Outlets at Start of the Year	Outlets at End of the Year	Net Change
Franchised	<del>2021</del>	<del>89</del>	<del>85</del>	<del>-4</del>
	2022	85	87	+2
	2023	87	84	-3
	<a href="#">2024</a>	<a href="#">84</a>	<a href="#">75</a>	<a href="#">-9</a>
Company Owned	<del>2021</del>	<del>0</del>	<del>0</del>	<del>0</del>
	2022	0	0	0
	2023	0	0	0
	<a href="#">2024</a>	<a href="#">0</a>	<a href="#">0</a>	<a href="#">0</a>
Total	<del>2021</del>	<del>89</del>	<del>85</del>	<del>-4</del>
	2022	85	87	+2
	2023	87	84	-3
	<a href="#">2024</a>	<a href="#">84</a>	<a href="#">75</a>	<a href="#">-9</a>

TABLE 2  
 Transfers of Outlets  
 from Franchisees to New Owners  
 (other than the Franchisor)  
 For years ~~2021-2022~~ to ~~2023~~2024

State	Year	Number of Transfers
California	<del>2021</del>	<del>0</del>
	2022	1
	2023	1
	<u>2024</u>	<u>1</u>
Delaware	<del>2021</del>	<del>0</del>
	2022	1
	2023	0
	<u>2024</u>	<u>0</u>
<u>Michigan</u>	<u>2022</u>	<u>0</u>
	<u>2023</u>	<u>0</u>
	<u>2024</u>	<u>2</u>
<del>Missouri</del>	<del>2021</del>	<del>4</del>
	<del>2022</del>	<del>0</del>
	<del>2023</del>	<del>0</del>
New Jersey	<del>2021</del>	<del>0</del>
	2022	0
	2023	1
	<u>2024</u>	<u>0</u>
South Carolina	<del>2021</del>	<del>0</del>
	2022	2
	2023	0
	<u>2024</u>	<u>1</u>
Texas	<del>2021</del>	<del>0</del>

State	Year	Number of Transfers
	2022	2
	2023	2
	<a href="#">2024</a>	<a href="#">2</a>
Total	2021	1
	2022	6
	2023	4
	<a href="#">2024</a>	<a href="#">6</a>

TABLE 3  
Status of Franchised Outlets  
For years [2021-2022](#) to [2023-2024](#)

STATE	YEAR	OUTLETS AT START OF YEAR	OUTLETS OPENED	TERMINATIONS	NON-RENEWALS	REACQUIRED BY FRANCHISOR	CEASED OPERATIONS - OTHER REASONS	OUTLETS AT END OF THE YEAR
Alabama	<del>2021</del>	<del>4</del>	<del>4</del>	<del>0</del>	<del>4</del>	<del>0</del>	<del>0</del>	<del>4</del>
	2022	1	1	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	<a href="#">2024</a>	<a href="#">2</a>	<a href="#">0</a>	<a href="#">0</a>	<a href="#">0</a>	<a href="#">0</a>	<a href="#">0</a>	<a href="#">2</a>
Arizona	<del>2021</del>	<del>4</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>4</del>
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	<a href="#">2024</a>	<a href="#">1</a>	<a href="#">0</a>	<a href="#">0</a>	<a href="#">0</a>	<a href="#">0</a>	<a href="#">0</a>	<a href="#">1</a>
California	<del>2021</del>	<del>12</del>	<del>4</del>	<del>0</del>	<del>4</del>	<del>0</del>	<del>0</del>	<del>12</del>
	2022	12	1	1	0	0	0	12
	2023	12	0	0	0	0	0	12
	<a href="#">2024</a>	<a href="#">12</a>	<a href="#">0</a>	<a href="#">2</a>	<a href="#">0</a>	<a href="#">0</a>	<a href="#">0</a>	<a href="#">10</a>

STATE	YEAR	OUTLETS AT START OF YEAR	OUTLETS OPENED	TERMINATIONS	NON-RENEWALS	REACQUIRED BY FRANCHISOR	CEASED OPERATIONS -OTHER REASONS	OUTLETS AT END OF THE YEAR
Colorado	2024	4	0	0	0	0	0	4
	2022	1	1	0	0	0	0	2
	2023	2	0	1	0	0	0	1
	2024	1	0	0	0	0	0	1
Delaware	2024	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
Florida	2024	8	0	0	4	0	0	7
	2022	7	2	0	1	0	0	8
	2023	8	0	1	0	0	0	7
	2024	7	0	0	0	0	0	7
Georgia	2024	5	4	0	4	0	0	5
	2022	5	0	0	1	0	0	4
	2023	4	1	0	1	0	0	4
	2024	4	0	0	0	0	0	4
Hawaii	2024	4	0	0	0	0	0	4
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Illinois	2024	2	0	0	0	0	0	2
	2022	2	0	1	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Kansas	2024	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	1	0	0	0
Michigan	2024	6	0	0	0	0	0	6
	2022	6	0	0	0	0	0	6

STATE	YEAR	OUTLETS AT START OF YEAR	OUTLETS OPENED	TERMINATIONS	NON-RENEWALS	REACQUIRED BY FRANCHISOR	CEASED OPERATIONS -OTHER REASONS	OUTLETS AT END OF THE YEAR
	2023	6	0	0	0	0	0	6
	<a href="#">2024</a>	<a href="#">6</a>	<a href="#">0</a>	<a href="#">0</a>	<a href="#">2</a>	<a href="#">0</a>	<a href="#">0</a>	<a href="#">4</a>
Missouri	<del>2024</del>	<del>1</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>1</del>
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	<a href="#">2024</a>	<a href="#">1</a>	<a href="#">0</a>	<a href="#">0</a>	<a href="#">0</a>	<a href="#">0</a>	<a href="#">0</a>	<a href="#">1</a>
New Jersey	<del>2024</del>	<del>4</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>4</del>
	2022	4	0	0	0	0	0	4
	2023	4	0	0	0	0	0	4
	<a href="#">2024</a>	<a href="#">4</a>	<a href="#">1</a>	<a href="#">0</a>	<a href="#">2</a>	<a href="#">0</a>	<a href="#">0</a>	<a href="#">3</a>
New York	<del>2024</del>	<del>1</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>1</del>
	2022	1	0	0	0	0	0	1
	2023	1	0	1	0	0	0	0
	<a href="#">2024</a>	<a href="#">0</a>	<a href="#">0</a>	<a href="#">0</a>	<a href="#">0</a>	<a href="#">0</a>	<a href="#">0</a>	<a href="#">0</a>
Ohio	<del>2024</del>	<del>2</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>2</del>
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	<a href="#">2024</a>	<a href="#">2</a>	<a href="#">0</a>	<a href="#">0</a>	<a href="#">0</a>	<a href="#">0</a>	<a href="#">0</a>	<a href="#">2</a>
Oregon	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	1	0	0	0	0
	<a href="#">2024</a>	<a href="#">0</a>	<a href="#">0</a>	<a href="#">0</a>	<a href="#">0</a>	<a href="#">0</a>	<a href="#">0</a>	<a href="#">0</a>
Pennsylvania	<del>2024</del>	<del>1</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>1</del>
	2022	1	0	1	0	0	0	0
	2023	0	0	0	0	0	0	0
	<a href="#">2024</a>	<a href="#">0</a>	<a href="#">0</a>	<a href="#">0</a>	<a href="#">0</a>	<a href="#">0</a>	<a href="#">0</a>	<a href="#">0</a>
South Carolina	<del>2024</del>	<del>4</del>	<del>2</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>6</del>
	2022	6	0	0	0	0	0	6
	2023	6	1	0	0	0	0	7
	<a href="#">2024</a>	<a href="#">7</a>	<a href="#">0</a>	<a href="#">0</a>	<a href="#">0</a>	<a href="#">0</a>	<a href="#">0</a>	<a href="#">7</a>

STATE	YEAR	OUTLETS AT START OF YEAR	OUTLETS OPENED	TERMINATIONS	NON-RENEWALS	REACQUIRED BY FRANCHISOR	CEASED OPERATIONS -OTHER REASONS	OUTLETS AT END OF THE YEAR
Tennessee	2024	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Texas	2024	31	2	6	1	0	0	26
	2022	26	3	1	0	0	0	28
	2023	28	2	2	0	0	0	28
	2024	28	0	0	0	0	3	25
Washington	2024	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
United States Subtotal	2024	87	8	7	5	0	0	83
	2022	83	8	4	2	0	0	85
	2023	85	4	6	1	0	0	82
	2024	82	1	0	5	0	5	73
United Arab Emirates Subtotal	2024	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
Total	2024	89	8	7	5	0	0	85
	2022	85	8	4	2	0	0	87
	2023	87	4	6	1	0	0	84
	2024	84	1	0	5	0	5	75

TABLE 4

Status of Company-Owned Outlets  
For years ~~2021~~ to ~~2023~~

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
<b>Total</b>	<del>2021</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
	<u>2024</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

TABLE 5  
Projected Openings as of December 31, ~~2023~~2024

State	Franchise Agreements Signed but Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
California	<u>23</u>	<u>22</u>	0
Florida	4	<u>14</u>	0
Georgia	1	1	0
Hawaii	1	<u>0</u> 1	0
Illinois	1	<u>0</u> 1	0
Missouri	<u>22</u>	<u>22</u>	0
<u>New Jersey</u>	<u>4</u>	<u>4</u>	<u>0</u>
South Carolina	1	1	0
Texas	<u>12</u>	<u>12</u>	0
<b>United States Subtotal</b>	<u>45</u> 14	<u>45</u> 8	0
United Arab Emirates Subtotal	2	2	0
<b>Total</b>	<u>47</u> 16	<u>47</u> 10	0

A list of the names of all franchisees and the addresses and telephone numbers of their businesses are provided in Exhibit D to this Disclosure Document.

The name, city, state and current business telephone number (or if unknown, the last known home telephone number) of every franchisee who had a business terminated, cancelled, not renewed or

otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance date of this disclosure document are listed on Exhibit D to this Disclosure Document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

During the last three fiscal years, some of our current and former franchisees have signed confidentiality provisions that would restrict their ability to speak openly about their experience with the Tutoring Center System. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

~~We created the following franchisee organization:~~

~~The Tutoring Center Franchise Advisory Board (FAB)  
3750 Long Beach Blvd, Suite 100  
Long Beach, California 90807  
ops1@tutoringcenter.com  
(562) 984-0830~~

~~This following independent franchisee organization has asked to be included in this disclosure document:~~

~~The Tutoring Center Franchisee Association  
A Chapter of the American Association of Franchisees & Dealers  
276 Hazard Ave, Suite 11  
Enfield, CT 06082  
(619) 860-1682  
[ttcfa@aafdchapters.org](mailto:ttcfa@aafdchapters.org)~~

**ITEM 21. FINANCIAL STATEMENTS**

Attached to this Disclosure Document as Exhibit A are our audited financial statements for our fiscal years ended December 31, 2024, December 31, 2023, and December 31, 2022, ~~and~~ December 31, 2021.

**ITEM 22. CONTRACTS**

Attached as Exhibit B is a copy of our franchise agreement. A Franchisee Disclosure Acknowledgment Statement is attached to the Franchise Agreement as Schedule D (p. 57). Attached as Exhibit F are the State-Specific Addenda that you may need to sign. A copy of our current form General Release Upon Renewal of Franchise is attached to this Disclosure Document as Exhibit G. A copy of our Telephone Listing Agreement is attached to this Disclosure Document as Exhibit I. A copy of our SAT/ACT Program Addendum is attached to this Disclosure Document

as Exhibit J. A copy of our Incentive Agreement is attached to this Disclosure Document as Exhibit K.

### **ITEM 23. RECEIPTS**

Two copies of an acknowledgment of your receipt of this Disclosure Document appear at the end of the Disclosure Document as Exhibit M. Please return one signed copy to us and retain the other for your records.

EXHIBIT A TO THE DISCLOSURE DOCUMENT  
FINANCIAL STATEMENTS

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Audited financial statements of The Tutoring Center Franchise Corp. for the periods ending  
December 31, ~~2023~~2024, December 31, ~~2022~~2023, and December 31, ~~2021~~2022.

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*Financial Statements*

# **The Tutoring Center Franchise Corp.**

December 31, 2024, 2023, and 2022

**THE TUTORING FRANCHISE CENTER CORP.**

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# Haynie & Company

(a professional corporation)

Certified Public Accountants and Management Consultants

4910 Campus Drive Newport Beach, California 92660-2119 (949) 724-1880 FAX (949) 724-1889

## INDEPENDENT AUDITOR'S REPORT

To the Stockholders

**The Tutoring Center Franchise Corp.**

Long Beach, California

### Opinion

We have audited the accompanying financial statements of The Tutoring Center Franchise Corp., (the "Company"), which comprise the balance sheet as of December 31, 2024, and the related statements of income, changes in stockholders' equity, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company, as of December 31, 2024, and the results of its operations and changes in stockholders' equity and cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Prior Period Financial Statements

The financial statements of the Company as of and for the years ended December 31, 2023 and 2022, were audited by other auditors whose report dated March 8, 2024 expressed an unmodified opinion on 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 the Company'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 generally accepted auditing standards 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 there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, 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 the Company'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 the Company'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.



March 21, 2025  
Newport Beach, California

**THE TUTORING CENTER FRANCHISE CORP.**

Balance Sheets

December 31, 2024, 2023 and 2022

<b><u>ASSETS</u></b>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Current assets:			
Cash and cash equivalents	\$ 274,679	\$ 382,177	\$ 569,947
Variable annuity	411,875	320,858	242,925
Employee retention credits receivable	40,980	-	-
Prepaid expenses	<u>1,384</u>	<u>2,184</u>	<u>2,994</u>
<b>Total current assets</b>	<u>728,918</u>	<u>705,219</u>	<u>815,866</u>
Other assets:			
Property and equipment	12,782	18,026	28,405
Right-of-use lease assets	256,797	474,288	689,070
Cash surrender value of officers' life insurance	290,470	249,992	329,519
Intangible assets	136,520	124,211	139,485
Deposit	<u>15,371</u>	<u>15,371</u>	<u>15,371</u>
<b>Total other assets</b>	<u>711,940</u>	<u>881,888</u>	<u>1,201,850</u>
<b>Total assets</b>	<u>\$ 1,440,858</u>	<u>\$ 1,587,107</u>	<u>\$ 2,017,716</u>
 <b><u>LIABILITIES AND STOCKHOLDERS' EQUITY</u></b>			
Current liabilities:			
Accounts payable	\$ 37,411	\$ 41,682	\$ 34,554
Accrued payroll liabilities	41,636	-	-
Income taxes payable	-	-	24,482
Deferred franchise revenue	113,059	244,801	368,714
Current portion of lease liabilities	<u>208,252</u>	<u>225,561</u>	<u>203,195</u>
<b>Total current liabilities</b>	400,358	512,044	630,945
Deferred franchise revenue	357,253	257,488	330,307
Long-term lease liabilities	<u>66,216</u>	<u>274,468</u>	<u>500,029</u>
<b>Total liabilities</b>	<u>823,827</u>	<u>1,044,000</u>	<u>1,461,281</u>
Stockholders' equity:			
Common stock	118,490	118,490	118,490
Additional paid-in capital	381,800	381,800	381,800
Retained earnings	<u>116,741</u>	<u>42,817</u>	<u>56,145</u>
<b>Total stockholders' equity</b>	<u>617,031</u>	<u>543,107</u>	<u>556,435</u>
<b>Total liabilities and stockholders' equity</b>	<u>\$ 1,440,858</u>	<u>\$ 1,587,107</u>	<u>\$ 2,017,716</u>

See notes to financial statements.

**THE TUTORING CENTER FRANCHISE CORP.**  
**Statements of Income**  
For the Years Ended December 31, 2024, 2023 and 2022

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Revenues:			
Royalty income	\$ 1,136,330	\$ 1,154,073	\$ 1,127,264
Other income	376,018	382,407	486,603
Franchise income	97,227	248,732	390,946
Technology fees	126,000	124,547	98,364
Support and training income	134,750	123,000	168,000
Semi-annual program fees	110,400	114,800	117,200
Compliance fees	<u>250</u>	<u>-</u>	<u>-</u>
 Total revenues	 1,980,975	 2,147,559	 2,388,377
 Operating expenses	 <u>1,925,843</u>	 <u>2,012,615</u>	 <u>1,849,341</u>
 Operating income	 <u>55,132</u>	 <u>134,944</u>	 <u>539,036</u>
 Other income (expense):			
Unrealized gains (losses) on variable annuity	80,817	57,533	(86,735)
Interest expense	<u>(11,537)</u>	<u>(4,892)</u>	<u>(4,854)</u>
 Total other income (expense):	 <u>69,280</u>	 <u>52,641</u>	 <u>(91,589)</u>
 Income before income taxes	 124,412	 187,585	 447,447
 Provision for income taxes	 <u>800</u>	 <u>800</u>	 <u>58,544</u>
 Net income	 <u>\$ 123,612</u>	 <u>\$ 186,785</u>	 <u>\$ 388,903</u>

See notes to financial statements.

**THE TUTORING CENTER FRANCHISE CORP.**  
 Statements of Changes In Stockholders' Equity  
 For the Years Ended December 31, 2024, 2023 and 2022

	<u>Common Stock</u>		<u>Additional Paid-in Capital</u>	<u>Retained earnings</u>	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>			
Balances, January 1, 2022	1,000	\$ 118,490	\$ -	\$ 18,842	\$ 137,332
					-
Net income				388,903	388,903
Additional paid-in capital			381,800		381,800
Stockholders' distribution	-	-	-	(351,600)	(351,600)
Balances, December 31, 2022	1,000	118,490	381,800	56,145	556,435
Net income				186,785	186,785
Stockholders' distribution	-	-	-	(200,114)	(200,114)
Balances, December 31, 2023	1,000	118,490	381,800	42,816	543,106
Net income				123,612	123,612
Stockholders' distributions	-	-	-	(49,688)	(49,688)
Balances, December 31, 2024	<u>1,000</u>	<u>\$ 118,490</u>	<u>\$ 381,800</u>	<u>\$ 116,740</u>	<u>\$ 617,030</u>

See notes to financial statements.

**THE TUTORING CENTER FRANCHISE CORP.**  
 Statements of Cash Flows  
 For the Years Ended December 31, 2024, 2023 and 2022

	2024	2023	2022
<b>Cash flows from operating activities:</b>			
Net income	\$ 123,612	\$ 186,785	\$ 388,903
Unrealized (gains) losses on variable annuity	(80,817)	(57,533)	86,735
Depreciation	7,462	10,379	15,226
Amortization of right-of-use assets	217,491	214,782	210,857
Bad debt	-	-	29,000
Decrease (increase) in employee retention credits receivable	(40,980)	-	-
Decrease (increase) in prepaid expenses	800	810	2,782
Increase (decrease) in accounts payable and accrued expenses	37,365	7,128	8,616
Decrease (increase) in income taxes payable	-	(24,482)	24,482
Decrease in deferred franchise revenue	(31,977)	(196,732)	(248,946)
Repayments of right-of-use liabilities	(225,561)	(203,195)	(194,002)
<b>Total from in operating activities</b>	<b>7,395</b>	<b>(62,058)</b>	<b>323,653</b>
<b>Cash flows from investing activities:</b>			
Acquisition of property and equipment	(2,218)	-	(7,374)
Purchases of variable annuity	(10,200)	(20,400)	(3,400)
(Increase) decrease in cash surrender value	(32,678)	(60,873)	56,650
Decrease (increase) in intangible assets	(12,309)	15,274	9,333
<b>Total from investing activities</b>	<b>(57,405)</b>	<b>(65,999)</b>	<b>55,209</b>
<b>Cash flows from financing activities:</b>			
Loan from cash surrender value of officers' life insurance	-	156,000	-
Repayment on loans from cash surrender of officers' life insurance	(7,800)	(15,600)	-
Proceeds from additional paid-in capital	-	-	381,800
Distribution to stockholders	(49,688)	(200,113)	(351,600)
<b>Total from financing activities</b>	<b>(57,488)</b>	<b>(59,713)</b>	<b>30,200</b>
<b>Net decrease in cash</b>	<b>(107,498)</b>	<b>(187,770)</b>	<b>409,062</b>
Cash, beginning of year	382,177	569,947	160,885
<b>Cash, end of year</b>	<b>\$ 274,679</b>	<b>\$ 382,177</b>	<b>\$ 569,947</b>
<b>Supplemental disclosure of cash flow information:</b>			
Cash paid during the years for:			
Income taxes, net of refunds	\$ -	\$ 24,546	\$ 28,500
Interest	\$ 11,537	\$ 4,892	\$ 4,854

See notes to financial statements.

## THE TUTORING CENTER FRANCHISE CORP.

### Notes to Financial Statement

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### Business Activity

The Tutoring Center Franchise Corp. (the "Company") was incorporated under the laws of the State of California on January 19, 2005 and is engaged in the business of selling franchises for the development and operation of educational tutoring centers specializing in after school tutoring services under franchise agreements throughout the United States and various foreign countries from an office located in Long Beach, California.

##### Intangible Assets

Intangible assets are commission fees and are being amortized over their estimated useful life 10 years.

##### Depreciation

Depreciation of property and equipment is provided on the straight-line method over useful lives ranging from five to seven years.

##### Revenue Recognition

The Company has adopted Revenue from Contracts with Customers (codified as ASC 606), which, along with subsequent amendments replaced substantially all the relevant U.S. GAAP revenue recognition guidance. ASC 606, as amended, is based on the principle that revenue is recognized to depict the contractual transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services utilizing a new five-step revenue recognition model, which steps include (i) identify the contract(s) with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue when (or as) the entity satisfies a performance obligation.

A non-Public Business Entity franchisor may account for the following pre-opening services as distinct from the franchise license:

- Assistance in the selection of a site.
- Assistance in obtaining facilities and preparing the facilities for their intended use, including related financing, architectural, and engineering services, and lease negotiation.

## THE TUTORING CENTER FRANCHISE CORP.

### Notes to Financial Statement

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- Training of the franchisee's personnel.
- Preparation and distribution of manuals and similar material concerning operations, administration, and record keeping.
- Bookkeeping, information technology, and advisory services, including setting up the franchisee's records and advising the franchisee about income, real estate, and other taxes or about regulations affecting the franchisee's business.
- Inspection, testing, and other quality control programs.

The Company has opted to account for these pre-opening services as distinct from the franchise license.

The Company receives initial franchise and support fees from each franchise sale and continuing royalty fees based on gross revenues from operating franchises over the life of each franchise. Initial franchise fees are recognized as revenue over the life of the contract while initial support and training fees are recognized when all material services have been substantially performed. Continuing royalty fees are considered earned when they become due from the franchisee.

Deferred revenue resulting from cash collected for initial franchise fees paid by franchisees are classified as liabilities in the balance sheets based on the expected timing of revenue recognition associated with these liabilities. The following table reflects the changes in deferred revenue for the year ended December 31, 2024:

Deferred contract revenues:

Deferred revenue, December 31, 2023	\$ 502,289
Cash collected for initial franchise payments	92,000
Revenue recognized	<u>(123,977)</u>
Deferred revenue, December 31, 2024	<u>\$ 470,312</u>

**THE TUTORING CENTER FRANCHISE CORP.**

Notes to Financial Statement

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The following table illustrates estimated revenues expected to be recognized in the future related to unsatisfied performance obligations as of December 31, 2024:

	<u>Contract Revenue</u>
Year ended December 31:	
2025	\$ 113,059
2026	35,668
2027	31,227
2028	23,803
2029	19,528
Thereafter	<u>247,027</u>
	<u>\$ 470,312</u>

The following table illustrates revenues recognized according to timing of the transfer of goods or services from the adoption of ASC 606 as of December 31, 2024:

Revenue recognized at a point in time	\$ 1,748,998
Revenue recognized over time	<u>231,977</u>
Total revenue recognized	<u>\$ 1,980,975</u>

**Accounts receivable**

Accounts receivable are stated at the amount the Company expects to collect from outstanding balances. The Company provides for probable uncollectible amounts through a charge to earnings and a credit to allowance for credit losses based on its assessment of the current status of individual accounts. Balances that are still outstanding after the Company has used reasonable collection efforts are written off through a charge to allowance for credit losses and a credit to accounts receivable. As of December 31, 2024, 2023, and 2024, there no amounts for accounts receivable or amounts reserved for credit losses.

## THE TUTORING CENTER FRANCHISE CORP.

### Notes to Financial Statement

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### Allowance for credit losses

On January 1, 2024, the Company adopted Accounting Standards Update 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments (ASC 326). This standard replaced the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (“CECL”) methodology. CECL requires an estimate of credit losses for the remaining estimated life of the financial asset using historical experience, current conditions, and reasonable and supportable forecasts and generally applies to financial assets measured at amortized cost, including loan receivables and certain other financial assets. Financial assets measured at amortized cost will be presented at the net amount expected to be collected by using an allowance for credit losses. The Company adopted ASC 326 and all related subsequent amendments thereto effective January 1, 2024, using the modified retrospective approach for all financial assets measured at amortized cost and determined that the adoption did not have a material impact to the previously reported allowance amounts.

##### Impairment of long-lived assets

The Company evaluates potential impairment of long-lived assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Impairment is evaluated by estimating future undiscounted cash flows expected to result from the use of the asset and its eventual disposition. If the sum of the expected future cash flows is less than the carrying amount of the assets, an impairment loss is recognized. Fair value, for purposes of calculating impairment, is measured based on undiscounted future cash flows. The Company has not identified any impairment as of December 31, 2024.

##### Advertising

Advertising costs are expensed as incurred. Total advertising expense for the years ended December 31, 2024, 2023, and 2022 was \$70,386, \$82,695 and \$77,288, respectively.

##### Income Taxes

The Company elected to be taxed under the provisions of Subchapter S of the Internal Revenue Code. Under these provisions, the Company generally does not pay corporate income taxes on its taxable income. Instead, the stockholders are liable for individual income taxes on their respective shares of the Company's taxable income. The Company is subject to a 1.5% franchise tax in California.

## THE TUTORING CENTER FRANCHISE CORP.

### Notes to Financial Statement

#### 1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

##### Management Estimates

Management uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

##### Cash and cash equivalents

Cash consists of money held in various checking accounts at two separate bank institutions. For purposes of the statements of cash flows, the Company considers all highly liquid debt instruments purchased with a maturity date of three months or less to be cash equivalents. As of December 31, 2024, there were no amounts in excess of FDIC insurance limits.

#### 2. **FAIR VALUE MEASUREMENTS**

The Accounting Standards Codification (ASC) 820 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the nature of inputs used to measure fair value and enhances disclosure requirements for fair value measurements.

The variable annuity account has categorized its financial instruments into a three level hierarchy which is based on the priority of the inputs to the valuation technique. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure fair value fall within different levels of the hierarchy, the category level is based on the lowest priority level input that is significant to the fair value measurement of the instrument.

Financial assets and liabilities recorded at fair value on the balance sheet are categorized as follows:

Level 1. Unadjusted quoted prices for identical assets or liabilities in an active market.

**THE TUTORING CENTER FRANCHISE CORP.**

Notes to Financial Statement

**2. FAIR VALUE MEASUREMENTS (CONTINUED)**

Level 2. Quoted prices in markets that are not active or inputs that are observable either directly or indirectly for substantially the full term of the asset or liability. Level 2 inputs include the following:

- a) Quoted prices for similar assets or liabilities in active markets
- b) Quoted prices for identical or similar assets or liabilities in non-active markets
- c) Inputs other than quoted market prices that are observable
- d) Inputs that are derived principally from or corroborated by observable market data through correlation or other means.

Level 3. Prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. They reflect management's own assumptions about the assumptions a market participant would use in pricing the asset or liability.

The funds in their variable annuity are not publicly traded because they are proprietary financial products of New York Life Insurance and Annuity Corp. The variable annuity account unit values change daily according to the equity and bond market conditions. The funds in the variable annuity accounts are like mutual funds managed by different fund companies. The only difference is that most mutual funds are publicly traded, while funds in the variable annuity are traded by owners through the New York Life platform because they are proprietary products. This applies industry wide to all insurance companies that sell variable annuities.

The variable annuity included in the balance sheet is considered Level 2. There were no transfers between Level 1, Level 2 and Level 3 during the years ended December 31, 2024, 2023 and 2022.

Investments as of December 31, 2024 are summarized as follows:

Variable annuity		Fair and Carrying
	<u>Cost</u>	<u>Value</u>
	<u>\$ 193,822</u>	<u>\$ 411,875</u>

**THE TUTORING CENTER FRANCHISE CORP.**

Notes to Financial Statement

**2. FAIR VALUE MEASUREMENTS (CONTINUED)**

Investments as of December 31, 2023 are summarized as follows:

Variable annuity	<u>Cost</u>	<u>Fair and Carrying Value</u>
	<u>\$ 183,622</u>	<u>\$ 320,858</u>

Investments as of December 31, 2022 are summarized as follows:

Variable annuity	<u>Cost</u>	<u>Fair and Carrying Value</u>
	<u>\$ 163,222</u>	<u>\$ 242,925</u>

The following schedule summarizes the investment return and its classification in the statement of income:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Realized and unrealized net gains (losses) on variable annuity	<u>\$ 80,817</u>	<u>\$ 57,533</u>	<u>\$ (86,735)</u>
Total investment return	<u>\$ 80,817</u>	<u>\$ 57,533</u>	<u>\$ (86,735)</u>

**3. EMPLOYEE RETENTION CREDIT RECEIVABLE**

The Company applied for employee retention credits in connection with certain IRS regulations relative to the CARES Act. The ultimate collection of these credits is based upon the IRS' review and acceptance of the applications. However, management has received notice of acceptance for certain quarters applied for and, therefore has recorded a receivable of \$40,980 as of December 31, 2024.

## THE TUTORING CENTER FRANCHISE CORP.

### Notes to Financial Statement

#### 4. **PROPERTY AND EQUIPMENT**

Property and equipment consists of the following:

December 31	<u>2024</u>	<u>2023</u>	<u>2022</u>
Computer equipment	\$ 67,915	\$ 65,698	\$ 65,698
Furniture and fixtures	83,524	83,524	83,524
Security equipment	<u>16,689</u>	<u>16,689</u>	<u>16,689</u>
Total	168,128	165,911	165,911
Accumulated depreciation	<u>(155,346)</u>	<u>(147,885)</u>	<u>(137,506)</u>
Net property and equipment	<u>\$ 12,782</u>	<u>\$ 18,026</u>	<u>\$ 28,405</u>

Depreciation expense was \$7,462, \$10,379, and \$15,226 for the years ended December 31, 2024, 2023 and 2022, respectively.

#### 5. **CASH SURRENDER VALUE OF OFFICERS' LIFE INSURANCE**

The Company is the owner and beneficiary of insurance policies on the lives of its two officers with a death benefit of \$2,500,000. The cash surrender value of officers' life insurance is reported net of policy loans in the amount of \$234,720, \$231,195 and \$85,903 as of December 31, 2024, 2023 and 2022, respectively.

#### 6. **PROVISION FOR CORPORATE TAXES**

The Company follows the provisions of FASB ASC 740-10-50, "Income Taxes-Overall Disclosures". FASB ASC 740-10-50 sets forth recognition threshold and measurement attribute for financial statement recognition of positions taken or expected to be taken in income tax returns. FASB ASC 740-10-50 had no material impact on the Company's financial statements. The tax years 2019-2023 remain open to examination by the major taxing jurisdictions to which the Company is subject. In the event that the Company concludes that it is subject to interest and/or penalties arising from uncertain tax positions, the Company will present interest and penalties as a component of income tax expense.

## THE TUTORING CENTER FRANCHISE CORP.

### Notes to Financial Statement

#### 6. **PROVISION FOR CORPORATE TAXES (CONTINUED)**

The Company made a Pass-Through Entity Tax (PTE Tax) election for tax year 2022 in accordance with California AB 150 (Ch.21-82) under which the Company incurs and pays a state income tax that would otherwise be paid individually by its stockholders. In accordance with the PTE Tax election, the Company computes a state income tax in the amount of 9.3% of the state's qualified net income, with its stockholders receiving a state tax credit of up to 100% of the state tax paid by the Company. The PTE tax is recorded as state income tax expense in the 2022 statement of income.

The PTE Tax election is made annually. The Company did not make a PTE Tax election in 2023.

Effective in 2023, deferred state income taxes are recorded on temporary differences between the financial statement and tax basis of assets and liabilities at the applicable state income tax rate. Temporary differences are based principally on the use of accelerated depreciation methods. No deferred state income taxes were recorded in 2023.

The provision for corporate taxes consists of the following:

Year ended December 31	<u>2024</u>	<u>2023</u>	<u>2022</u>
Federal	\$ -	\$ -	\$ -
State	800	800	5,562
Pass-through entity tax election	<u>-</u>	<u>-</u>	<u>52,982</u>
Provision for corporate taxes	<u>\$ 800</u>	<u>\$ 800</u>	<u>\$ 58,544</u>

#### 7. **RETIREMENT PLAN**

The Company has a qualified profit-sharing plan with a 401(k) deferred compensation provision for all eligible employees. For the years ended December 31, 2024, 2023 and 2022, the Company's contributions were \$22,283, \$20,659, and \$21,879, respectively.

#### 8. **LEASES**

In February 2016, the Financial Accounting Standards Board (FASB) issued guidance (Accounting Standards Codification [ASC] 842, Leases) to increase transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

**THE TUTORING CENTER FRANCHISE CORP.**

Notes to Financial Statement

**8. LEASES (CONTINUED)**

The Company adopted the standards effective January 1, 2022 and recognized and measured leases existing at, or entered into after, January 1, 2022 (the beginning of the period of adoption) through a cumulative effective adjustment, with certain practical expedients available. Lease disclosures for the year ended December 31, 2021 is made under prior lease guidance in FASB ASC 840.

As a result of the adoption of the new lease accounting guidance, the Company recognized on January 1, 2022 a lease liability of \$897,226, which represents the present value of the remaining operating lease payments of \$921,633, discounted using our incremental borrowing rate of 1.28%, and a right-of-use asset of \$899,927.

The standard had a material impact on our 2022 balance sheet but did not have an impact on our 2022 income statement, nor statement of cash flows. The most significant impact was the recognition of ROU assets and lease liabilities for operating leases.

A summary of total lease cost, by component, and other lease information for the years ended December 31, 2024, 2023 and 2022, follows:

<i>Lease Cost</i>	2024	2023	2022
Operating lease cost	\$ 222,282	\$ 222,721	\$ 220,721

Supplemental cash flow information related to leases was as follows:

Cash paid for amounts included in the measurement of lease liabilities:

Operating cash flows from operating leases	\$ 230,353	\$ 210,695	\$ 203,766
Right-of-use assets obtained in exchange for new operating lease liabilities	\$ -	\$ -	\$ 899,927

*Other lease information*

Weighted-average remaining lease term - operating leases	1.33 years	2.19 years	3.19 years
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Weighted-average discount rate - operating leases	1.28%	1.28%	1.28%
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## THE TUTORING CENTER FRANCHISE CORP.

### Notes to Financial Statement

#### 8. LEASES (CONTINUED)

Maturities of lease liabilities were as follows:

*Year Ending December 31,*

2025	\$ 210,305
2026	64,853
2027	<u>1,562</u>
Total lease payments	276,720
Less imputed interest	<u>(2,252)</u>
Total	<u>\$ 274,468</u>

The Company signed a lease in July 2021 for their new facility. The lease commenced on April 1, 2022 and will expire five years after the commencement date. This lease was then amended effective February 2, 2024 in order to extend the lease term for another five years commencing in May of 2026. The Company also leases an automobile and various printing equipment under terms classified as an operating lease. These leases will expire in July of 2031 and January 2027, respectively.

#### 9. INTANGIBLE ASSETS

Intangible assets consist of the following:

December 31	<u>2024</u>	<u>2023</u>	<u>2022</u>
Commissions paid to employees	\$ 215,503	\$ 180,502	\$ 166,502
Commission to other franchisees	<u>133,000</u>	<u>133,000</u>	<u>130,000</u>
Gross commission paid	348,503	313,502	296,502
Amortization	<u>(211,983)</u>	<u>(189,291)</u>	<u>(157,017)</u>
Net intangible assets	<u>\$ 136,520</u>	<u>\$ 124,211</u>	<u>\$ 139,485</u>

## THE TUTORING CENTER FRANCHISE CORP.

### Notes to Financial Statement

#### 9. INTANGIBLE ASSETS (CONTINUED)

Amortization of commissions charged as salaries and franchise referral fees was \$22,692, \$32,274 and \$30,333 for 2024, 2023, and 2022, respectively. The future estimated aggregate amortization of commissions are as follows: 2025 - \$20,617; 2026 - \$17,267; 2027 - \$15,233; 2028 - \$14,783; 2029 - \$13,967; thereafter - \$54,653.

#### 10. FRANCHISES OWNED

Franchises owned consists of the following:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Franchises owned at the beginning of the year	84	87	85
Franchise opened during the year	1	4	8
Franchise closed during the year	<u>(10)</u>	<u>(7)</u>	<u>(6)</u>
Franchises owned at the end of year	<u><u>75</u></u>	<u><u>84</u></u>	<u><u>87</u></u>

#### 11. CONTINGENCIES

##### Litigation

In February of 2024, a lawsuit was filed against the Company. The Company challenged this lawsuit, resulting in the Plaintiff's filing of a First Amendment Complaint in March of 2024. In May of 2024, the Company moved to strike the claims and allegations in the complaint. In September of 2024, the Court granted the motion to strike in its entirety, and the Court then provided the Plaintiff with the opportunity to file a second amended complaint. In September of 2024, the Plaintiff instead filed a voluntary request for dismissal with the Court, which was granted and the lawsuit was dismissed effective October 1, 2024. As such, the Company has not recognized any liability as of December 31, 2024 in connection with this matter.

#### 12. SUBSEQUENT EVENTS

Subsequent events have been evaluated through March 21, 2025, which is the date the financial statements were available to be issued.

As discussed in Note 8, the Company signed an amended agreement for their facility lease effective February 2, 2024 in order to extend the lease term for another five years commencing in May of 2026.

EXHIBIT B TO THE DISCLOSURE DOCUMENT  
FRANCHISE AGREEMENT

**THE TUTORING CENTER FRANCHISE CORP.  
FRANCHISE AGREEMENT**

**Franchisee:** \_\_\_\_\_

**Effective Date of Agreement:** \_\_\_\_\_

**Expiration Date:** \_\_\_\_\_

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### SCHEDULES:

- A. Site Selection, Approved Location and Territory and Designated Owner
- B. Guarantee and Assumption of Obligations
- C. Agreement and Conditional Assignment of Lease
- D. Franchisee Disclosure Acknowledgment Statement
- E. Current Form of Releasing Language
- F. Confidentiality and Non-Competition Agreement
- G. Internet Advertising, Social Media and Telephone Account Agreement

Franchisor \_\_\_\_\_

Franchisee \_\_\_\_\_

## THE TUTORING CENTER FRANCHISE CORP. FRANCHISE AGREEMENT

This Franchise Agreement ("this Agreement") is made and entered into on \_\_\_\_\_, 20\_\_ (the "Effective Date") by and between The Tutoring Center Franchise Corp., a California corporation with its principal address at 3750 Long Beach Blvd., Suite 200, Long Beach, California 90807 ("Franchisor," "we" or "us"), and \_\_\_\_\_, a(n) \_\_\_\_\_ whose principal address is \_\_\_\_\_, ("Franchisee" "you" or "your" or "Franchisee").

### RECITALS

Franchisor has expended valuable time and resources to develop a system for assessing and tutoring individuals in academic, enrichment, and test preparation skills (the "System"). The System includes facility design, furniture, fixtures, equipment and décor, operational procedures, marketing and advertising, contents of a confidential Operations Manual (or "Manuals"); all training materials and best practices, internet based web sites, record keeping procedures and related elements and the "Copyrighted Works" and "Trade Secrets," as defined herein, all of which Franchisor may continue to develop and change over time. The System also includes use of distinctive service marks, including the mark "The Tutoring Center" (the "Marks"). Franchisee wants to obtain a franchise to operate a tutoring business providing products and services approved by Franchisor and using the System and Marks (a "Tutoring Center" or "Center") and will comply with this Agreement and the Operations Manual in order to use the Marks, System, Copyrighted Works and Trade Secrets. Franchisor is willing to grant Franchisee a Franchise on the terms in this Agreement. Certain capitalized terms used in this Agreement are defined in Section 41, below. Capitalized terms that are not defined in Section 41 are defined in the section where they first appear. Accordingly, the parties now agree as follows:

### AGREEMENT

#### 1. GRANT OF FRANCHISE.

##### A. *Grant*

Franchisor grants to Franchisee, and Franchisee accepts, the right to use the System and Marks to operate one Center providing tutoring and other Franchisor-approved Products and Services to the general public at a location approved by Franchisor (the "Approved Location"), as provided in Section 4 and specified in Schedule A. Franchisee has no right under this Agreement i) to open or operate any additional Center or provide the Products and Services from or at any location other than the Premises, unless otherwise authorized by Franchisor in writing; or ii) to engage in any resale and/or sublicensing or franchising of the Marks, System, Manuals, training programs, Copyrighted Works or Trade Secrets or any other elements of the Tutoring Center, and agrees not to engage in any such activities. Franchisor is not required to grant you multiple franchises. If Franchisor elects to do so, Franchisor can condition the award of another Franchise on the execution of a General Release by you and any Affiliate/Owner of yours, excluding only those claims solely related to the offer and sale of the additional Franchise, where such releases are expressly prohibited by applicable law.

##### B. *Limited Protected Territory*

During the term of this Agreement and so long as Franchisee is not in breach of this Agreement, Franchisor will not operate a Center, itself or through an affiliate, or grant a Franchise for the operation of

a Center, to be physically located at a street address within Franchisee's Territory (as defined herein and on the attached Schedule A). All rights in the Territory not expressly granted to Franchisee are hereby expressly reserved by and to Franchisor.

### **C. Rights Reserved to/by Franchisor**

Except for a Center physically located and having a street address in your Territory, as provided in Section 1.B, above, Franchisor has all rights to locate and operate anywhere, and to authorize others to locate and operate anywhere, a Tutoring Center and/or any other kind of business, using any channel of distribution, including the Internet, mobile services, and temporary facilities, and offering any type of product or service to customers located anywhere under any brand or trademark, including the Marks. You acknowledge that you have no right to preclude any such operations or activities or to be compensated in connection with such activities or operations.

i. Franchisor can acquire, be acquired by, merge, affiliate or co-brand with, or engage in any transaction with other businesses with outlets located anywhere, whether or not competitive or franchised, without liability to you. Franchisor can develop or become associated with other concepts, including with other franchise systems, and award franchises under such other concepts for locations and customers anywhere. Any of these business activities can result in changes to the Marks and System, including possibly the need to convert to another brand. In that case, you will follow any conversion instructions from Franchisor and will have at least 6 months to comply with them. However, if you receive such instructions within 12 months of the Expiration Date of this Agreement, you will not be required to convert unless a renewal Franchise is granted to you, subject to Section 3.

ii. Franchisor may have the opportunity to form arrangements to provide Products and Services to substantial organizations with multiple outlets or sites, such as a school district, an educational agency or a private educational organization. Such opportunities shall be referred to as "Centralized Accounts." Franchisor and/or Franchisor Affiliates can service and/or administer Centralized Accounts. If you agree to provide services to the Centralized Accounts at the request of Franchisor, you will participate and share in the related revenues on terms Franchisor has established for the applicable Centralized Account.

iii. Franchisor's policy as of the Effective Date is to allow you and other Tutoring Center franchisees to recruit and enroll customers located anywhere and to market to customers located anywhere, but Franchisor can change this policy. You agree to comply with any policy changes.

### **D. Best Efforts required of Designated Owner**

Franchisee shall, at all times, use its best efforts (whatever is necessary and practical) to promote and increase sales and delivery of Center Products and Services and to maximize distribution of the Products and Services to potential customers in the market area served by the Center. The Center must be open during the hours specified by Franchisor in the confidential Operations Manual or otherwise in writing, currently a minimum of Monday through Friday from 10:30 am to 7:30 pm. After the first year of business, Franchisor in its sole discretion may modify opening hours. The Center must be supervised by Franchisee at all times. In connection therewith, Franchisee must not disparage to any person the Franchisor, its employees and representatives, its products or the Marks, or other "The Tutoring Center" franchisees. ~~I also want to give Franchisees the leeway to arrive at 2:30, as the students do not arrive until 3:30 pm so it gives them an hour to prepare the Center. But we do recommend that during the first year of business, the Franchisee arrive at 10:30 am to account for any potential parents that may come into the Center for information. So I want the Center to be supervised at all times, but give the Franchisee some leeway on the arrival time. Times designate.~~

In the event Franchisee's Designated Owner elects to pursue outside employment or other financial activity outside of the Center such that Designated Owner will not be at the Center during all of the Center's business hours, Franchisee shall:

Franchisor \_\_\_\_\_

Franchisee \_\_\_\_\_

i. Before taking any outside employment or other financial activity, inform Franchisor in writing of Designated Owner's intention; and

~~ii. If the Designated Owner also serves as the Center Director, ensure that a new Center Director for the Center acceptable to Franchisor is engaged and working before Designated Owner accepts such outside employment or financial activity. The new Center Director must complete the Franchise Training; Part 1 prior to managing the day-to-day operations of the Center to the Franchisor's satisfaction. Such training shall be facilitated by the Franchisor and conducted in Long Beach, CA and facilitated by conducted by the Franchisor in Long Beach, California. See Section 5 of this Agreement for the Center Director's obligations related to the Center. Franchisee shall be responsible for training the Center Manager. While the Franchisee is required to conduct ongoing training of any of their employees such as a hired Center Director, TTCFC now requires any hired Center Director to attend Franchise Training; Part 1 in Long Beach, CA before taking on the role of a hired Center Director. The role of hired Center Director is defined and determined by the language in the Operations Manual, which is important because some Franchisees, that want to get out of the cost of sending their employee to Franchise Training; Part #1, have told us that their employee is not a Center Director, when everything they are doing is part of the hired Center Director role. So it's not necessary that the Franchisee have given them the formal title. For example, some Franchisees have called the person running the day to day operations of the Center "Assistant Center Director", which is a role not defined in the Operations Manual. IN addition, any hired Center Director must first be approved in writing by TTCFC using the documentation required by Franchisor.~~

## 2. INITIAL FRANCHISE FEE AND TRAINING FEE

A. Upon the execution of this Agreement, Franchisee shall pay Franchisor an initial franchise fee of Thirty ~~two~~ Thousand Dollars (~~\$30~~\$32,000) by cashier's check ("Initial Franchise Fee"). The Initial Franchise Fee is a one time fee, and is fully earned and non-refundable upon the execution of this Agreement. The Franchise Fee allows you to purchase and receive System documents and proprietary information to operate your Center including your System Package which will be sent to you within thirty (30) days of signing your Franchise Agreement. ~~We are increasing our Franchise Fee from \$30,000 to \$32,000.~~

B. In addition to the Initial Franchise Fee, you must pay us a Training and Support Fee of Fifteen Thousand Dollars (\$15,000) by cashier's check which is a one time fee and pays for all your support and training before you open your Center. The Initial Franchise Fee and the Training and Support Fee are earned when paid and are not refundable. Ongoing monthly royalties pay for ongoing support, training and the continued use of our System. Semi Annual Program Fees pay for ongoing upgrades to the System that are not a part of your initial System Package.

~~C. If you are a buyer of an existing Franchise location, you must also pay to us a Resale/Transfer Live Compliance Tour Fee in the amount of \$1,000 when you sign the Franchise Agreement. After you have been approved by TTCFC, sign the Franchise Agreement, and complete the requisite training program, a TTCFC representative will conduct a live compliance tour of the Franchise Business being sold/transferred. This compliance tour is conducted to ensure that you are taking over a fully compliant Center as if it were newly opened. This \$1,000 fee is to reimburse Franchisor for incurred travel expenses, and is non-refundable.~~

If Franchisee is a veteran of the United States Armed Forces; has served at least four (4) years and can submit your DD 214, Franchisor shall grant a credit of Five Thousand Dollars (\$5,000) against the first royalties that come due under this Agreement. ~~This credit is not available for any renewal term granted to the Franchisee. Need to add language that the military discount award is a ONE TIME benefit realized only by those Franchisees opening NEW locations. This credit will not be available to those military Franchisees a second or third time upon renewal.~~

### 3. TERM AND RENEWAL

#### A. Term

i.If this Agreement is awarded for a new Franchise, the term shall start on the Effective Date and expire on the tenth (10th) anniversary of the Effective Date (the “initial term”).

ii.If you are entering the Franchised Business as a transferee of an existing Franchisee, then you will sign our then-current franchise agreement and receive a new term of ten (10) years.

iii.If this Agreement is awarded as a renewal Franchise, the applicable Expiration Date appears on the first page of this Agreement. All renewal terms are five (5) years.

iv.If the lease for the location of the Center is for a term that expires after the applicable Franchise Agreement Expiration Date, then at Franchisee’s prior written request, we may consider extending the franchise term so that this Agreement and the lease expire at the same time. Any such extension shall be effective only if written, signed by Franchisor, attached as a schedule to this Agreement and Franchisee signs a general release. You must request this extension in writing, and on our forms, before your Center may be given written approval by us to operate the Center for tutoring sessions. For any request not timely submitted, you must pay to us an administrative fee of one thousand dollars (\$1,000) to us payable in the same matter as royalties hereunder. Franchisor is not obligated to agree to any such extension.

#### B. Renewal

Franchisee shall have the right to renew this Agreement at the expiration of the initial term of the franchise for one additional five (5) year term (“Renewal Term”) provided that Franchisee has satisfied all of the following conditions before expiration of the initial term:

- i. Franchisee shall be in full compliance with this Agreement and any and all other agreements with Franchisor;
- ii. Franchisee shall have brought the Center into full compliance with the specifications and standards then-applicable for a new or renewing Center facility;
- iii. Franchisee shall prove to Franchisor’s satisfaction that Franchisee has the right to remain in possession of the Premises for the duration of any renewal term;
- iv. Franchisee shall comply with Franchisor’s then-current qualification and training requirements by attending the Franchise Training Program at Franchisor’s corporate training facility in Long Beach, California, or at another location designated by Franchisor;
- v. Franchisee shall have given to Franchisor written notice of Franchisee’s desire to renew at least ninety (90) days, but not more than ~~six-twelve (126)~~ months before the expiration of the initial term, and this notice shall be accompanied by payment of a renewal fee in the amount of Five Thousand Dollars (\$5,000), which amount is subject to inflation adjustment, as provided in Section 12.E. of this Agreement; ~~I think we would like to take out the notice requirement of “six months”, because we often have Franchisees that give us notice that they want to renew well before they are 6 months out. We consider this a benefit to us, so we appreciate that Franchisees want to renew their agreement before required.~~
- vi. Franchisee shall have paid all amounts due to Franchisor and any Affiliate of Franchisor;
- vii. Franchisee and all Franchisee Owners shall execute a General Release in favor of Franchisor

and all of its Affiliates, directors, officers, Owners, managers, partners, members, employees and agents, which release shall be in a form specified by Franchisor; and

~~viii.~~ On renewal, Franchisee shall execute Franchisor's then-current form of franchise agreement, renewal addendum (which may at Franchisor's sole discretion provide for no further renewal) and related documents then-customarily used by Franchisor for a successor Franchise, which agreement shall supersede this Agreement in all respects ("Renewal Agreement"). ~~and the~~ The terms of the Renewal Agreement which may differ from the terms of this Agreement in material ways (including, without limitation, ~~the Royalty Fee a different Royalty Fee~~ ("Royalty Fee"); and different and/or new fee requirements. At minimum, the starting Royalty Fee under the Renewal Agreement shall include all Inflation Riders currently applicable under this Agreement and as defined in Section 12.E., which in no event shall be less than the Royalty Fee Including Inflation Riders paid by Franchisee at the expiration of the prior franchise term). The Monthly Royalty payment includes any applicable inflation riders that have been added to the royalty payment pursuant to Section 12.E. I want to make the last sentence underlined above to be very clear. I'll give you an example so you know exactly why we have this provision. Lets say a Franchisee starts with a monthly royalty of \$1,500 an over 5 years of inflation riders, the royalty at the end of the term is \$1,625. If the new Franchise Agreement has a royalty payment still at \$1,500, this Franchisee will not lower their royalty payment to \$1,500 but will continue to pay \$1,625 plus inflation riders as they come up. In other words, we never should have royalty payments go down at renewal.

### **C. Notice of Deficiencies**

Within a reasonable time after receipt from franchisee of a written renewal notice under Section 3.B., above, Franchisor shall provide Franchisee with written notice of (i) any reasons Franchisor has identified at that time that could cause Franchisor not to permit renewal; and (ii) Franchisor's then-current image, upgrading and related requirements for a Tutoring Center facility. Renewal of the Franchise shall be conditioned on Franchisee's compliance with these requirements and all terms of this Agreement.

### **D. Renewal Documents; Legal Compliance**

After Franchisor has determined that Franchisee is eligible for renewal, Franchisor shall provide its then-current Disclosure Document with all exhibits (including the then-current franchise agreement). Upon receipt of the documents, Franchisee shall immediately sign an Acknowledgement of Receipt in the form provided by Franchisor and return the same to Franchisor. Thereafter, not later than twenty (20) days before expiration of this Agreement or as otherwise instructed by Franchisor (but not prior to the minimum review period required by law), Franchisee shall execute the applicable agreement(s) and return it or them to Franchisor. You must be in full compliance with the Franchise Agreement both at the time Franchisor notifies you of its intention to grant you a renewal Franchise and at the time of signing. If an extension of the term of this Agreement is required to allow Franchisor to provide a lawful notice of non-renewal or to enable Franchisor to otherwise comply with legal requirements in connection with the award of a renewal Franchise, the terms of this Agreement shall be deemed to continue in effect for the period of any such extension.

## **4. LOCATION**

### **A. Operation at Approved Location; Selection of Approved Location**

- i. Franchisee shall operate a single Center at one location approved by Franchisor in its sole discretion and identified in Schedule A (the "Approved Location"). Franchisor will not approve any location that is less than five (5) miles from another Center. If the Approved Location has not been identified at the time this Agreement is signed, you must find a site within the geographic area identified as the "General Vicinity" on Schedule A and request Franchisor's written approval of the site. You agree that a) the General Vicinity is not, and shall not be construed to be, your

- Territory, b) you will not propose or be permitted to acquire any site located in another Center's Territory and c) you do not have any exclusive rights in the General Vicinity. Franchisor can locate or authorize, and may already have authorized, others to locate a Center in the General Vicinity. After Franchisor has approved the proposed site for your Center, a) the specific address of the Center will automatically be the Approved Location designated in Schedule A, as if originally set forth in Schedule A, b) your Territory will be determined as specified on Schedule A, and c) the General Vicinity identification will lapse and be without force or effect.
- ii. You are solely responsible for identifying a suitable location for the Center and for obtaining Franchisor's consent to the site as your Approved Location. You must provide us with accurate information on the location including plaza, size of space, and most importantly accurate address and GPS information on the space so that distance can be accurately assessed during Franchisor approval. Unless otherwise authorized by Franchisor in writing, not later than twelve (12) months from the Effective Date Franchisee must have a fully executed lease satisfactory to Franchisor as provided below of the Approved Location. If Franchisee fails to execute a signed lease which is fully approved in writing by the Franchisor within twelve (12) months of signing the Franchise Agreement, Franchisee may be assessed the non-compliance fee listed in the Franchise Agreement at Section 12. The monthly non-compliance fee will continue until ~~eighteen~~ fifteen (15) months have elapsed since signing the Franchise Agreement, at which time, non-compliance fees will discontinue and royalty payments referenced in Section 12 will begin and continue throughout the term of this Agreement.

**B. Submission of Information**

Before executing any lease or obtaining possession of a proposed location for the Center, Franchisee shall submit a description of the proposed location to Franchisor using the required forms provided by Franchisor and any other information about the proposed location that Franchisor requests (each a "Site Package").

**C. Approval**

Franchisor in its discretion shall approve or disapprove the proposed location in writing after receiving all information requested by Franchisor. Approval by Franchisor is not a recommendation or assurance regarding performance or any aspect of the Center. After Franchisor approves a proposed site and the lease for the Center is signed, its address shall be stated in Schedule A as the Approved Location for the Center and Franchisee's Territory shall be identified as provided in Schedule A. Franchisor will review up to three locations proposed by Franchisee. In the event Franchisee requests Franchisor's review of any additional location(s) and Franchisor consents, Franchisee's royalty account will be automatically charged in the amount of Two Hundred Fifty Dollars (\$250) in consideration for Franchisor's review of each Site Package submitted.

**D. Lease Termination**

If the lease for the site of the Center expires or terminates or if the site is destroyed, condemned or otherwise rendered unusable, Franchisor may, in its sole discretion, authorize Franchisee to relocate the Center to another location acceptable to Franchisor. Any relocation shall be at Franchisee's sole expense, and Franchisor shall have the right to charge Franchisee for legal, accounting and any other expenses incurred by Franchisor in providing such assistance.

**E. Proposed Lease**

After receiving Franchisor's written approval of the location of the Premises, Franchisee shall submit the summary page of the proposed lease for the location for Franchisor's approval. If Franchisee is purchasing the proposed location, Franchisee must submit a summary of the proposed purchase agreement to Franchisor. These approvals are for Franchisor's benefit and do not imply assurance of any measure of performance at or concerning terms of possession of the location. Franchisor's approval of a lease can be conditioned on the

lease including any or all of the following, as well as other terms specified by Franchisor in Schedule C or otherwise:

- i. Franchisor shall have the right, but not the obligation, to receive an assignment of the lease on termination or expiration of this Agreement, which form shall contain the conditional lease assignment language set forth in Schedule C hereof;
- ii. The lessor shall provide Franchisor all sales and other information it may have regarding operation of the Center;
- iii. The lessor shall provide Franchisor with a copy of any notice of default at the same time as the lessor delivers the notice to Franchisee, and Franchisor shall have the right, but not the obligation, for at least fifteen (15) days, to cure the default if Franchisee fails to do so; and
- iv. A statement that these provisions are included for Franchisor's benefit.

#### **F. Time Limit to Obtain and Open Approved Location**

If Franchisee does not, within ~~eighteen~~fifteen (15) months after execution of this Agreement, procure a fully executed lease for the Approved Location satisfactory to Franchisor ~~as pursuant to Section 4.E above provided above for the Approved Location, then Franchisor, at its election may terminate this Agreement or require Franchisee shall to begin commence~~ paying Monthly Royalties pursuant to Section 12 of this Agreement. Franchisee shall not be entitled to the refund of any amounts paid to Franchisor or any of Franchisor's Affiliates. ~~I want to simplify this provision. First of all, I want to take out the sentence/words related to "Termination". There is no reason to have a discretion to terminate since royalties will start after the 15th month, or the 1st day of the 16th month since signing the Franchise Agreement. So take out the words related to "(18) months" and change to 15 months etc. See the section on Royalties for an explanation of "Royalty Start Date".~~

#### **G. Use of Approved Location**

Franchisee shall use the Approved Location only as a The Tutoring Center® franchise and for the sole purpose of conducting the business and providing only Products and Services as approved by Franchisor under the Marks and System (the "Franchised Business") and not for any other purpose or activity. Upon termination or expiration of this Agreement, the post-term covenants and provisions concerning confidentiality, non-compete, and other terms which survive in such circumstances, will apply.

### **5. TRAINING PROGRAM**

#### **A. Franchise Training; Part #1 (Initial Training).**

Upon execution of this Agreement, Franchisee shall pay to Franchisor its then-current Pre-Opening Support and Training Fee, in addition to any travel, meals, lodging and other incidental expenses incurred by Franchisee's Designated Owner or any of Franchisee's attendees while attending any training program provided by Franchisor, as provided in Section 5.G., below. Before Franchisee opens the Center, but after Franchisee's Buildout and Leasehold Improvements have been completed to Franchisor's satisfaction, Franchisor shall provide Franchisee with Franchise Training' Part #1 (Initial Training) approximately six (6) days in length at Franchisor's training facility in Long Beach, California or at another location designated by Franchisor. Franchisee shall diligently attend and complete Franchise Training' Part #1 (Initial Training) to Franchisor's satisfaction. Franchise Training' Part #1 (Initial Training) is only available to Franchisee's Designated Owner and Center Director (if different).

**B. Franchise Training; Part #2 (Initial Mentor Training)**

After successful completion of Franchise Training' Part #1 (Initial Training) but prior to opening the Center for business, Franchisee's Designated Owner shall participate in and successfully complete this Part #2 (Initial Mentor Training) at a certified Mentor Training Facility designated by Franchisor which training shall last for five (5) days. Franchisee's Designated Owner shall receive "hands-on" training with an experienced franchisee designated by Franchisor. The Designated Owner must successfully complete both Franchise Training' Part #1 (Initial Training) and this Franchise Training' Part #2 (Initial Mentor Training) to Franchisor's satisfaction. Unless and until Franchisee's Designated Owner has completed both Franchise Training' Part #1 (Initial Training) and Franchise Training' Part #2 (Initial Mentor Training Facility) to Franchisor's satisfaction, Franchisee shall not open for business or operate the Tutoring Center.

**C. Franchise Training; Part #3 (Continuing Mentor Training)**

Franchisee shall also participate in Mentor Training with Franchisor's designated Mentor with emails and telephone calls or other form of communication on an as needed basis during Franchisee's first six (6) months to one (1) year of opening the Center at Franchisor's discretion. Franchise Training; Part #2 (Initial Mentor Training) and this Part #3 (Continuing Mentor Program) shall be completed only by Franchisee's Designated Owner. ~~Franchisor, in its sole discretion, may substitute Mentor Training with the Franchisor's Personal Franchise Concierge Training or another similar program. We want this training to include the training that the Franchisee receives from his or her Mentor, or from his or her Personal Franchise Concierge (from TTCFC). We want to have the option to give each Franchisee either training from the Mentor, or from the PFC (TTCFC) or both, but this should be at the sole discretion of TTCFC. The reason why we need to list both the Mentor and the PFC (TTCFC) is because there may be a time where the Mentor Training is not available. There have been times in the past that we have discontinued the Mentor Program, whereby the Franchisee would still receive one to one guidance but it would come from his or her assigned PFC from TTCFC. Designated by franchisor.~~

**D. Failure to Complete Initial Training**

If Franchisor determines that Franchisee has failed to attend or successfully complete Franchise Training Part #1 (Initial Training), Franchisor shall, at Franchisor's election, allow Franchisee to re-enroll in the next Franchise Training Part #1 (Initial Training). Franchisor shall have the right to terminate this Agreement if, in Franchisor's sole discretion, Franchisee fails, after re-enrolling, to successfully complete Franchise Training Part #1 (Initial Training). In the event of termination on this basis, Franchisor shall retain all amounts paid by Franchisee, and Franchisee shall not be entitled to any refund.

**E. Scope of Any Training**

Franchisor shall have the right solely to determine and modify from time to time the duration, location(s), trainers, subjects to be covered, composition and mix of trainees and number of trainees who may participate in any and all training programs.

**F. Refresher Training Program; Webinars, Periodic Regional Seminars, Convention**

~~**Additional Notes regarding Training.** I want the Franchisee to participate in any Training Programs required by Franchisor should the Franchisee be deemed at Franchisor's sole discretion to need the help to increase enrollment at their Center, and the Franchisee is required to furnish any documents related to that training such as any Observations Forms or to be enrolled in the Mentor Program or the CANI Training Module offered by TTCFC for 3 to 6 months. For example, if a Franchisee has been open for a few years and they have less than the average number of students, we sometimes ask the Franchisee to begin working with their Personal Franchise Concierge one to one to help them increase their enrollment so they will have more profit for themselves. In order to give that kind of support, we have to have the Franchisee fill out a Center Observation Form to being the advanced support program. This form gives us the information we need to~~

~~understand what is going on with the Center so that we can analyze the Centers operations to find out what could be causing the Franchisee to struggle. Sometimes these franchisees won't return our calls or will not take the time to fill out this form, so it's difficult to give them the help that they need. In addition, Franchisee is required to post a current Center Observation Form in digital format annually or when requested by Franchisor and will submit to TTCFC in either hard copy or digital format upon request and at the sole discretion of TTCFC. Failure to submit a Center Observation Form when requested by TTCFC or failure to upload a Center Observation Form annually, will result in the standard compliance fees listed in the FA.~~

### **Reporting and**

- ~~i. From time to time, an assessment will be made by Franchisor and if, in Franchisor's sole discretion, additional or follow-up training is necessary and/or appropriate, such training must be completed within six (6) months of such assessment.~~

~~Franchisor may from time to time, in its sole discretion, require that Franchisee's Designated Owner attend a refresher training program at Franchisor's corporate training facility in Long Beach, California, a Mentor Training Facility and/or at another location designated by Franchisor. From time to time, an assessment will be made by Franchisor and if, in Franchisor's sole discretion, additional or follow-up training is necessary and/or appropriate, such training must be completed within six (6) months of such assessment.~~

- ii. Franchisor shall have the sole right to determine the duration and content of any such refresher training program in order to assist Franchisee toward improving performance in selected areas of operation, including without limitation Webinars; provided, however, this refresher training program shall not be longer than eleven (11) days. Such refresher training is included in the Franchise Fee paid by Franchisee upon signing the Agreement.

- ~~iii. Franchisor may from time to time, in its sole discretion, require that Franchisee's Designated Owner attend such refresher training program at Franchisor's corporate training facility in Long Beach, California, a Mentor Training Facility and/or at another location designated by Franchisor~~

- iv. Franchisee shall provide all reports required for renewal training as set forth in the Operations Manual including without limitation Observation Forms, seventy-two (72) hours of Franchisor's request. If Franchisee fails to provide timely reports, Franchisee shall be required to pay the non-compliance fee set for at Section 12.F of this Agreement and that fee will continue monthly until all reports are submitted to Franchisor's satisfaction.

- ~~ii-v.~~ Franchisor may periodically conduct live Webinars. If Franchisee is unable to attend the live Webinar, Franchisee shall watch the recorded Webinar within thirty (30) days of the live broadcast. If Franchisee misses the live or recorded Webinar, Franchisee shall be required to pay the non-compliance fee set forth at Section 12.F of this Agreement and that fee will continue monthly until the training has been completed to Franchisor's satisfaction.

- ~~iii-vi.~~ In addition, Franchisor reserves the right to require Franchisee's Designated Owner to attend, on a periodic basis, a one or two day, Regional Seminar at various locations as determined by Franchisor. Regional Seminars provide additional discussion forums and activities geared to help strengthen Franchisee's operations on a topic or topics selected in advance by Franchisee and Franchisor. A Regional Seminar Fee of Three Hundred Dollars (\$300) per seminar is due from Franchisee and shall be paid automatically via EFT through Franchisee's royalty account, upon demand; provided, however, in the event the nearest seminar location in any calendar year is located more than three hundred (300) miles straight line distance from Franchisee's nearest The Tutoring Center, then Franchisee shall be excused from attending that calendar year. Franchisee's payment of the Regional Seminar Fee shall entitle Franchisee's Designated Owner to attend the Regional Seminar that calendar year. Franchisee's payment of the \$300 Regional Seminar Fee shall entitle Franchisee's Designated Owner to invite one other person. This second guest is restricted to the Franchisee's spouse (provided the spouse is a signatory to this Agreement), a hired Center Director, or a hired Head Instructor.

~~iv-vii.~~ Franchisor reserves the right to hold an annual or periodic convention, the attendance at which shall be mandatory for all franchisees. Franchisor can charge all franchisees reasonable registration fees for holding an annual convention (regardless of whether or not a franchisee attends), including in those instances in which Franchisor elects, in its sole discretion, to combine the schedule for the annual mandatory training program with, or incorporate such schedule into, any future convention program. Franchisor may charge this fee automatically to the Franchisee's royalty account before the convention.

~~v-viii.~~ The Designated Owner shall attend and participate in any training program, webinar, seminar or convention that Franchisor requires.

### **G. Incidental Expenses While Training**

Franchisee shall be solely responsible for and pay all incidental expenses (i.e., costs of transportation, meals, lodging, other living expenses and employee wages for Franchisee's Designated Owner ~~or and~~ any of Franchisee's other attendees) incurred in connection with attending any training program, seminar or conference. Franchisor shall have no obligation to, and shall not, pay any such expenses nor any compensation for services performed for or beneficial to Franchisor by any trainee or attendee at any such training or conference.

### **H. Personnel Training**

To impart to Franchisee's employees the latest procedures, techniques, standards and other information relating to the System, Franchisee shall conduct weekly in-house training, meetings and other programs as Franchisor may specify ("Weekly Staff Meeting"). Franchisee is required to review with its employees during the Weekly Staff Meeting the materials that Franchisor supplies along with the Customer Service and Training Agenda.

### **I. Designated Owner, Center Director and Head Instructor**

The Franchisee must have a "Designated Owner". The Designated Owner is the individual identified on Schedule A who holds an equity interest in the Franchised Business and supervises the day to day operations of the Center as set forth in the Operations Manual. The Designated Owner must satisfy all training and other franchise operations requirements, including those for being the person responsible for the daily operation of the Center. Any proposed change in the Designated Owner requires Franchisor's prior written consent and the proposed individual's compliance with applicable training requirements and other Ownership requirements set forth in the Operations Manual. Each Designated Owner must complete the then-current Initial Training before opening or operating a Center. Any individual who has not signed the Franchise Agreement and is not listed as the Designated Owner will not be permitted to attend training. Franchisor will only approve one Designated Owner per franchise.

"Center Director" is defined as the individual responsible for day to day management and supervision of the Center and who must meet such other criteria described in the Operations Manuals from time to time. Any hired Center Director shall successfully complete Franchise Training; Part 1 prior to managing the day-to-day operations of the Center. Such training shall be facilitated by the Franchisor and conducted in Long Beach, California or another location designated by the Franchisor. Any ongoing training shall be conducted ~~be trained~~ by the Designated Owner. The Franchisee/Designated Owner may also, and usually does, serve as the Center Director, running the day to day operations of the Center. Conversely, however, a hired Center Director may not also act as the Designated Owner.

"Head Instructor" is defined as the individual responsible for overall classroom management and local school marketing activities and who must meet such other criteria described in the Operations Manuals from time to time. Any hired Head Instructor shall be trained by the Designated Owner. A hired Head Instructor may not act as both the Head Instructor and Center Director simultaneously, and the Head

Instructor may not be the Designated Owner of the business.

**J. Amounts Payable**

All amounts payable to Franchisor by Franchisee under this Section 5 are due on demand and payable by electronic funds transfer as provided in Section 12.C., below, unless Franchisor authorizes an alternative method of payment.

**6. TRADEMARKS**

**A. Ownership**

Franchisee shall have no right, title or interest in or to any of the Marks or to any items or materials with the Marks contained anywhere on them, including, but not limited to, any items with The Tutoring Center decals attached to the items, except the limited right to use them as provided in this Agreement. Franchisee shall use only those Marks designated by Franchisor from time to time in connection with the Center and the Franchised Business. Franchisee shall not represent that Franchisee has acquired any ownership rights in any of the Marks. Franchisee shall not, during or after the term of this Agreement, dispute or impugn the validity of or Franchisor's rights in the Marks.

**B. Registration**

Franchisee shall not apply for, attempt to obtain or accept any registration in any of the Marks.

**C. Goodwill**

As between Franchisee and Franchisor, all Franchisee's uses of and all goodwill associated with the Marks shall benefit and be the property of Franchisor. Franchisee shall not attribute any monetary value to goodwill associated with the Marks. Franchisee shall not assert any claim of ownership of any goodwill or other interest in the Marks.

**D. New Concepts**

If Franchisee or Designated Owner develops any new concept, process, product, supply, method, formula, or improvement in the operation or promotion of the Franchised Business ("Improvements"), Franchisee is required to promptly notify Franchisor and provide Franchisor with all related information, processes, products, design or other improvements, and sign any and all forms, documents and/or papers necessary for Franchisor to obtain full proprietary rights to such Improvements, without compensation and without any claim of ownership or proprietary rights to such Improvements. Franchisee and Designated Owner acknowledge that any such Improvements will become the property of Franchisor, and Franchisor may use or disclose such information to other franchisees as it determines to be appropriate.

**E. Acts of Derogation**

Franchisee shall not do or permit any act or thing to be done in derogation of any of Franchisor's rights in the Marks during or after termination or expiration of this Agreement.

**F. Use**

Franchisee shall display the Marks on signs, advertising, sales and promotion materials and information, stationery and other items or publications in any medium, in size, color, style and format and at places that Franchisor designates in writing. Franchisee shall display the Marks together with Franchisor's website address, trademark and registration notices that may be designated by Franchisor.

**G. Other Marks**

Franchisee shall not display in or on the Center, or on any advertising, sales or promotion materials or information, stationery or any other objects or publish in any medium any other text, trademark, logo or symbol nor use any such other items, marks or text in connection with or relating to the Center or the Franchised Business without Franchisor's express written consent.

**H. Trade Name**

Franchisee shall not use the words "The Tutoring Center," "Tutoring Center," "tutoring," "center" or any derivative, combination or variation thereof or any of the Marks, or any words or symbols confusingly similar to any of them, in any corporate, limited liability company, partnership or other entity name.

**I. Internet Advertising and Other Use of the Marks**

Franchisor shall have the sole right to advertise, market and promote the System on the Internet. Franchisee shall not establish any website, Internet directory listing or any other presence on the Internet relating to the Center or the Franchised Business or publish any information or statements using the Marks in any manner, including but not limited to social networks and related media, without the prior written consent of Franchisor. Franchisee agrees to comply with all policies established by Franchisor through the Manuals or other written instruction regarding or relating to the use of the Marks in connection with any media or in any manner, including, but not limited to, Internet-based uses. If requested by Franchisor, Franchisee shall within five (5) days discontinue any website, Internet directory listing or advertising or any other posting or presence on the Internet or modify it as may be required by Franchisor.

Franchisor shall provide Franchisee with a company Facebook Account. Franchisee shall not place any information regarding The Tutoring Center on their personal Facebook Account and that all information related to The Tutoring Center must be on the company Facebook Account that Franchisor provided. Franchisor must have the passwords to both the individual company-provided website and the company-provided Facebook Account at all times and that Franchisor has the right to make any changes Franchisor deems necessary to said website and/or account.

**J. Defense of Claims**

Franchisee shall immediately notify Franchisor in writing on learning or receiving notice of any claim, suit or demand alleging infringement by Franchisee of any of the Marks. Franchisor shall take any such action that Franchisor deems appropriate. Franchisor agrees to indemnify and hold Franchisee harmless from and against all costs, expenses and damages (including reasonable Attorneys' Fees and costs) incurred by Franchisee in connection with any trademark infringement proceeding or action in which Franchisee is held liable arising out of Franchisee's proper use of the Mark pursuant to and in compliance with this Agreement, so long as Franchisee has timely notified Franchisor of the claim and otherwise complied with this Agreement. At Franchisor's option, Franchisor or its designee may defend and control the defense of any proceeding arising directly from Franchisee's use of any Mark. This indemnification shall not apply to litigation between Franchisor and Franchisee in which Franchisee's use of the Marks is disputed or challenged by Franchisor or to any separate legal fees or costs incurred by Franchisee in seeking independent counsel.

**K. Defense Alternatives**

Franchisor shall have the right to defend and settle any claim or suit using counsel selected by Franchisor. Franchisee shall cooperate fully with Franchisor in the defense. Franchisee irrevocably appoints Franchisor as its attorney in fact to defend or settle all such claims or suits. Franchisee shall not purport to settle or compromise any such claim or suit without Franchisor's prior written consent.

**L. Franchisee Participation**

Franchisee shall have the right to participate at Franchisee's own expense in the defense or settlement of any claim or suit, provided that Franchisor shall have the right to control the defense and any settlement.

**M. Third-Party Infringers**

Franchisee shall notify Franchisor in writing immediately on learning that any third party is or may be using any mark that is the same as or confusingly similar to the Marks, and who Franchisee believes is not authorized to use the Marks. Franchisor shall have the sole right to determine which, if any, action to take regarding that alleged use. Franchisee shall have no right to make any demand or prosecute any claim against any third party with respect to such use of the Marks or any infringement thereof.

**N. Stopping Use of the Marks**

If it becomes advisable at any time, in Franchisor's discretion, to modify or cease the use of any Mark or to adopt or use one or more additional or substitute Marks, then Franchisee shall conform all use of the Marks to the manner requested by Franchisor. Franchisee waives any other claim arising from or relating to any such change in the Marks. Franchisor shall have no obligation for expenses, losses or damages sustained by Franchisee as a result of any such change in the, addition to or elimination of Marks.

**O. Manner of Use**

Franchisee shall use all Marks in compliance with Franchisor's policies and procedures. Franchisee shall not use any Mark with any prefix, suffix or other modifying words, terms, designs or symbols, except as Franchisor expressly authorizes. Franchisee shall not use any Mark in connection with selling any goods or service that is not an approved Product or Service or otherwise expressly authorized in writing by Franchisor. Franchisee shall use the Marks only for the operation of the Center and only at the Approved Location, and for the promotion of the Franchised Business as authorized by Franchisor.

**P. Notices**

Franchisee shall accompany all use of the Marks with notices, as specified by Franchisor, that the Center is independently owned and operated by Franchisee and that the Marks are used pursuant to a license from Franchisor.

**Q. No Incurring Obligation**

Franchisee shall not use the Marks in any manner that may incur any obligation or debt on behalf of Franchisor. Franchisee shall comply with Franchisor's instructions for filing and maintaining fictitious business name registrations. Franchisee shall sign any documents that Franchisor deems necessary to protect the Marks.

**R. Transfer of Phone Number Service**

Franchisee acknowledges that confusion will occur in the minds of the public if, after expiration or termination of this Agreement, Franchisee continues using any of the phone numbers used by the Center, whether listed or unlisted. Immediately on expiration or termination of this Agreement, Franchisee shall cease using those telephone numbers. At Franchisor's written request, Franchisee shall cause all companies providing any form of telephone or telephone directory service to the Center to transfer to Franchisor or to Franchisor's nominee, all service for the telephone numbers used by or listed for the Center. If Franchisee fails to do so, then Franchisee irrevocably appoints Franchisor as Franchisee's attorney-in-fact to instruct all such companies to make such transfers of service. Franchisee agrees to sign such documentation as Franchisor requests during the term of this Agreement or thereafter to carry out the purpose of this Section.

## **7. OWNERSHIP AND USE OF COPYRIGHTS**

### **A. Ownership**

Franchisee acknowledges and agrees that Franchisor owns or is the licensee of all documents, tests, lessons and other works that are protected by copyright law and that Franchisor may create, acquire or obtain licenses for additional works subject to copyright law that will be used in operating the Center (the "Copyrighted Works"). The Copyrighted Works also include, without limitation, the Manual, advertisements, promotion materials, diagnostic and assessment tests, and Student Workbooks.

### **B. Notice of Unauthorized Use**

Franchisee shall notify Franchisor immediately on learning of unauthorized use of any of the Copyrighted Works. Franchisor shall have the right, but not the obligation, to take any action that Franchisor deems appropriate with regard to the possible unauthorized use. Franchisee shall cooperate with Franchisor to protect Franchisor's interests in the Copyrighted Works.

### **C. Improvements**

Franchisee shall be deemed to have granted to Franchisor the unrestricted, perpetual right without charge to use and license the use of any enhancement, adaptation, derivative work, modification or new process developed or acquired by Franchisee concerning any aspect of the Center or its operation, advertisement or promotion (the "Franchisee Improvement"). This grant extends to any Franchisee Improvement in the operations, materials and all other aspects of operating, advertising and promoting Centers. If Franchisor incorporates any Franchisee Improvement into the System, Franchisee agrees that any costs related to implementing the Franchisee Improvement at Franchisee's Center shall be at Franchisee's expense. Nothing in this Section 7.C. authorizes Franchisee to make any modification to the operation of the Center or to operate other than according to Franchisor's specifications and the Operations Manual.

## **8. TRADE SECRETS AND PROPRIETARY INFORMATION**

### **A. Ownership and Use**

Franchisor possesses confidential and proprietary information consisting of methods of assessment, of conducting tutoring and providing other supplemental and enrichment education, and of operating centers to provide such services, as well as advertising and marketing plans and strategies, Tutoring Center student/client lists and data, Centers' operating data and statistics, The Tutoring Center website(s) contents, all training materials, inventory items and supporting documents provided by Franchisor, all Tutoring Center on-line tutoring services customer accounts and related information and other methods, formulas, specifications and procedures for developing and operating Tutoring Center facilities and franchises. All of the foregoing information, as well as the contents of the Operations Manual, are referred to in this Agreement as the "Trade Secrets."

Also included as Trade Secrets owned by Franchisor is the complete database of information pertaining to Franchisee's Tutoring Center's Students, and throughout the Term and thereafter Franchisee shall provide to Franchisor full and continual access to that database for any and all purposes of Franchisor, including without limitation contacting Students and members of their families with respect to promotions, surveys, franchise opportunities, etc.

### **B. Source**

Franchisor will disclose certain Trade Secrets to Franchisee in lending Franchisee the Operations Manual and in providing standard plans for the Center, and in performing other obligations and exercising rights under this Agreement. Franchisee acknowledges that Franchisee's knowledge of all material aspects of a Tutoring Center Franchise will come from the Trade Secrets that Franchisor will disclose to Franchisee.

### **C. Acknowledgements**

Franchisee acknowledges that the Trade Secrets are proprietary, confidential information of Franchisor, having economic value to Franchisor, in part because they are not known to the public, competitors or others. Franchisee shall acquire no interest in the Trade Secrets, other than the right to use them in developing and operating the Center during the term of this Agreement.

### **D. Protection of Confidentiality**

Franchisee shall maintain absolute confidentiality of the Trade Secrets (defined in Section 8.A. above) during and after the term of this Agreement. Franchisee shall not use any Trade Secrets in any other business or venture and shall not use the Trade Secrets in any manner not authorized or approved in writing by Franchisor. Franchisee and all employees of the Franchisee are required to sign a Confidentiality and Non Disclosure Agreement as set forth hereto at Schedule F. Any hired Center Director must sign a Confidentiality Agreement and Non Disclosure Agreement and this document must be submitted to Franchisor before Franchisee will obtain written approval from Franchisor for hiring the Center Director to run the day to day operations of the Center. Franchisee and Franchisee's employees are prohibited from using any personal email addresses to communicate any business related to the Center, with customers or potential customers. All business communication must go through the Server provided by the Franchisor using either the Franchisee's business email address or the Center's business email address.)

### **E. No Copying**

Franchisee shall not make any unauthorized copy of any Trade Secrets disclosed in writing or Trade Secrets disclosed other than in writing and put in writing specifically including any Student Workbooks or any other Student Materials.

### **F. Procedures to Protect Secrets**

Franchisee shall implement reasonable procedures and all procedures prescribed from time to time by Franchisor to prevent unauthorized use and disclosure of the Trade Secrets, including, without limitation, restrictions on disclosure to Franchisee's personnel and use of confidentiality and noncompetition clauses prescribed by Franchisor in agreements with Franchisee's shareholders, directors, members, officers, partners, employees and other personnel. Franchisee shall divulge the Trade Secrets only to personnel who must know them to do their jobs, and shall divulge only those portions that the personnel need to know.

Franchisee must require its personnel to execute a Confidentiality and Non-Competition Agreement in the form attached as Schedule F, except where prohibited by applicable law.

### **G. Public Information**

The restrictions in this Section 8 on Franchisee's disclosure of Trade Secrets shall not apply to information that is or becomes generally known and used by other similar businesses, other than through disclosure (whether deliberate or not) by Franchisee.

## **9. CONFIDENTIAL MATERIALS**

### **A. Loan**

To protect Franchisor's reputation and goodwill, to maintain uniform standards for services among Tutoring Center franchisees, and to promote the goodwill of the Marks, Franchisor shall lend to Franchisee one (1) copy of Franchisor's Operations Manual in digital format to be downloaded by Franchisee on the Mac Laptop provided to Franchisee. Franchisor may also elect, instead of lending a downloaded digital version of the Operations Manual, to provide Franchisee with electronic, on-line access to the Operations Manual. The Operations Manual may consist of one (1) or more separate manuals, amendments, and other materials as

designated by Franchisor, which may be in tangible or electronic form as Franchisor determines. The Operations Manual, including the Mac Laptop, must be returned to Franchisor upon termination of the Franchise Agreement for any reason.

#### **B. Contents**

The Operations Manual may include, but need not be limited to, some or all of the standards, procedures, policies and specifications pertaining to a Tutoring Center Franchise and its operation, including recordkeeping and accounting systems; advertising and public relations methods; equipment and supply specifications and standards, rules for usage of the Marks, all training materials, supporting documents, best practices, all promotional materials, and all materials and documents used in the development, marketing and operations of the Center. The Operations Manual and the Mac Laptop shall together be considered the Operations Manual pursuant to Section 9.

#### **C. Supplements & Revisions of Operations Manual**

Franchisor reserves the right to prescribe, in writing, additions to, deletions from or revisions of, the Operations Manual. Franchisee will download any revised Operations Manuals off Franchisor's Server upon receiving notice from Franchisor that such revisions are available. Franchisee shall adopt any revised Operations Manual within seven (7) calendar days of receiving written notice from Franchisor that the Operations Manual has been revised.

#### **D. Updating**

Franchisee shall at all times assure that the loaned copy of the Operations Manual is kept up-to-date by downloading the then-current version of the Operations Manual (and destroying every superseded version) within seven (7) calendar days of receiving notice from Franchisor that the Operations Manual has been updated. In any dispute about the contents of Franchisee's loaned copy of the Operations Manual, the contents of the master copy maintained by Franchisor shall control.

#### **E. Operation of Center**

Franchisee shall operate the Center in full compliance with the procedures, policies, methods and requirements in the Operations Manual including all revisions of the Operations Manual and training material updates received and with all legal requirements. Furthermore, Franchisee shall operate the Center continually during the standard hours of operation, which are Monday through Friday between the hours of 10:30 am and 7:30 pm, and which hours are subject to change or exception from time to time but only by Franchisor's written or emailed notice to Franchisee. ~~See previous section on Best Efforts whereby we would allow a Franchisee to work and open the Center daily at 2:30 pm.~~

#### **F. Ownership**

The copy of the Operations Manual loaned to Franchisee including the Franchisee's Mac Laptop Computer shall at all times remain the property of Franchisor. On the expiration or termination, for any reason, of this Agreement, Franchisee shall return the Operations Manual including Franchisee's Mac Laptop Computer to Franchisor. Upon Franchisor's request, Franchisee shall destroy all remaining electronic copies of the Operations Manual.

#### **G. Confidentiality**

Franchisee shall take all steps and implement all procedures necessary to maintain the confidentiality of the Operations Manual and its contents. Franchisee shall not copy, duplicate, record or otherwise reproduce any or all of the Operations Manual and shall not make any of the Operations Manual available to any unauthorized person. Franchisee shall assure that Franchisee's employees, agents, independent contractors and any other personnel do not copy, duplicate, record or otherwise reproduce any part or all of the Operations Manual.

## 10. SYSTEM CHANGES

### A. *Changes*

Franchisee understands that it is important for the System to be flexible to respond to commercial opportunities and challenges. Therefore, you anticipate and agree that Franchisor will change the System from time to time to promote the standards of the System and their efficient operation, to protect or maintain the good will associated with the Marks, to meet competition and/or otherwise as Franchisor considers appropriate. You agree to comply with the Manuals, the System and System standards as they are changed and understand that such changes may require additional investments and/or changes by you in the operation and other areas of your Franchised Business. You agree to implement such changes within thirty (30) days of receipt and provide confirmation of implementation to Franchisor in the form required by Franchisor. The Non-Compliance Fee described in Section 12.F. shall apply to this Section 10.A. if you fail to implement the changes.

Franchisor has the unrestricted right to change or modify any elements of the System in response to or anticipation of changing market conditions, in an effort to improve the operation of the Center or for other reasons and purposes. Franchisor also may adopt and use new or modified Marks, copyrighted materials, computer programs, operational techniques or any other aspects of the System.

Franchisee shall, at Franchisee's expense, except as may be otherwise stated in this Agreement, implement all changes and modifications as and when requested by Franchisor, as if they were a part of this Agreement when it was signed. You acknowledge that without your commitment to the System and to fulfill each of the obligations detailed in this Agreement, Franchisor would not form this franchise relationship with you.

### B. *No Franchisee Changes*

Franchisee shall operate the Center according to the System, and Franchisee shall neither deviate from any element of the System nor purport to change or modify any aspect of the System without Franchisor's prior written consent.

## 11. ADVERTISING

### A. *Submission of Proposed Advertising*

From time to time, Franchisor may provide Franchisee advertising templates for advertising the Center. If Franchisee desires to use any advertising not provided or previously approved by Franchisor, Franchisee shall first submit to Franchisor for prior consent all such advertising that Franchisee proposes to use. Such proposed advertising may include, without limitation, proposed print, broadcast and Internet advertising, flyers, brochures and all other forms of advertising. Franchisee shall submit the proposed advertising in the original software in which it was created. Franchisee shall not use any such advertising without first obtaining Franchisor's written consent to such advertising; provided, however, if Franchisee uses any standard form or template for any advertising (as approved by Franchisor) and Franchisee does not receive written response from Franchisor within ten (10) days after submitting the proposed advertising to Franchisor, the advertising will be deemed approved. Franchisee shall include trademark and copyright ownership notices (for example: ®, TM, SM, ©) as specified by Franchisor.

### B. *Franchisor's Right to Use*

Franchisor shall have the right to use for Franchisor's own purposes and to authorize other franchisees to use, any and all advertising materials, procedures and concepts used, developed by or submitted by Franchisee, without charge or cost to Franchisor or any other franchisee.

### **C. Grand Opening Advertising**

~~Franchisor recommends that Franchisee shall use Franchisee's best efforts to~~ conduct grand opening advertising and promotion of the Center ~~and . To that end, Franchisee agrees to~~ expend ~~between~~ One Thousand Five Hundred Dollars (\$1,500) ~~and Two Thousand Five Hundred Dollars (\$2,500)~~ per month (and any additional amounts that Franchisee may choose) on a grand opening advertising campaign, which campaign ~~must-should~~ be conducted throughout the period beginning thirty (30) days before, and ending sixty (60) days after, the opening of Franchisee's Center. ~~If Franchisee elects to conduct grand opening advertising and promotion, Franchisee~~ shall submit the proposed grand opening advertising in the original software in which it was created. Franchisee shall not use any such grand opening advertising without first obtaining Franchisor's written consent to such grand opening advertising. Franchisee will give Franchisor upon request invoices and other documents substantiating the required expenditures to Franchisor's reasonable satisfaction.

### **D. Advertising**

Franchisee shall assure that all advertising and promotion is conducted in a dignified manner and accurately describes the type, quality and other features of the Center Products and Services. At Franchisor's request, Franchisee shall immediately cease using any advertising that Franchisor deems to be outdated, incorrect, misleading, unlawful, inconsistent with the then-current image that Franchisor desires to present, or potentially harmful to the System or Marks, even if Franchisee disagrees with Franchisor's assessment and even if Franchisor's assessment is incorrect. Franchisee has the right to establish its prices for Products and Services it delivers at the Center; provided, that Franchisor reserves the right to establish minimum and/or maximum prices to the extent permitted by law and subject to Section 1.C.iii.

### **E. Franchisor's Brochures**

Franchisee, at its own expense, shall display in a conspicuous location, informational materials all as determined by Franchisor, including, without limitation, signage and other materials relating to Tutoring Center franchise opportunities available in a brochure rack, in the front office of Franchisee's Center, on exterior and interior signage, etc.

## **12. ROYALTY AND OTHER CONTINUING FEES AND EXPENDITURES**

### **A. Monthly Royalty Fee**

~~During the term of this Agreement and except as provided in subsection 12.E., below, Franchisee agrees to pay Franchisor, without set-off, credit or deduction of any nature, a monthly Royalty Fee beginning fifteen (15) months from the effective date of this agreement (payable on the first day of the sixteenth (16th) month), or upon issuance by Franchisor of approval to open the Center, whichever occurs first (the "Royalty Start Date"). The Royalty Fee structure is as follows:~~

- ~~i. Five Hundred Dollars (\$500) payable on the first day of each calendar month for three (3) consecutive months commencing on the Royalty Start Date; and~~
- ~~ii. One Thousand Five Hundred Dollars (\$1,500) for every month thereafter, payable on the first day of each calendar month throughout the balance of the term of this Agreement. This amount is subject to annual increase and inflation adjustment, as provided in Section 12.E. of this Agreement.~~

~~During the term of this Agreement and except as provided in subsection 12.E., below, Franchisee agrees to pay Franchisor, without set-off, credit or deduction of any nature, a monthly Royalty Fee as follows:~~

- ~~i. Five Hundred Dollars (\$500) payable eighteen (18) months from the effective date of this~~

~~Agreement, or upon issuance by Franchisor of approval to open the Center, whichever occurs first (the "Opening Fee"); and~~

- ~~ii.i. One Thousand Five Hundred Dollars (\$1,500) payable on the first day of each calendar month commencing one month after the Opening Fee is assessed and continuing monthly thereafter throughout the balance of the term of this Agreement, but this amount is subject to annual increase and inflation adjustment, as provided in Section 12.E. of this Agreement.~~

~~This provision is very confusing and needs some clarification so we have provided the language for this provision below.....~~

#### ~~A. Monthly Royalty Fee~~

##### ~~Franchisees opening a new Center~~

~~During the term of this Agreement and except as provided in subsection 12.E., below, Franchisee agrees to pay Franchisor, without set-off, credit or deduction of any nature, a monthly Royalty Fee beginning fifteen (15) months from the effective date of this agreement (payable on the first day of the sixteenth (16th) month), or upon issuance by Franchisor of approval to open the Center, whichever occurs first (the "Royalty Start Date"). The Royalty Fee structure is as follows:~~

- ~~i. Five Hundred Dollars (\$500) payable on the first day of each calendar month for three consecutive months commencing on the Royalty Start Date; and~~
- ~~ii. One Thousand Five Hundred Dollars (\$1,500) for every month thereafter, payable on the first day of each calendar month throughout the balance of the term of this Agreement. This amount is subject to annual increase and inflation adjustment, as provided in Section 12.E. of this Agreement~~

##### ~~Franchisees purchasing/transferring an existing Center (what if existing franchisee is at higher rate?)~~

~~During the term of this Agreement and except as provided in subsection 12.E., below, Franchisee agrees to pay Franchisor, without set-off, credit or deduction of any nature, a monthly Royalty Fee commencing the first month after the transfer/sale of the Center has been finalized, as follows:~~

- ~~i. One Thousand Five Hundred Dollars (\$1,500) payable on the first day of each calendar month throughout the balance of the term of this Agreement. This amount is subject to annual increase and inflation adjustment, as provided in Section 12.E. of this Agreement.~~

#### **B. Semi-Annual Program Fee, Technology Fee and Digital Marketing Expenditures**

- ~~i. Semi-Annual Program Fee. Franchisee shall pay Franchisor a program fee on a semi-annual basis (the "Semi Annual Program Fee"). The Semi-Annual Program Fee is due and payable to Franchisor on February 1 and August 1 of each calendar year, with pro-ration or adjustment in the first or last year of the term of this Agreement. As of the Effective Date, each Semi-Annual Program Fee is Six Hundred Dollars (\$600) and may be pro-rated in increments of \$100 in the first and last year of the Franchise, depending on the dates involved. The Semi-Annual Program Fee is subject to inflation adjustment, as provided in Section 12.E. of this Agreement. Franchisee's obligation to pay the Semi-Annual Program Fee on February 1 and August 1 of each calendar year, commences upon execution of the Franchise Agreement whether or not the Center is open for business. ~~It should be noted that all Franchisees pay this fee regardless of having an open Center or not. The reason is any programs that we develop or are developing will help all Franchisees open or not.~~~~

- ~~ii. Monthly Technology Fee. Franchisee shall pay Franchisor a monthly Technology Fee ("Technology Fee") to manage the Student Data Base, Corporate and Franchisee Web Site, computer~~

and software security protocols, camera security systems, and other items related to technology. Payments will be made directly to Franchisor or to a specific Vendor, determined at Franchisor's discretion will not be more than Two Hundred Fifty Dollars (\$250) per calendar month during the term of this Agreement (which commences on the Effective Date) and is payable on the first day of each calendar month. As of the Effective Date, the Technology Fee is \$200 per calendar month. This amount can be changed by Franchisor on thirty (30) days' advance written notice to you, not to exceed the maximum of Two Hundred Fifty Dollars (\$250) per month specified above. Franchisee's obligation to pay the Technology Fee on the first day of each calendar month commences upon execution of the Franchise Agreement whether or not the Center is open for business. Both the Semi Annual Program Fee and the maximum Technology Fee are subject to inflation adjustment, as provided in Section 12.E. of this Agreement. ~~It should be noted that all Franchisees pay this fee regardless of having an open Center or not.~~

i. \_\_\_\_\_

~~iii-ii.~~ Monthly Digital Marketing Expenditures. In addition to the fees set forth herein, as and when requested by Franchisor, Franchisee shall spend, throughout the term of this Agreement, a minimum dollar amount on digital marketing for the Franchised Location, which shall be between Two Hundred Fifty Dollars (\$250.00) and Four Hundred Dollars (\$400.00) monthly ("Minimum Digital Marketing Expenditure"). As and when required by Franchisor, Franchisee shall expend some or all of Franchisee's Minimum Marketing Expenditure to digital marketing services vendor(s) designated by Franchisor, which Franchisee acknowledges may be Franchisor, Franchisor's affiliate or an approved third party vendor. Franchisor's designated vendor(s) will use reasonable commercial judgment in the conduct of digital marketing activities in the Territory and will encompass all aspects of digital marketing but will be primarily focused on local advertising at Franchisee's Center. Franchisor reserves the right to discontinue or change designated marketing vendors in its discretion. Franchisor makes no representation or warranty that such marketing activities will be successful or will yield any particular level of sales or customers for Franchisee. Franchisee hereby waives any and all claims against Franchisor and Franchisor's affiliates related to marketing activities and the success, or lack of success, of marketing efforts by Franchisor's designated vendor(s) made on behalf of Franchisee in the Territory.

### **C. Payment of the Royalty and Other Payments; Electronic Transfer**

i. Unless Franchisor in its discretion specifies otherwise, Franchisee agrees to pay each Royalty Fee, Semi Annual Program Fee, Technology Fee and all other fees or amounts payable to Franchisor under this Agreement or otherwise by pre-authorized electronic debit to Franchisor's bank or other financial institution.

ii. Franchisee agrees to complete and execute the "Electronic Funds Transfer Agreement" and any other form, including, without limitation, an "Electronic Debit Authorization Form," prescribed by Franchisor in its discretion for the purpose of authorizing an electronic debit, and to submit any information required by Franchisor for such authorization. Franchisee agrees to execute such additional documents and agreements requested by Franchisor from time to time as may be necessary to permit Franchisor to continue to debit electronically Franchisee's bank checking account or credit card. By signing this Agreement, Franchisee gives authorization to permit Franchisor to debit electronically Franchisee's checking account or credit card. Franchisee agrees to maintain a checking account at a bank or other financial institution that has the capacity to perform electronic debits to its account. The Electronic Debit Authorization Form must be fully submitted by you within thirty (30) days of executing this Franchise Agreement.

iii. Franchisee agrees to maintain account balances sufficient to make all Royalty Fee, Semi Annual Program Fee, and Technology Fee payments and all other fees and payments due under this Agreement and any related agreement to Franchisor by electronic transfer. Any insufficiency of funds in Franchisee's bank account shall constitute a default in payment under this Agreement. Any charges incurred by Franchisor due to a shortage of funds in Franchisee's account shall be promptly reimbursed by Franchisee to Franchisor.

**D. Late Fees; No Payment Withholding**

All Royalty Fees, Semi Annual Program Fees, Technology Fees and all other amounts payable not received by Franchisor on the date due shall incur an administrative late fee of Two Hundred Fifty Dollars (\$250) for each late payment, which amount is subject to inflation adjustment, as provided in Section 12.E. of this Agreement, plus Two Hundred Fifty Dollars (\$250) per month for each month that such payment is overdue until the overdue amount is paid in full. Franchisor can require Franchisee to pay all amounts by cashier's check if Franchisor experiences late payments from you. You do not have the right to offset or withhold payments of any kind owed or to be owed to Franchisor against amounts purportedly due Franchisor as a result of any dispute with Franchisor or otherwise, except as authorized in a judicial proceeding.

**E. Royalty Fee Annual Increase and Inflation Adjustments**

Effective January 1 of each year during the term of this Agreement, the monthly Royalty Rate shall increase by the sum of Twenty-Five Dollars (\$25) over the monthly Royalty Rate for the immediately preceding December. Any inflation adjustments are cumulative and will carry over from year to year and to any Transfer, Resale, or Renewal Franchise Agreement, but in no event will such increases together exceed the sum of \$1,500 which is the monthly royalty base rate.

In addition, Franchisor may adjust any other amount described in this Agreement as subject to inflation adjustment on an annual basis and in proportion to the changes in the Consumer Price Index (U.S. Average, all items) maintained by the U.S. Department of Labor (or any successor index) as compared to the previous year. Franchisor will give to you at least thirty (30) days advance notice of any such adjustment.

**F. Non-Compliance Fee**

In the event Franchisee is, at any time during the term of this Agreement, found to not be in compliance with the terms hereof and/or the System, (including, but not limited to the Serious Acts of Non Compliance listed in the Operations Manual,) Franchisee shall pay to Franchisor Two Hundred Fifty Dollars (\$250) for each incidence of non-compliance plus Two Hundred Fifty Dollars (\$250) for each calendar month (or, as applicable, partial calendar month) such non-compliance remains uncured. The Non Compliance Fee is in addition to any other rights or remedies Franchisor may have under this Agreement or at law.

Franchisor reserves the right to grant Franchisee the opportunity to cure the non-compliance prior to imposing the Non-Compliance Fee, but Franchisor also reserves the right to charge the Compliance Fee without notification or an opportunity to cure. Franchisor has the right to investigate, review Franchisee's records (including without limitation inventory receipts, etc., and to require any form of verification it requires whether from Franchisee, vendors or other third parties) to determine Franchisee's compliance or, as applicable, non-compliance, with or without cause, including but not limited to documentation, photos, video tours. (and live Compliance Tours for a Compliance Tour Travel fee of One Thousand Dollars (\$1,000) and that Franchisee shall be required to furnish such verification within seventy-two (72) hours of Franchisor's request. Franchisor shall have at all times during the term of this Agreement the right to make personal visits (and Compliance Tours) without notice to Franchisee's Center and to audit the Center's operation, books and records. Franchisee shall fully and promptly cooperate with Franchisor in all such investigations, verification processes and audits.

**13. RECORD, SYSTEMS AND COMPUTERS****A. Maintenance of Records**

Franchisee shall maintain and preserve complete and accurate books, records and accounts according to good accounting practices. Franchisee shall retain all invoices, payroll records, cash receipts journals, sales tax records, disbursement journals, general ledgers and all other books and records of the finances of the Center for the longer of five (5) years after the calendar year of the books and records or the length of time required by law.

Franchisee is required to keep the approved Student Data Base up to date with all Student Information, and Franchisor shall have independent access to this Student Data Base at all times. Franchisee must give Franchisor any and all user names and passwords required for access to the Student Data Base, and to notify Franchisor immediately for approval to change the password or user name. Franchisor shall not disclose any of the information in the Student Data Base to any third party. Franchisor has the right to use the Student Data Base at its discretion, including communication with the families in the Student Data Base.

### **B. Reporting**

Franchisee shall provide to Franchisor, at such time and in such form or manner as Franchisor requests, information about or relating to the Franchised Business, including without limitation, student identification and enrollment information, operational results, statistics, other business information, and the submission of Center Observation Forms, at the sole discretion of the Franchisor. Any submitted documents or information that are deemed inaccurate may result in a live Compliance Tour of your Center with the associated fees listed in your Franchise Agreement paid by the Franchisee. Franchisee agrees to provide such information within seventy two (72) hours of Franchisor's request.

Franchisee shall ensure that Franchisor shall have independent access to the Student Data Base at all times. Franchisee must maintain continually throughout the term of this Agreement the Student Data Base in the format required by Franchisor. Franchisee is not permitted to create and/or maintain any other database with any student information. Franchisee must give Franchisor any and all user names and passwords required for access to the Student Data Base, and Franchisee must not change any user name or password pertaining to the Student Data Base without prior written approval of Franchisor, which approval will in each case be subject to Franchisee's simultaneous disclosure to Franchisor of each such new password or user name. Franchisee understands and acknowledges that is Student Data Base is solely owned by the Franchisor.

Franchisee acknowledges that its failure to comply with this Section shall be deemed an event of non-compliance subject to the fee described in Section 12.F. above.

### **C. Computer System and Software; Franchise Security Camera System Websites; Internet**

- i. Franchisor shall have the right to require Franchisee to a) obtain, use and maintain computer systems, software, operating systems and databases, Internet technology, communications devices, Security Camera Systems, and other systems/items/equipment meeting Franchisor's specifications and compatibility requirements and/or that Franchisor designates by brand or title, and b) to use such pre-authorized payment and computerized point of sales systems, credit verification systems, automatic payment systems, electronic funds transfer systems, or automatic banking system as Franchisor in its discretion may require (all of the foregoing collectively, "computer systems and software"). (See Schedule F) If Franchisor requires such computer systems and software, all sales, enrollment, student and operations information and data and other information that Franchisor designates, shall be recorded on the computer systems and software as specified by Franchisor. Franchisee shall, at Franchisee's expense, fix and/or replace any component of the computer systems and software that malfunctions or stops operating and shall upgrade them from time to time on written notice from Franchisor. Franchisee shall be responsible to back up on a daily basis all records maintained by Franchisee. Franchisor may request from Franchisee full access to all of Franchisee's computer data, computer system and related information via direct access either in person or electronically by telephone, Internet or other electronic access system. Franchisee shall have seventy two (72) hours to comply with Franchisor's request and set up a mutually convenient time for Franchisor to access Franchisee's computer system.
- ii. Franchisee's computer system and Security Camera Systems shall be linked to the Internet (or other electronic network and/or a communication system, as specified by Franchisor) with a high

speed, broadband connection and shall be configured to permit Franchisor at any time to access remotely all data and programs contained therein, including, without limitation, all operating results and data, all student and teacher/tutor data, all curriculum-related data, all business and operational data and all programs related to the operation of the Center and to permit Franchisor to make changes and updates in various programs and data related to the operation of the Center. Franchisee agrees to hold Franchisor free and harmless for any problems to Franchisee's computer system resulting from Franchisor accessing and/or modifying Franchisee's computer system. Franchisor agrees that all information accessed by Franchisor will be used in accordance with Franchisor's privacy policies, as set forth in the Operations Manual and further provided that Franchisee is solely responsible for ensuring that the collection, input, storage and use of your Franchised Business data complies with any applicable privacy laws and regulations within the jurisdictions applicable to your Center.

- iii. Franchisor has the sole right to determine the content, license, create and/or maintain The Tutoring Centers website(s) (individually and collectively, the "Tutoring Center Website"). Franchisee will participate in any Tutoring Center Website and related e-mail addresses, subject to usage policies and procedures, as provided by Franchisor in the Manuals or otherwise. Franchisee agrees to provide Franchisor with such data and information as Franchisor may require from time to time to enable Franchisor to develop and maintain the Tutoring Center Website content. Franchisor can, but is not obligated to, offer to the public on or through the Tutoring Center Website on-line tutoring services provided by Franchisor, a third party company or otherwise as Franchisor elects. Franchisee agrees to comply with Franchisor's then-current use, privacy and other system policies and requirements, including those relating to access to or participation in any Tutoring Center operating systems or any Tutoring Center Website and related programs. Franchisor may, but is not obligated to, enable you to earn revenues in connection with your participation in any Tutoring Center Website program according to policies and practices Franchisor can establish from time to time. You are responsible for ensuring the compliance of employees, agents and others involved in your Franchised Business. Franchisee also agrees to comply with the terms of use established by any third party system host or website provider in connection with any Tutoring Center systems, Websites or programs and to arrange for any related maintenance, support or other services required in connection with ongoing operation and participation. (See Schedule F)
- iv. Neither Franchisor nor any Affiliate will have any liability and/or obligation to you for failures, errors or other occurrences relating to any system, program, or Website, or to any computer hardware or software, even if recommended, maintained, created and/or specified by Franchisor. Franchisor does not warrant or represent that any designated software, Internet technology, website, hardware or other systems and related services that may be sold or licensed to you, whether by Franchisor, an Affiliate, or any other person or Business Entity, will be free of errors or bugs or will operate without interruption. To the extent that Franchisor requires you to obtain/license any software, Internet technology or other systems that are customized for use in the operation of the Tutoring Center, Franchisor will reasonably cooperate with and assist you in obtaining problem corrections and support services from the licensor and/or manufacturer of such software, technology, websites and other systems.

#### **D. Inspection and Audit**

Franchisee shall make available to Franchisor for inspection, at a time and in a manner that Franchisor requests from time to time, all original books, records and any other information regarding the operation of the Center that Franchisor designates. This includes using the Security Camera System for inspection and training, Franchisee shall have seventy two (72) hours to comply with Franchisor's request. Franchisor or its designee shall have the right, at all reasonable times, to examine, copy, inspect and audit the books and records of Franchisee.

### **14. STANDARDS**

#### **A. Quality and Performance**

In all dealings with customers, suppliers, vendors, the public, government agencies, Franchisor and all other persons and entities, Franchisee shall adhere to high standards of honesty, fair dealing, moral and ethical conduct. Franchisee shall always provide prompt, courteous and efficient service to customers. Franchisee shall complete the Center Observation Form and submit to Franchisor upon request of Franchisor. Franchisor, in its discretion, may at any time conduct a live Compliance Tour at the Center, with or without notice, or Franchisor can use the Computer Security System to conduct an Internet Compliance Tour, that will be done with no less than five (5) days prior written notice from Franchisor. If Franchisor determines that Franchisee's Center may be deficient in any area or areas of Franchisee's customer service obligations, Franchisee shall, within thirty (30) days after receipt of notice from Franchisor, take all steps necessary to correct the deficiency(ies) or be subject to the Non-Compliance Fee described in Section 12.F., above, for each item that was not corrected within the cure period.

**B. Commencing Operations**

Franchisee shall commence operation of the Center no later than eighteen (18) months after signing the Franchise Agreement. Before opening the Center, Franchisee shall obtain all licenses, permits and approvals needed to conduct business lawfully at the Center, make leasehold improvements, hire personnel, and obtain and install all necessary equipment and furnishings needed to start and operate the business at the Center in compliance with all applicable Franchisor standards and specifications. The standard hours of operation are as provided in Section 9.E., above.

**C. Condition of Center**

Franchisee shall maintain the condition and appearance of the Center consistent with Franchisor's standards and the Manuals. Franchisor shall have the right to inspect the Center with or without advance notice whether in person, electronically transmitted video and other records, real time video transmission from Franchisee, live web cam, security camera system or any other means as determined by Franchisor in its sole discretion. Advance notice is typically seventy two (72) hours. Franchisor shall have the right to notify Franchisee that in Franchisor's judgment as a result of an inspection, the Center's repair, appearance, equipment, signs or decor does not meet Franchisor's standards, and to state what action Franchisee must take to correct the deficiency(ies). Franchisee shall, within thirty (30) days after receipt of this notice, take all steps needed to correct the deficiency(ies) or be subject to the non-compliance fee described in Section 12.F., above, for each area that was not corrected within the cure period.

**D. All Products and Services**

Franchisee shall offer for sale and use at the Center all Franchisor-required Services and Products. At any time, Franchisee shall not offer for sale or sell any services or products that are not approved by Franchisor in connection with the Franchised Business, including but not limited to student homework help, materials furnished by the student, and/or programs not specifically approved by Franchisor. Products and Services shall be offered and sold solely for the purpose of operating the Center in full compliance with this Agreement and the Operations Manual. Franchisor can condition Franchisee's offer or use of any Product or Service, or Franchisee's participation in any program or promotion, on Franchisee's ability to meet any prescribed training, professional, operational or experience qualifications, or other requirement. Franchisor also can establish enrollment eligibility criteria and other conditions on the availability of Products or Services to Center students.

**E. Approved Vendors and Suppliers**

From time to time, Franchisor may provide to Franchisee a list of approved vendors, suppliers and distributors authorized to supply Products and/or Services for use or sale at the Center (the "Approved Vendors and Supplies List") and a list of Services and Products approved for use or sale at the Center (the "Approved Vendors and Supplies List"). Franchisor may revise these lists from time to time. Franchisee shall purchase all designated Products and Services in accordance with the Approved Vendors and Supplies List. Franchisee is prohibited from purchasing any inventory or equipment, or any item listed in the Approved Vendor and Supply List, from another Franchisee. While Franchisor may identify Approved Vendors, Supplies, Products and

Services for you to offer and/or use in the Franchised Business, Franchisor has no liability of any kind for an Approved Vendor's performance or any of their prices, Products and/or Services. Unless Franchisor gives to you a specific written warranty for a particular item or service, as to Franchisor they are offered, provided and/or "approved" without any warranties, express or implied, from Franchisor or any Franchisor Affiliate, THE WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE BEING EXPRESSLY DISCLAIMED.

Franchisee acknowledges, understands and agrees that its failure to purchase items from the Approved Vendors and Supplies List and/or to purchase items according to the Approved Vendors and Supplies List shall be an event of default under this Agreement which will require, among other things, that Franchisee pay to Franchisor the non-compliance fee described in Section 12.F., above.

**F. Other Supplies and Suppliers**

If Franchisee proposes to offer for sale or use at the Center any product or to use any service that is not then approved by Franchisor, or to purchase from a supplier not designated as an approved vendor, Franchisee shall first notify Franchisor in writing and request Franchisor's consent to do so. Franchisee shall submit to Franchisor samples and other information that Franchisor requests to permit evaluation of the proposed product, service or supplier at Franchisee's expense. Franchisor shall either approve or disapprove the proposed supplies and/or suppliers within thirty (30) days of Franchisor's receipt of the evaluation request. If approved, the approval shall only apply to the System. Unless expressly approved by Franchisor within such 30-day period, Franchisee's request shall be deemed not approved.

**G. Revocation of Approval**

Franchisor shall have the right to re-evaluate any products, services or suppliers previously approved and to revoke prior approval when Franchisor deems appropriate. Franchisee must immediately discontinue use of any products, services or suppliers previously approved that have been revoked and are no longer used in the System.

**H. Quality Standards**

All items used in operating the Center shall conform to the pertinent specifications and quality standards that Franchisor establishes from time to time.

**I. Supervision**

The Center shall at all times be under the direct supervision of Franchisee or the Designated Owner, as applicable. Franchisee shall maintain competent personnel to staff the Center.

Franchisee shall ensure that the Center Director (or anyone granted any similar level of authority over the Center), assumes that person's appointed responsibilities only after having been fully trained by the Designated Owner as described in Section 5.I., above, to Franchisor's satisfaction. Appointment of a Center Director shall not relieve or otherwise affect Franchisee's obligation to supervise the operations of the Center. Franchisee shall keep Franchisor informed at all times of the identity of the Center Director. In the event Franchisee elects to hire a new Center Director for the Center, Franchisee must notify Franchisor in writing that Franchisee intends to hire a new Center Director and comply with Franchisor's requirements as set forth in the Operations Manual.

The Designated Owner must notify Franchisor promptly in writing if the Designated Owner takes any employment or principal position, full-time or part-time, with any business or other organization. Franchisor approval is not required, however, Franchisor must be kept advised in the event the Designated Owner is not available to supervise the Center full-time.

Any failure of Franchisee to comply with the terms of this Section shall constitute a material breach of this Agreement.

**J. Legal Compliance; Anti-Terrorism Laws**

Franchisee shall obtain and maintain all required licenses, permits and certificates to permit lawful operation of the Center. Franchisee shall operate the Center in full compliance with all applicable laws, ordinances and regulations. Franchisee and its owners agree to comply, and to assist Franchisor to the fullest extent possible in its efforts to comply with, Anti-Terrorism Laws (defined below). In connection with that compliance, Franchisee and its owners certify, represent, and warrant that none of Franchisee's property or interests is subject to being blocked under, and that Franchisee and its owners otherwise are not in violation of, any of the Anti-Terrorism Laws. "Anti-Terrorism Laws" mean Executive Order 13224 issued by the President of the United States, the USA PATRIOT Act, and all other present and future federal, state, and local laws, ordinances, regulations, policies, lists, and other requirements of any governmental authority addressing or in any way relating to terrorist acts and acts of war. Any violation of the Anti-Terrorism Laws by Franchisee or its owners, or any blocking of Franchisee or its owners' assets under the Anti-Terrorism Laws, shall constitute good cause for immediate termination of this Agreement

**K. Forms**

Franchisee shall use only the Supporting Documents, and other forms currently approved by Franchisor. Franchisor may from time to time provide you with template or sample forms/agreements and other materials and/or require through the Manuals or other written instruction that forms used by you in the Franchised Business contain certain terms and/or protections for Franchisor. You are required to download the currently approved documents every ninety (90) days to ensure you are using the most current documentation. You must immediately discontinue using any documentation that has been removed from Franchisor's server.

**L. Actions**

Franchisee shall notify Franchisor in writing within three (3) days after learning of any action, suit or proceeding, or of the issuance of any order, writ, injunction, award or decree of any court or government agency that may adversely affect the operation or financial condition of the Center, the Marks or the System.

**M. Franchisor and Affiliates as Suppliers; Benefits from Suppliers**

Franchisor and Franchisor Affiliates reserve the right to receive rebates, incentive amounts, discounts and other economic benefits from any supplier to the Centers and to earn a profit on any sale of Products or Services to you and or other Tutoring Centers. Franchisor and Franchisor Affiliates can be approved suppliers, exclusive or otherwise, of Products and Services that a Center must use and/or purchase.

**N. Program Participation; Pictures**

Franchisor can condition your participation in any program, or your receipt of any Tutoring Center System benefits, including, but not limited to, inclusion in Website listings, trainings and promotions, on your being in compliance with the Manuals and the terms of this Agreement. Additionally, you authorize Franchisor during the term of this Agreement to publish in any manner or medium your picture or likeness and that of your Premises for purposes of System and Tutoring Center promotions, both external and internal, without compensation.

## **15. FRANCHISOR'S ASSISTANCE**

**A. Plans**

Franchisor shall provide to Franchisee, at no additional charge, standard plans and specifications for construction of a typical Tutoring Center facility, including design and layout, fixtures, furnishings and signs.

Franchisor \_\_\_\_\_

Franchisee \_\_\_\_\_

Franchisee shall, at Franchisee's expense, have the standard plans and specifications adapted to the location's dimensions and requirements by an appropriate professional and then submit them to Franchisor for approval before starting construction. Neither Franchisor's standard plans and specifications nor Franchisor's approval of any adapted plan shall constitute any representation or assurance they comply with applicable laws or standards. If a government agency requires the adaptation of the plans to be done by an architect, the cost of the architect shall be a Franchisee's expense.

**B. Additional Programs; Assistance**

Franchisor may provide, from time to time, additional training programs, guidance, advice and consultation concerning operation of the Center at such times and in such a manner as Franchisor determines, including by telephone or electronic media. Franchisee shall cooperate in receiving and participating in any of these services that Franchisor elects to provide and shall implement any advice, requests or corrective action that Franchisor requests from time to time.

**C. Inspections**

Franchisor shall have the right to conduct inspections, including live and, video conferencing, or using the Camera Security System, both live and via video conferencing of the Center at times that Franchisor deems appropriate, either with or without prior notice to Franchisee. Franchisee shall cooperate in permitting Franchisor or Franchisor's representative to inspect any and all aspects of the operation of the Center, both live and through electronic media including video conferencing, and to interview, question and otherwise communicate directly with customers, employees, vendors and others who may have contact with the Center. Franchisee shall take such action as Franchisor requests to correct deficiencies identified by any such inspections.

**16. RISK MANAGEMENT PROVISION**

**A. Required Insurance**

Franchisee shall obtain and maintain the following insurance coverage through carriers satisfactory to Franchisor: i) comprehensive general liability coverage including contractual liability, advertising injury, abusive acts coverage and employment practices liability coverage of at least Two Million Dollars (\$2,000,000), naming Franchisor, Franchisor Affiliates, Franchisee and each of their respective shareholders, directors, members, managers, officers, partners and employees against any loss, liability, personal injury, death or property damage or expense arising or occurring on or in connection with the Center; ii) fire and casualty insurance on the Center and Franchisee's property; iii) business interruption insurance; iv) worker's compensation, employer's liability, unemployment and state disability insurance as required by law; v) "Abusive Acts" coverage; and vi) any other insurance required by the lease for the Center Premises or as may be required by Franchisor. These policies shall state that Franchisor is a named insured and entitled to receive at least thirty (30) days' prior written notice of any intent to reduce coverage or policy limits, cancel or otherwise amend the policy. These policies must be written by an insurance company that is authorized to do business in the state where Franchisee's Center is located and that has a rating of at least A- with A.M. Best Company. Franchisor shall have the right from time to time to revise coverage and coverage amounts that Franchisee must obtain and maintain, and the right to designate the supplier from which Franchisee shall purchase insurance coverage.

**B. Proof of Insurance**

Franchisee shall provide Franchisor with certificates of insurance evidencing the coverage described in Section 16.A. before the Center can begin operation. Franchisee shall deliver to Franchisor a complete copy of each insurance policy within twenty-one (21) days after delivery of the certificates of insurance and of each new or renewal policy on receipt of the policy. Franchisor shall have the right at any time to require Franchisee to provide to Franchisor full copies of any or all of Franchisee's insurance policies and certificates of insurance.

Franchisee shall provide Franchisor with the renewal certificates of insurance annually on January 15 by posting the certificate on Franchisor's online data base. If Franchisee fails to post the certificates on Franchisor's online data base by January 15 of each year, Franchisee will be subject to the non-compliance fee described in Section 12.F. above for each certificate that has not been submitted to Franchisor.

**C. Franchisor's Right to Secure Insurance**

If Franchisee fails to purchase, maintain or provide proof of insurance and copies of policies, then Franchisor shall have the right, but not the obligation, to obtain that insurance, or other insurance that Franchisor is able to obtain for this purpose. Franchisee shall, at Franchisor's election, pay all premiums for the insurance and shall reimburse any premium payments made by Franchisor.

**D. Disclaimer**

Franchisor shall have no obligation to obtain or maintain any insurance for or on behalf of Franchisee. Nothing in this Agreement is an undertaking or representation that any insurance Franchisee is required to obtain and maintain will be a sufficient amount or scope of insurance for any purpose.

**E. Claims**

Franchisee shall notify Franchisor in writing of any and all claims or demands against Franchisee, the Center or Franchisor within three (3) days after Franchisee receives actual notice of the claim or demand. Franchisee shall respond to all claims within the time required by law. Franchisee shall cooperate with Franchisor or Franchisor's designee in defending Franchisor and Franchisee against any and all claims.

**F. Indemnification**

Franchisee shall defend, at its own cost, and indemnify and hold harmless Franchisor, Franchisor's Affiliates, and each of their respective shareholders, directors, members, managers, officers, employees, representatives and agents, from and against any and all losses, costs, expenses (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), damages and liabilities, however caused, resulting directly or indirectly from, or pertaining to the use, condition or construction, equipment, decoration, maintenance or operation of, the Center, including the sale or distribution of any product or service from the Center, or from or pertaining to any breach of this Agreement or allegation that, if true, would constitute a breach of this Agreement, by Franchisee. All such indemnification shall survive termination of this Agreement.

**G. No Assumption of Liability**

Franchisor shall not, by virtue of any approvals, advice, Products or Services provided to Franchisee, assume responsibility or liability to Franchisee or any third parties to which Franchisor would not otherwise be subject.

**17. COVENANTS**

**A. Full Time Effort**

You agree to provide your full time effort at the Center which means your Designated Owner must be present at the Center during operating hours or immediately available to respond to your Center Director at all times. You are responsible for managing your Center. You authorize Franchisor to deal with your Designated Owner on all matters relating to this Agreement and the Franchised Business and with your Center Director regarding routine operations and reporting requirements. You are solely responsible for the hiring and management of your employees, for the terms of their employment and for ensuring their compliance with any training or other employment-related requirements we establish. You or the Designated Owner must keep Franchisor informed as to the identity of each Center Director for your Center, and you and each Designated Owner/Center Director must always meet then-current training and other standards as specified by the

Franchisor. The standard full-time hours of operation are as provided in Section 9.E. In the event you elect to hire a new Center Director for the Center, you must first notify Franchisor in writing and comply with Franchisor's requirements as provided in the Operations Manual.

**B. No Diversion**

During the term of this Agreement, Franchisee and Owners shall not, either directly or indirectly, for itself/themselves, or through, on behalf of or in conjunction with any person, partnership, corporation, limited liability company or other entity divert or attempt to divert any business or customers of the Center to any competitor, or do or perform, directly or indirectly, any other act injurious, disparaging or prejudicial to the goodwill associated with the Franchisor, other Franchisees, or the Marks or the System.

**C. No Engaging in Competing Business**

During the term of this Agreement, Franchisee and Owners shall not, either directly or indirectly, for itself/themselves, or through, on behalf of or in conjunction with any person, partnership, corporation, limited liability company or other entity own, maintain, engage in, consult with, provide financial support to or have any interest in any business (including any business operated by Franchisee prior to entry into this Agreement) specializing, in whole or in part, in providing tutoring or related services, the same as or similar to those offered or provided in or under the System, or in the licensing of any such competitive business.

**D. Further Trade Secret Protection**

Except as may be limited by law, to reduce the risk of accidental or intentional misuse of any of the Trade Secrets, Franchisee and Owners shall not, for a period of twenty-four (24) months after the expiration or termination of this Agreement, regardless of the cause of expiration or termination, either directly or indirectly, for Franchisee or Owners or through, on behalf of or in conjunction with any person(s), or other entity, own, maintain, engage in, consult with or have any interest in any business specializing, in whole or in part, in providing tutoring or related services, the same as or similar to those offered or provided as part of the System within a ten (10) mile radius of Franchisee's Center or any other Tutoring Center location, whether franchised or owned and operated by Franchisor or any related entity of Franchisor.

**E. Covenants are Severable**

Each of the above covenants shall be deemed independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Section 17 is held unreasonable or unenforceable by a court having jurisdiction, Franchisee shall 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 was separately stated in and made a part of this Section 17.

**F. Similar Covenants from Franchisee's Personnel**

Franchisor shall have the right to require all of Franchisee's personnel performing managerial, supervisory and marketing functions and all personnel receiving training from Franchisor to execute covenants in a form satisfactory to Franchisor imposing requirements the same as or equivalent to those provided in this Section 17.

**G. Injunctive Relief**

Franchisee acknowledges that money damages would not be a sufficient remedy for breach of the obligations in this Section 17. Accordingly, Franchisor shall be entitled to seek and obtain equitable remedies, including, without limitation, immediate restraining orders and injunctive relief for the actual or threatened breach of any obligation in this Section 17.

**18. DEFAULT AND TERMINATION**

**A. Mutual Agreement to Terminate**

If Franchisee and Franchisor agree to an early termination of this Agreement, which neither is obligated to do, Franchisor shall, in its discretion, require Franchisee to take both of the following actions:

- i. Depending on the then-current condition of the assets of the Center as determined by Franchisor, Franchisor will require Franchisee to (a) transfer to Franchisor all of the assets and inventory of the Center, which includes everything listed in the Approved Vendor and Supply List, in addition to the Exterior Sign, the Double Glass Doors, the Mac Laptop Computer, the Mac desktop Computer, Scanner and the Printer, without exception and at Franchisee's expense, and (b) relocate all such assets (with the exception of the Mac Laptop Computer, Scanner and Printer which will be delivered to the Franchisor,) to a storage facility for six (6) months, at Franchisee's expense, or until Franchisor is able to sell such assets to another franchisee in the System, whichever occurs first. Franchisee shall ensure that Franchisor has access at all times to the storage facility and the items stored therein. Upon expiration of the six (6) month period, if there has been no sale of the assets to another franchisee, Franchisor shall have the option, in its discretion and at its expense, to maintain the storage facility or to relocate the assets; and
- ii. Franchisee shall pay Franchisor on or before the cancellation date a payment equal to One Thousand Dollars (\$1,000), or the current royalty payment times the number of full or partial calendar months remaining in the term of this Agreement plus the Semi-Annual Program Fees times the number of semi-annual billing cycles remaining in the term of this Agreement as of the date of the cancellation of this Agreement, whichever is higher ("Cancellation Fee"). Franchisor has the option to set off the amount due under this provision, up to Two Thousand Five Hundred Dollars (\$2,500), if the then-current condition of all inventory and equipment, including leasehold improvements of the Center (such as the double glass doors and outside sign) as determined by Franchisor, assuitable.

The post-termination provisions of Section 19 will survive the cancellation of the Agreement, as will all other provisions of this Agreement which by their terms or nature survive.

**B. Termination by Franchisor With No Opportunity to Cure**

This Agreement shall, at the option of Franchisor, terminate automatically on delivery of notice of termination to Franchisee, without opportunity to cure, if Franchisee or any of its Owner(s), member(s), director(s), general partner(s), officer(s) or key employee(s), as applicable:

- i. Fails to establish and equip the Center as required by Section 14.B;
- ii. Fails to satisfactorily complete any required training as provided in Section 5;
- iii. Has made any material misrepresentation or omission in the application for the Franchise;
- iv. Is convicted of or pleads no contest, where the plea is applicable, to a felony or other crime or offense that Franchisor believes is likely to affect adversely the reputation of Franchisor, Franchisee, the System or the Center, even if Franchisor's belief is incorrect;
- v. Makes any unauthorized use, disclosure or duplication of any portion of the Operations Manual or duplicates or discloses or makes any unauthorized use of any Trade Secret or confidential information or Copyrighted Works provided to Franchisee by Franchisor;
- vi. Abandons, fails or refuses to operate actively the Center for five (5) or more consecutive days, or fails to relocate to another Approved Location within an approved period of time after expiration or termination of the lease for an Approved Location;
- vii. Surrenders or transfers control of the Center, makes or attempts to make an unauthorized direct or indirect assignment of the Franchise or an ownership interest in Franchisee or in the assets

- of the Franchised Business, or fails or refuses to assign the Franchise or the interest in Franchisee of a deceased or incapacitated controlling owner thereof as required;
- viii. Submits to Franchisor on two (2) or more separate occasions at any time during the term of the Franchise any false or inaccurate reports or other information required by Franchisor;
  - ix. Is adjudicated as bankrupt, becomes insolvent, commits any affirmative act of insolvency or files any action or petition of insolvency; a receiver (permanent or temporary) is appointed by a court of competent authority over the property; makes a general assignment for the benefit of creditors; if a final judgment in an amount of more than Five Thousand Dollars (\$5,000) remains unsatisfied of record for thirty (30) days or longer (unless a supersedeas bond is filed); execution is levied against Franchisee's business or property; if Franchisee's assets are seized, taken over or foreclosed by a creditor; suit to foreclose any lien or mortgage against the Center or equipment is instituted against Franchisee and not dismissed within thirty (30) days or is not in the process of being dismissed;
  - x. Materially misuses or makes an unauthorized use of any of the Marks; improperly uses Franchisor's Manuals, trade secrets, or other confidential and/or proprietary information; or commits any other act that can reasonably be expected to impair materially the goodwill associated with any of the Marks;
  - xi. Fails on two (2) or more separate occasions within any period of twelve (12) consecutive months to submit required reports or other information when due, to pay Royalty Fees, Semi Annual Program fees, Technology Fees, other amounts due for purchases from Franchisor or Franchisor's Affiliates, or any other amounts payable to Franchisor under this Agreement or otherwise fails to comply with this Agreement, whether or not the failures to comply are corrected after notice is delivered to Franchisee;
  - xii. Violates any safety or health law, ordinance or regulation or operates the Center in a manner that presents a safety or health hazard to its customers or the public;
  - xiii. Fails to comply with all applicable laws and ordinances relating to the Center and/or the Franchised Business, including Anti-Terrorism Laws, or if Franchisee's or any of its Owners' assets, property, or interests are blocked under any law, ordinance, or regulation relating to terrorist activities, or Franchisee or any of its owners otherwise violate any such law, ordinance, or regulation;
  - xiv. A levy of execution of attachment has been made upon the license granted by the Franchise Agreement; or
  - xv. Does not allow or fails to cooperate with inspection of the Center by Franchisor's representatives or agents.

**C. Termination by Franchisor With Opportunity to Cure**

This Agreement shall terminate, at Franchisor's sole option, without further action by Franchisor or notice to Franchisee if Franchisee or any Owner:

- i. Fails or refuses to make payments of any amounts due Franchisor or any Affiliate of Franchisor, for Royalty Fees, Semi Annual Program Fees, Technology Fees, purchases from Franchisor or any Affiliates of Franchisor, or any other amounts due to Franchisor or any Affiliate of Franchisor, or fails or refuses to maintain a bank account with sufficient funds to permit Franchisor to make electronic debits as provided herein, or otherwise prevents Franchisor from electronically debiting Franchisee's bank account and does not correct the failure or refusal within five (5) days after written notice of the failure is delivered to Franchisee; or

- ii. Fails or refuses to comply with any other provision of this Agreement, or any mandatory requirement prescribed in the Operations Manual or otherwise in writing, and does not correct the failure within thirty (30) days of written notice thereof.

**D. Discontinued Products/Services**

If Franchisor delivers a notice of default to you, Franchisor and its Affiliates have the right to require that you pay C.O.D (i.e., cash on delivery) or by certified or cashier's check for goods/services, to pay the non-compliance fee described in Section 12.F. hereof, and/or to stop selling and/or providing any goods and/or services until you have cured all defaults.

**19. RIGHTS AND DUTIES ON EXPIRATION OR TERMINATION**

On termination or expiration of this Agreement:

- A. Franchisee shall immediately cease operating the Center and shall not thereafter, directly or indirectly, represent to the public or hold itself out as a present or former franchisee of Franchisor.
- B. Franchisor shall have the right and option (but not the obligation) to receive an assignment of the lease for the Center and on demand by Franchisor made within ten (10) days after expiration or termination, Franchisee shall immediately in writing assign its interest in any lease for the Center to Franchisor and/or otherwise comply with Schedule C of this Agreement.
- C. Franchisee shall immediately and permanently cease using, through advertising or in any other manner, any business practices, confidential methods, procedures and techniques associated with the System (including, without limitation, the Supporting Documents provided by Franchisor, the Copyrighted Works and the Trade Secrets), the trade name, trade dress, the Marks and any distinctive forms, slogans, signs, symbols, logos or devices associated with the Marks or System, and all signs, advertising materials, stationery, forms, furniture and any other article displaying any of the Marks. Franchisee is not permitted to modify any item in order to reuse it in another business. Furthermore, every letter in the name "The Tutoring Center" and every portion of any System logo that is included on any signage (whether exterior or interior) must be completely and promptly removed by Franchisee.

Without limiting any of Franchisee's obligations under this Section 19, Franchisee shall also timely and fully comply with each and every obligations set forth in Franchisor's then-current Post- Termination Compliance Checklist, which covers, inventory items, Student Data Base, customer lists, passwords, Student Notebooks and related documentation, social media and other Internet websites, services and directories, advertising materials, exterior and interior signage, wall coverings and hangings, and décor, furniture, computer, server, cloud and all other files, stationery, posters, business cards, equipment, tools, accessories, uniforms, educational materials, books, games, puzzles and toys, clothing and other branded, promotional and retail items, etc.

- D. Franchisee shall take such action as may be necessary to cancel or assign to Franchisor or Franchisor's designee, at Franchisor's option, any assumed name or equivalent registration filed with state, city or county authorities that contains the name "THE TUTORING CENTER," "TUTORING CENTER" or any of the Marks or any derivative thereof, and Franchisee shall furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within ten (10) days after termination or expiration of this Agreement. If you continue to use the Marks after expiration or termination of your Agreement, you will be deemed to be operating on a month-to-month basis under the then-current Tutoring Center franchise agreement then being offered to prospective franchisees, except that the Royalty Fee payable to us shall be double the monthly amount you would normally pay on under such agreement.

- E. Franchisee shall immediately pay all sums owing to Franchisor and any Affiliate of

Franchisor \_\_\_\_\_

Franchisee \_\_\_\_\_

Franchisor, including, without limitation, all damages, costs and expenses, including reasonable Attorneys' Fees, lost Royalty Fees, Semi Annual Program Fees and Technology Fees incurred by Franchisor as a result of Franchisee's breach.

F. Franchisee shall pay to Franchisor all damages, costs and expenses, including reasonable Attorneys' Fees, incurred by Franchisor after the termination or expiration of the Franchise in obtaining injunctive or other relief for the enforcement of any provisions of Section 17 or this Section 19.

G. Franchisee shall immediately discontinue any use of and, on Franchisor's request, return or destroy at Franchisor's option, the Operations Manual and all other Tutoring Center manuals, training materials and aids, records, files, instructions, brochures, form agreements and templates, disclosure statements and any and all other materials provided by Franchisor to you relating to the operation or marketing of a The Tutoring Center® business or bearing any of the Marks.

The customer/student lists and any Tutoring Center Student Data Base information or Website content, including without limitation any online student/customer account information and any passwords or other identifiers related to the Website; Tutoring Center instructional material and aids, brochures, form agreements/templates, disclosure statements, and any item or materials bearing the Marks; and any materials provided by Franchisor to Franchisee relating to the Center and the Supporting Documents must be returned to Franchisor. Franchisee hereby acknowledges that each and all of the foregoing are the property of Franchisor.

H. Franchisee shall assign to Franchisor or its designee on Franchisor's request, all of Franchisee's right, title and interest in and to Franchisee's right to use and receive service for telephone and facsimile numbers, and all of Franchisee's right, title and interest in Internet addresses, electronic mail addresses and domain names and shall notify the telephone company and all listing agencies of the termination or expiration of Franchisee's right to use any telephone and facsimile numbers, Internet addresses, electronic mail addresses, domain names and any regular, classified or other telephone or Internet directory listings associated with the Marks and authorize a transfer of the same to or at the direction of Franchisor. Franchisee shall execute all documents, including, without limitation, authorization forms, prescribed by Franchisor to assign these assets upon termination or expiration of this Agreement. Franchisee is required to remove all Internet advertisements, postings and any similar Internet usage that contain the Marks and/or Franchisor's name.

I. Franchisor shall have the right (but not the obligation) to purchase from Franchisee, for the cash sum of Two Thousand Five Hundred Dollars (\$2,500), any or all assets of the Center, including but not limited to leasehold improvements, equipment, telephone, fax, website, email, inventory and supplies, at Franchisee's cost or fair market value, whichever is less; except as otherwise provided in Schedule C ("Purchase Option"). Franchisor shall provide Franchisee with thirty (30) days' notice of Franchisor's intent to do so after termination by Franchisor with cause or expiration of the Franchise Agreement. If Franchisor elects to exercise this Purchase Option, Franchisor shall have the right to set off for the amounts due from Franchisee to Franchisor against any payment to be made under this Section 19.I. In the case of mutual termination, the provisions in Section 18.A. shall apply.

J. Franchisee and Owners shall comply with the covenants contained in Section 17 of this Agreement to the fullest extent permitted by law.

K. All obligations of Franchisor and Franchisee that expressly or by their nature survive the expiration or termination of this Agreement shall continue in full force and effect subsequent to and notwithstanding their expiration or termination until they are satisfied or by their nature expire.

## 20. TRANSFER RESTRICTIONS

### A. *Assignment by Franchisor*

This Agreement, and any or all of Franchisor's rights and/or obligations under it, are fully transferable by Franchisor in its sole and absolute discretion, in whole or in part, without your consent. You acknowledge and agree that Franchisor may be sold and/or sell any or all of Franchisor's Marks, Trade Secrets, Copyrighted Works or the System and/or other assets, and go public, merge, or acquire other entities, whether or not competitive to Franchisor, without your consent.

### B. *Assignment by Franchisee*

Without Franchisor's prior written consent, Franchisee and its Owners shall not sell, assign, transfer, convey, give away or encumber to any person, firm, corporation, limited liability company or other entity, the Franchised Business assets, all or any part of its/their respective interest in this Agreement or its/their respective interest in the Franchise or its/their interest in any proprietorship, partnership, limited liability company or corporation that owns any interest in the Franchise, nor offer, permit or allow Franchisee to be sold, assigned, transferred, conveyed, given away or encumbered in any way to any person, firm, corporation, limited liability company or other entity. Any purported assignment of any of the foregoing without Franchisor's prior written consent shall be null and void and shall constitute a material breach of this Agreement.

### C. *Conditions for Consent to Transfer to a Business Entity*

Franchisor shall not unreasonably withhold consent to a transfer by Franchisee to a Business Entity controlled by Franchisee when requested, or permission for the Franchisee under this Agreement to be a Business Entity; provided, however, that if Franchisee executes this Agreement as a Business Entity or desires to assign and transfer its rights to a controlled Business Entity, then it shall be deemed to be reasonable for Franchisor to impose any or all of the following as conditions to granting consent and/or entering into this Agreement, as Franchisor deems applicable:

- i. ~~Franchisee's proposed transferee(s) ("Transferee"). The transferee entity/Franchisee~~ shall be a newly organized legal entity and shall agree that its activities shall be confined exclusively to operating a Tutoring Center facility as franchised under this Agreement;
- ii. The individual(s) approved by Franchisor as the majority Owner(s) of the Franchised Business shall be and shall remain the Owner(s) of the majority interest of the securities or other form of ownership of the transferee entity;
- iii. The individual approved by Franchisor as the principal executive and Owner of the Franchised Business (or, if Franchisee is a partnership, one of the partners) shall be the Designated Owner under this Agreement;
- iv. The ~~T~~transferee entity shall enter into a written assignment (in a form satisfactory to Franchisor) in which the transferee entity assumes all of Franchisee's obligations hereunder, including without limitation Franchisee's then current Royalty Fee which shall continue to be subject to annual increase and inflation adjustment, as provided in Section 12.E. of this Agreement;
- v. All Owners of the transferee entity shall enter into a written agreement, in a form satisfactory to Franchisor, jointly and severally guaranteeing full payment and performance of the transferee entity's obligations to Franchisor under this Agreement;
- vi. Each certificate representing an ownership interest in the transferee entity and/or the Franchisee shall have conspicuously endorsed on it, and/or the operating agreement shall include, as applicable, a statement that ownership interests are held subject to, and that further assignment or transfer thereof are subject to, all restrictions imposed on assignments by this Agreement;

- vii. No new shares of stock or membership interests or other indicia of ownership in the transferee entity shall be issued to any person or entity without obtaining Franchisor's prior written consent and, then, only on disclosure of the terms contained herein being made to the prospective new holders of ownership interests;
- viii. All accrued money obligations of Franchisee to Franchisee's suppliers, Franchisor, its subsidiaries or assignees shall be satisfied prior to assignment or transfer;
- ix. Franchisee and all Owners, prior to any transfer, shall execute a general release, in a form prescribed by Franchisor, of any and all existing claims against Franchisor or its Affiliates and their respective officers, directors, agents, members, representatives and employees; and
- x. The Franchise Support Fee described in Section 20.D.vii, below, shall be waived, one (1) time only, for a transfer by Franchisee, individually, to a Business Entity as described in this Section 20.C.

**D. Conditions for Consent – Transfer/Sale to Third Party**

In the event Franchisee wishes to sell/transfer the Franchised Business, Franchisee must first procure Franchisor's written approval. Franchisor shall have the right to impose any or all of the following conditions to any proposed transfer to an unaffiliated third party, in addition to the conditions provided for in Section 20.C., above:

- i. ~~The Transfer~~~~The transferee(s)~~ must complete the same qualifications and requirements mandatory for a new franchisee being selected and awarded to a franchise, and shall be of good moral character and reputation in Franchisor's subjective opinion. ~~Franchisee's transferee, and Transferee~~ shall have a good credit rating and competent academic, professional and business qualifications reasonably acceptable to Franchisor; and Franchisee shall provide Franchisor with information as Franchisor may require to make such determination;
- ii. The ~~transferee(s)~~ Transferee or other individual(s) who shall be the Designated Owner of the Franchised Business shall have successfully completed and passed all resale requirements and procedures of Franchisor included in the Resale Checklists (contained in the Operations Manual) and Franchisor's Training Program then in effect for franchisees, or shall have otherwise demonstrated to Franchisor's satisfaction, sufficient ability to operate the Franchised Business being transferred. All Resale Checklists, and all their included procedures and the Training Program must be completed in their entirety, before the transferee may assume full supervision of the Franchised Business, all obligations of the Franchise Agreement, and before transferee may own and operate the Franchised Business.
- iii. ~~Before Franchisor issues written approval to transfer the Franchised Agreement-Business to Franchisee's transferee, Franchisee (Seller) must submit to Franchisor for its review, a Center Observation Form, and Franchisee, Transferee and Franchisor shall participate in multiple video conferences between Franchisor, Franchisee and transferee, and a participate in a Resale/Transfer Live Compliance Tour as set forth in the Operations Manual.~~
- iii-iv. ~~Franchisee must cure any System irregularities within 30 days of the Resale/Transfer Live Compliance Tour and prior to Franchisor issuing its written approval. Franchisee shall pay to Franchisor the sum of One Thousand Dollars (\$1,000) to reimburse Franchisor for travel expenses to conduct the live Compliance Tour.~~
- v. ~~Franchisee shall pay Franchise One Thousand dollars (\$1,000) to reimburse Franchisor for travel expenses related to the Resale/Transfer Live Compliance Tour. This fee is due upon demand and prior to the transfer of the Franchise Business. This fee is not conditioned on whether the Franchise Business is transferred.~~

~~iv-vi.~~ In the event Franchisor issues written approval to ~~you to~~ transfer the Franchised Business ~~to your transferee~~, Franchisor will offer ~~your transferee~~ Transferee a credit in the amount of ~~Twenty-Nineteen~~ Thousand Dollars (\$~~1920~~,000) against Franchisor's then current Initial Franchise Fee.

~~v-vii.~~ After Franchisor issues written approval ~~of the to~~ transfer the Franchised Business, the Transferee to you, your transferee(s), including all of its shareholders, officers, directors, members, managers, governors and partners of the transferee(s), shall jointly and severally execute any or all of the following, at Franchisor's sole discretion and as Franchisor shall direct: (a) Franchisor's ~~F~~ franchise ~~A~~ agreement and other standard ancillary agreements with Franchisor on the current standard forms being used by Franchisor (except that there will be initial franchise fee as set forth in Section 20.D.iv, above); and/or (b) a written assignment from Franchisee or other consent to transfer agreement in a form satisfactory to Franchisor, wherein ~~T~~ transferee shall assume all of Franchisee's obligations hereunder;

~~vi-viii.~~ The term of the ~~T~~ transferee's Franchise Agreement shall be as stated in Franchisor's then current Franchise Agreement (currently 10 years).

~~vii-ix.~~ Franchisee shall have fully paid and satisfied all of Franchisee's obligations to Franchisor, and, except as provided in Section 20.C.x, when the transferee or Franchisee shall have fully paid to Franchisor a ~~Franchise Support~~ Fee in the amount of Fifteen Thousand Dollars (\$15,000).

#### **E. No Release**

Approval by Franchisor of any transfer by Franchisee of the Franchise or any of Franchisee's rights under this Agreement shall in no way be deemed a release by Franchisor of the obligations of Franchisee or any Owner or individual affiliated with Franchisee under this Agreement. Consent by Franchisor to a transfer of the Franchise shall not constitute or be interpreted as a consent to any future transfer thereof.

## **21. DEATH OR INCAPACITY**

### **A. Opportunity of Heirs**

If the Franchisee, or if the Owner having a controlling interest in a Business Entity Franchisee, dies or is permanently disabled, then his or her interest in this Agreement, the Franchise and/or the Franchisee shall be transferred to a third party, subject to compliance with the provisions of Section 20. A "Permanent Disability" occurs if you are not able to personally, actively participate in the management of your Center Franchised Business for one hundred eighty (180) consecutive days. A transfer under this Section shall be completed within one hundred eighty (180) consecutive days from the date of death or permanent disability. The transfer fee is waived for any transfer under this paragraph. If no transfer occurs within the prescribed one hundred eighty (180)-day period, the Franchise will automatically terminate at the end of such period, unless Franchisor grants an extension in its sole discretion or in compliance with local law.

## **22. RIGHT OF FIRST REFUSAL**

### **A. Franchisor's Right**

Franchisor shall have a right of first refusal to accept the terms of any sale, transfer or assignment of any interest in this Agreement or in Franchisee, offered by Franchisee or offered and accepted by Franchisee, whether voluntarily or by operation of law.

**B. Additional Rights**

If Franchisor exercises its right of first refusal, then in addition, i) Franchisor shall have the right to substitute cash for any form of payment proposed in the offer; ii) Franchisor's credit-worthiness shall not be deemed to be less than that of any proposed purchaser; iii) Franchisor shall have at least sixty (60) days after notifying Franchisee of its election to exercise its right of first refusal to prepare for closing; and iv) Franchisor shall be entitled to receive written representations and warranties from Franchisee that Franchisee owns clear title to all assets being sold, transferred or assigned; that all tangible assets being sold, transferred or assigned are in good working condition; that there are no breaches of any contracts affecting the Center; that there are no liabilities of Franchisee that have not been disclosed to Franchisor in writing; that Franchisee and each Owner and Franchisee Affiliate will comply with indemnification and non-competition obligations substantially similar to those required in Sections 16.F., 17.D. and 17.E. of this Agreement; that all sales, transfer and/or similar taxes are to be paid by the transferor; and that all applicable licenses and permits will be transferred to Franchisor at closing.

**C. Notice**

To enable Franchisor to exercise its right of first refusal, Franchisee shall deliver to Franchisor a written notice stating all the terms of any proposed sale, transfer or assignment and shall provide any additional information Franchisor requests about the proposed transaction.

**D. Consent**

Within thirty (30) days after Franchisor receives the notice and all additional information requested by Franchisor, Franchisor will, in writing, consent or withhold consent to the proposed sale, assignment or transfer, or in accordance with this Section 22, except for itself or its nominee the sale, assignment or transfer on the terms specified in the notice. If Franchisor does not respond within thirty (30) days, Franchisor's consent shall be deemed as withheld.

**E. Entire Interest**

If a transfer occurs by virtue of the assignment of a corporate, partnership or limited liability or other entity franchisee, to other than the original partners of Franchisee, as provided in Section 20.C., then Franchisor shall have the option to purchase not only the interests being transferred but also the remaining interests, so that after the transaction Franchisor will own one hundred percent (100%) of the interest in Franchisee. Any purchase of such interests shall be valued on a basis proportionate to the price of the interests initially being offered.

**F. Lease**

If Franchisor exercises its right of first refusal, then Franchisee shall take all action necessary to cause the lease for the Center and any other agreements designated by Franchisor, to be assigned to Franchisor.

**G. Completion**

If Franchisor elects not to exercise its right of first refusal and consents to the proposed sale, assignment or transfer, then Franchisee shall be authorized to complete the proposed transaction with the proposed assignee on the terms in the original notice to Franchisor. Any change to any such terms shall constitute a new proposal, which shall again require compliance with the procedures in this Section 22.

**H. Other Transactions**

An election by Franchisor not to exercise its right of first refusal for any proposed transaction shall not affect Franchisor's right of first refusal for any other proposed transaction. Franchisor's decision not to exercise its right of first refusal shall not constitute approval of the proposed transferee or assignee or of the transaction.

Franchisee and any proposed transferee or assignee shall be required to comply with all provisions relating to transfer and assignment in Section 20 of this Agreement.

## **23. NATURE OF RELATIONSHIP**

### **A. *Independent Contractors***

The parties desire, acknowledge and agree that they shall be independent contractors. Nothing in this Agreement shall be construed to create an employer-employee, partnership, joint venture, agency or any fiduciary or special relationship. Franchisee shall have no power to, and shall not purport to, obligate Franchisor for any expense, liability or other obligation.

### **B. *Public Notice***

Franchisee shall hold itself out to the public as an independent contractor operating the business pursuant to a franchise from Franchisor. Franchisee shall display a notice of independent ownership in a conspicuous place on the Center and on all forms, stationery or other written materials, the content of which Franchisor reserves the right to specify, and take such further action as Franchisor may prescribe to fulfill the purpose of this paragraph.

## **24. NON-WAIVER**

No waiver or delay in enforcing a party's rights after any breach of this Agreement shall be construed as a waiver of any earlier or later breach or of any other provision of this Agreement. Franchisor's acceptance of any payment from Franchisee shall not be construed to be a waiver of any breach of this Agreement.

## **25. NO ACCORD OR SATISFACTION; APPLICATION OF FUNDS**

A. If Franchisee pays, or Franchisor otherwise receives, a lesser amount than the full amount due under this Agreement for any payment due hereunder, such payment or receipt shall be applied against the longest outstanding amount due Franchisor. Franchisor may accept any check or payment in any amount without prejudice to Franchisor's right to recover the balance of the amount due or to pursue any other right or remedy. No endorsement or statement on any check or payment or in any letter accompanying any check or payment or elsewhere shall constitute or be construed as an accord or satisfaction. Franchisor and any of its Affiliates' acceptance of any payments made by Franchisee shall not be construed to be a waiver of any breach or default of any provision in this Agreement.

B. Notwithstanding any designation by Franchisee, Franchisor shall have the sole discretion to apply any payments made by, or on behalf of, Franchisee (and to apply any amounts owed to Franchisee or any of its Affiliates by Franchisor or any of Franchisor's Affiliates) to any of Franchisee's past due indebtedness for Royalty Fees and other fees, payments or amounts owing to Franchisor or any of Franchisor's Affiliates, interest or any other indebtedness of Franchisee or any of Franchisee's Affiliates to Franchisor or any of Franchisor's Affiliates. No restrictive endorsement on any check or in any letter or other communications accompanying any payment shall bind Franchisor or any of its Affiliates.

## **26. TAX PAYMENTS**

To the extent such taxes apply, Franchisee shall pay to Franchisor promptly and when due the amount of all sales taxes, use taxes, personal property taxes and similar taxes imposed on, required to be collected, or paid by Franchisor on the account of services or goods furnished by Franchisor to Franchisee through sale, lease or otherwise, or on account of collection by Franchisor of the initial Franchise Fee, royalties, amounts due for purchases by Franchisee from Franchisor and any other amounts which Franchisee owes to Franchisor as called for by this Agreement.

## 27. NOTICES

Any and all notices required or permitted under this Agreement shall be sent to the applicable parties at the following addresses unless and until a different address has been designated by written notice to the other party, shall be in writing and shall be personally delivered, delivered by messenger or delivery services, mailed by certified mail, return receipt requested, or by facsimile or electronic mail transmission, and shall be effective at the earlier of i) the time of actual receipt; or ii) immediately on transmission by facsimile or email transmission; or iii) one (1) business day after being placed in the hands of a commercial delivery service for overnight delivery; or iv) three (3) business days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid and addressed. The Non-Compliance Fee described in Section 12.F. shall apply to this Section 27 if Franchisee fails to accept notices transmitted in any of the above means.

### Notices to Franchisor:

THE TUTORING CENTER FRANCHISE CORP.  
Attention: Edward S. Thalheimer, Ph.D.  
3750 Long Beach Boulevard, Suite 100  
Long Beach, California 90807  
FAX: 562-984-0830

### Notices to Franchisee: (no PO boxes)

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Fax: \_\_\_\_\_

## 28. ENFORCEMENT COST

A. If legal action is necessary to enforce the terms and conditions of this Agreement (including, without limitation, enforcement of confidentiality provisions or other provisions related to the Marks, the Copyrighted Works or the Trade Secrets), the prevailing party shall be entitled to recover reasonable compensation for preparation, investigation, court costs, arbitration costs (if applicable), accounting fees and expenses and reasonable Attorneys' Fees, as fixed by a court of competent jurisdiction.

B. Separate and distinct from the right of a prevailing party to recover expenses, costs and fees in connection with any legal proceeding, the prevailing party shall also be entitled to receive all expenses, costs and reasonable attorney's fees incurred in connection with the enforcement of any judgment entered. Furthermore, the right to recover post-judgment expenses, costs and Attorneys' Fees shall be severable and shall survive any judgment and shall not be deemed merged into such judgment.

## 29. APPROVALS

Any requests by Franchisee for approval or consent, and any approvals or consent by Franchisor, for any matter requiring such approval or consent in this Agreement shall be in writing.

## 30. ENTIRE AGREEMENT

This Agreement, and all ancillary agreements signed concurrently with this Agreement, are the parties' entire agreement on the subject matter hereof, and supersede any and all prior negotiations, understandings, representations, disclosures and agreements; provided, however, that nothing in this or any related agreement is intended to disclaim the representations made by Franchisor in the Disclosure Document that was furnished to Franchisee by Franchisor. This Agreement shall not be binding on either party unless executed in writing by

both parties. This Agreement shall not be modified, except in writing, when signed by both parties; provided, that Franchisor reserves the right to make changes to the Operations Manual as provided under this Agreement without Franchisee's consent.

### **31. SEVERABILITY AND CONSTRUCTION**

#### **A. Law Controls**

In any conflict between this Agreement and any applicable law, the law shall prevail, but the provision of this Agreement affected shall be curtailed and limited only to the extent needed to be lawful. If any provision of this Agreement is held to be indefinite, overbroad, invalid or otherwise unenforceable, the remainder of this Agreement shall continue in effect. If a court of competent jurisdiction deems any provision of this Agreement (other than for payment of money) unreasonable, the court may declare a reasonable modification, and this Agreement shall be valid and enforceable as so modified.

#### **B. Third Party Beneficiaries**

Except for indemnification rights of third party indemnitees as expressly provided in this Agreement, nothing in this Agreement is intended, nor shall be deemed, to confer on any person or legal entity other than Franchisor or Franchisee and such of their respective successors and assigns as may be contemplated by this Agreement, any rights or remedies under or by reason of this Agreement.

#### **C. Headings**

Captions and headings are intended solely for the convenience of the parties and shall not be deemed to affect the meaning or construction of any provision of this Agreement.

#### **D. Counterparts**

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

#### **E. Franchisor Exercise of "Sole Discretion" and Other Choices; Express Agreement**

When Franchisor uses the phrases "sole and absolute discretion" and/or "sole discretion" and whenever Franchisor exercises a right, prescribes an action or thing, or otherwise makes a choice or uses discretion, you and Franchisor agree that Franchisor has the express, unrestricted right to make decisions and/or take (or refrain from taking) actions, as Franchisor deems appropriate. Franchisor shall use its judgment in exercising such discretion based on its assessment of the interests Franchisor considers appropriate and will not be required to consider your individual interests or the interests of any other particular franchisee(s). Franchisor has this right even if a particular decision/action may have negative consequences for you, a particular franchisee or group of franchisees. You and Franchisor shall execute this Agreement in the belief that it is the basis for a long-term business relationship and should be enforced according to its express provisions. Neither you nor Franchisor have any expectation that the rights and obligations described herein will be defined or determined to be other than as expressly written. You and Franchisor agree that it is not your and Franchisor's intention or expectation that a third party use any doctrine and/or rule of interpretation to impose additional and unexpressed obligations on you and/or Franchisor.

#### **F. Extension for Compliance**

This Agreement will be deemed automatically modified to comply with governing law if such law requires a greater time period for notice of Termination of, or refusal to renew, this Agreement or otherwise.

### **32. DISPUTE RESOLUTION**

#### **A. Non-Binding Mediation**

If any dispute, claim or controversy arises out of this Agreement or the parties' relationship, before beginning any legal actions, the parties must attempt to resolve the dispute, claim or controversy through nonbinding mediation. Either party may notify the other party of its intent to commence non-binding mediation. Within fourteen (14) days after a request for mediation, the parties shall select a mediator who is experienced in the mediation of disputes in the franchise industry. Any mediation shall take place in the county where Franchisor has its principal offices. The parties will share the costs of mediation equally, exclusive of their respective attorneys' fees. The obligation to mediate shall not apply to any dispute, claim, or controversy between the parties regarding the Marks or where either party seeks interim relief, including, without limitation, immediate restraining orders and injunctive relief claims.

***B. Arbitration: Jurisdiction***

Except as set forth in Section 32(C), the parties agree that all controversies, disputes, or claims between the parties and/or their affiliates, respective owners, shareholders, members, officers, directors, agents, and/or employees arising out of or related to (i) this Agreement or any other agreement between the parties; (ii) any provision of this Agreement (including the validity and scope of the arbitration obligation under this Section 32 or other issues of arbitrability, which Franchisor and Franchisee acknowledge is to be determined by an arbitrator, not a court); (iii) any aspect of the relationship between the Franchisor (or any of its affiliates) and Franchisee; and (iv) any aspect of the System or any system standard, will be determined exclusively by binding arbitration to be conducted under the then-current commercial arbitration rules of the American Arbitration Association ("AAA Rules").

The arbitration proceedings will be conducted by a single arbitrator appointed by the parties pursuant to the process provided for in the AAA Rules (the "Arbitrator"). All proceedings will be conducted at a suitable location chosen by the Arbitrator in the county where Franchisor has its principal offices (currently, Los Angeles County, California), unless a different location is agreed by the parties.

***C. Injunctive Relief***

Despite the parties' agreement to arbitrate, each of the parties have the right to seek temporary restraining orders and temporary and/or preliminary injunctive relief from a court of competent jurisdiction; provided, however, that the parties must contemporaneously submit the underlying dispute for arbitration on the merits as provided in Section 32(B).

Franchisee must make any request for a temporary restraining order or for temporary or preliminary injunctive relief exclusively in the Selected Courts. Franchisor may make any request for a temporary restraining order or for temporary or preliminary injunctive relief in the Selected Courts or in any federal or state court with jurisdiction. Franchisee and Franchisee's owners irrevocably consent to the Selected Courts' jurisdiction over Franchisee and Franchisee's owners and waive any argument that any other forum is a more convenient forum. In addition to any other relief available at law or equity, Franchisor will have the right to obtain restraining orders or temporary or permanent injunctions to: (i) enforce, among other matters, the provisions of this Agreement related to the System; (ii) enforce Franchisee's obligations on termination or expiration of this Agreement; and (iii) prohibit any act or omission by Franchisee or its employees that is a violation of applicable federal, state or local laws or that threatens Franchisor's intellectual property.

***D. Conduct of Arbitration***

The parties agree to be bound by the provisions of any limitation on the period of time in which claims must be brought under applicable law or this Agreement, whichever expires earlier. In any arbitration proceeding, each party in the arbitration must submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any claim which is not submitted or filed as required is forever barred. The Arbitrator must follow applicable laws and not disregard the terms of this Agreement. The Arbitrator may not consider any settlement discussions or offers that might have been made by either party and will not have the right to declare any Mark generic or otherwise invalid.

**E. Individual Action**

The parties agree that arbitration will be conducted on an individual, not a class-wide, basis and that an arbitration proceeding between the parties, their affiliates, and their respective shareholders, officers, directors, agents, and/or employees may not be consolidated with any other arbitration proceeding between the parties and any other person. Notwithstanding the foregoing or anything to the contrary in this Section 32 or Section 31, if any court or arbitrator determines that all or any part of the preceding sentence is unenforceable with respect to a dispute that otherwise would be subject to arbitration under this Section 32, then all parties agree that this arbitration clause will not apply to that dispute and that such dispute will be resolved in a judicial proceeding in the Selected Courts.

**F. Relief**

The Arbitrator has the right to award or include in its award any relief which it deems proper, including money damages (with interest on unpaid amounts from the date due), specific performance, injunctive relief, and attorneys' fees and costs, provided that the Arbitrator may not declare any Mark generic or otherwise invalid, or award any punitive or exemplary damages against either party (the parties hereby waive to the fullest extent permitted by law any right to or claim for any punitive or exemplary damages against the other). The award of the Arbitrator shall be conclusive and binding upon all parties hereto and judgment upon the award may be entered in any court of competent jurisdiction.

**G. Costs and Attorney Fee**

In any action or proceeding brought to enforce any provision of this Agreement or arising out of or in connection with the relationship of the parties hereunder, the prevailing party shall be entitled to recover against the other its reasonable attorneys' fees and costs in addition to any other relief awarded by the court or arbitration.

**H. Governing Law**

All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §§ 1 *et seq.*). Except to the extent governed by the Federal Arbitration Act or other federal law, this Agreement, the Franchise, and all claims arising from or related to the relationship between Franchisor and Franchisee, will be governed by the laws of the State of California, without regard to its conflict of laws principles, except that any California law regulating the sale of franchises, licenses, or business opportunities, or governing the relationship of a franchisor and its franchisee or the relationship of a licensor and its licensee, or involving unfair or deceptive acts or practices, or the covenants set forth in Section 17 of this Agreement will not apply unless its jurisdictional requirements are met independently without reference to this Section.

**I. Waiver of Jury Trial**

**IN THE EVENT THE ABOVE ARBITRATION PROVISION IS UNENFORCEABLE OR THE PARTIES OTHERWISE OTHERWISE AGREE TO PRESENT THEIR DISPUTE TO A COURT OF LAW, FRANCHISOR AND FRANCHISEE (AND ANY OF THEIR OWNERS) IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER FRANCHISEE (OR ITS OWNERS) OR FRANCHISOR. FRANCHISOR AND FRANCHISEE EACH ACKNOWLEDGE THAT FRANCHISOR AND FRANCHISEE MAKE THIS WAIVER KNOWINGLY, VOLUNTARILY, WITHOUT DURESS, AND ONLY AFTER CONSIDERATION OF THIS WAIVER'S RAMIFICATIONS.**

**J. Waiver of Punitive Damages**

**FRANCHISOR AND FRANCHISEE (AND THEIR OWNERS) WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE, EXEMPLARY, TREBLE OR OTHER FORMS OF MULTIPLE DAMAGES AGAINST THE OTHER AND AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN FRANCHISOR AND FRANCHISEE, THE PARTY MAKING A CLAIM WILL BE LIMITED TO EQUITABLE RELIEF AND TO RECOVERY OF ANY ACTUAL DAMAGES HE, SHE, OR IT SUSTAINS.**

**K. Cumulative Rights**

Franchisor's and Franchisee's rights under this Agreement are cumulative, and no exercise or enforcement of any right or remedy will preclude Franchisor's and Franchisee's exercise or enforcement of any other right or remedy under this Agreement which Franchisor and Franchisee are entitled by law to exercise or enforce.

**L. Survival**

The terms of this Section 32 shall survive termination, expiration or cancellation of this Agreement and are intended to benefit and bind certain third-party non-signatories.

**33. FORCE MAJEURE**

Whenever a period of time is provided in this Agreement for either party to do or perform any act or thing, except the payment of monies, neither party shall be liable or responsible for any delays due to strikes, lockouts, casualties, acts of God, war, acts of terrorism, government regulation or control or other causes beyond the reasonable control of the parties. Any time period for the performance of an obligation, excluding the payment of monies, shall be extended for the amount of time of the delay. This clause shall not apply or not result in an extension of the term of this Agreement.

**34. "FRANCHISEE" DEFINED AND GUARANTY**

**A. Franchisee**

As used in this Agreement, the term "Franchisee" shall include the individual(s) or entity defined as "Franchisee" in the introductory paragraph of this Agreement and all persons who succeed to the interest of the original Franchisee by transfer or operation of law. The term "Franchisee" shall also include all partners of the entity that executes this Agreement (if the entity is a partnership); all shareholders, officers and directors of the entity that executes this Agreement (if the entity is a corporation); and all members, managers or governors of the entity that executes this Agreement (if the entity is a limited liability company).

**B. Individual Undertakings**

By their signatures hereto, all partners, shareholders, officers, directors, members, managers and governors of the entity that signs this Agreement as Franchisee personally and individually acknowledge and accept the duties and obligations imposed on Franchisee by the terms of this Agreement. As a condition to the granting of the franchise under this Agreement by Franchisor, if Franchisee is an entity, Franchisor may require each of Franchisee's Owners to execute a Guarantee in the form of Schedule B attached hereto.

**35. OPERATION IN THE EVENT OF ABSENCE OR DISABILITY**

In order to prevent any interruption of the Center operations which would cause harm to the Center, thereby depreciating the value thereof, Franchisee authorizes Franchisor, who may, at its option, in the event that Franchisee is absent for any reason or is incapacitated by reason of illness and is unable, in the sole and reasonable judgment of Franchisor, to operate the Center, operate the Center for so long as Franchisor deems necessary and practical, and without waiver of any other rights or remedies Franchisor may have under this Agreement. All monies from the operation of the Center during such period of operation by Franchisor shall be kept in a separate account, and the expenses of the Center, including reasonable compensation and expenses for Franchisor's representative, shall be charged to said account. If, as herein provided, Franchisor temporarily operates the Center franchised herein for Franchisee, Franchisee agrees to indemnify and hold harmless Franchisor and any representative of Franchisor who may act hereunder, from any and all acts which Franchisor may perform while operating your Center pursuant to this Section.

**36. STEP-IN-RIGHTS**

**A. Cause for Step-In**

If Franchisor determines in its sole judgment that the operation of Franchisee's Center is in jeopardy, or if a default occurs, then in order to prevent an interruption of the Center which would cause harm to the System and thereby lessen its value, Franchisee authorizes Franchisor to operate his/her Center for as long as Franchisor deems necessary and practical, and without waiver of any other rights or remedies which Franchisor may have under this Agreement. In the sole judgment of Franchisor, Franchisor may deem Franchisee incapable of operating the Center if, without limitation, Franchisee is absent or incapacitated by reason of illness or death; Franchisee has failed to pay when due or has failed to remove any and all liens or encumbrances of every kind placed upon or against Franchisee's Center; or Franchisor determines that operational problems require that Franchisor operate Franchisee's Center for a period of time that Franchisor determines, in its sole discretion, to be necessary to maintain the operation of the Center as a going concern.

**B. Duties of Parties**

Franchisor shall keep in a separate account all monies generated by the operation of Franchisee's Center, less the expenses of the Center, including reasonable compensation and expenses for Franchisor's representatives. In the event of the exercise of the Step-In Rights by Franchisor, Franchisee agrees to hold harmless Franchisor and its representatives for all actions occurring during the course of such temporary operation. Franchisee agrees to pay all of Franchisor's reasonable Attorneys' Fees and costs incurred as a consequence of Franchisor's exercise of its Step-In Rights. Nothing contained herein shall prevent Franchisor from exercising any other right which it may have under this Agreement, including, without limitation, termination.

**37. FRANCHISOR PRACTICES**

Franchisee understands, acknowledges and agrees that Franchisor may have offered franchises in the past, may currently be offering Franchises and/or may offer Franchises in the future on economic and/or other terms, conditions and provisions which may significantly differ from those set forth in this Agreement and any related documents, and that there may be instances in which Franchisor has varied, or will vary, the terms on which Franchisor offers Franchises, the charges Franchisor receives and other arrangements with franchisees to suit the circumstances of a particular transaction, the particular franchisee's situation or otherwise, in each case in its sole discretion and without liability, to the extent permitted by law.

**38. CUMULATIVE REMEDIES**

Except as provided herein, the rights and remedies specifically granted to either you or Franchisor by this Agreement will not be deemed to prohibit either of you or Franchisor from exercising any other right or remedy provided under this Agreement or permitted by law or equity.

**39. DISCRETIONARY ENFORCEMENT**

Franchisor has the right to elect in its discretion to not enforce (or to selectively enforce) any provision of this Agreement or any agreement, standard or policy, whether with respect to you and/or any other franchisee or other person, in a lawful manner without liability.

**40. DEFINITIONS**

**The following definitions apply to terms used this Agreement:**

**"Affiliate"** - Any person or entity which controls, is controlled by or is under common control with another person or entity; in addition, as to the Franchisee, any owner of any interest in the Franchisee or the Franchise, and any employee or agent of the Franchisee.

**"Agreement"** - This Franchise Agreement.

**“Anti-Terrorism Laws”** – As defined in Section 14.J.

**“Approved Location”** – As defined in Section 4 and specified in Schedule A.

**“Approved Vendors and Supplies List”** – As defined in Section 14.E.

**“Attorneys’ Fees”** - Includes, without limitation, legal fees, whether incurred in preparation of the filing of any written demand or claim, action, hearing, arbitration (if applicable), or other proceeding to enforce the obligations of this Agreement, or during any such proceeding, plus all costs incurred in connection therewith.

**“Business Entity”** - Includes a corporation, partnership, joint venture, limited liability company, limited partnership, or other form of business recognized in any jurisdiction. If you are a Business Entity, then Franchisor has the right to require each of your Owners to guaranty your performance. Our current form of Owners’ Guaranty is attached as Schedule B of this Franchise Agreement.

**“Center”** - The tutoring business you are franchised to operate when you sign this Agreement, as defined in the opening paragraphs of this Agreement.

**“Center Director”** – as defined in Section 5.G.

**“Centralized Accounts”** – As defined in Section 1.C.

**“Copyrighted Works”** – As defined in Section 7.A.

**“Designated Owner”** – As defined in Section 5.G. and identified on Schedule A, as applicable.

**“Effective Date”** - The date this Franchise Agreement is made, as provided on the first page and in the first paragraph of this Agreement.

**“Expiration Date”** – The date this Franchise Agreement ends, as noted on first page of this Franchise Agreement.

**“Franchise”** - The right to operate a “The Tutoring Center” tutoring business, providing products and services approved by Franchisor and using the System and Marks under the terms of this Agreement.

**“Franchised Business”** – As defined in Section 4.G.

**“Franchisee”** – As defined in the introductory paragraph of this Franchise Agreement and in Section 35.A.

**“Franchisor”** – The Tutoring Center Franchise Corp.

**“General Release”** - A general release, in the then-current form prescribed by us at the time such release is to be delivered, of any and all claims, liabilities and/or obligations, of any nature whatsoever, including those existing as of, and/or arising before, the date of any such release, however arising, known or unknown, whether against Franchisor and/or any Affiliates, and whether by you, any Owner of yours (if you are or become a Business Entity) and/or any Affiliate of any of the foregoing. A copy of Franchisor’s general releasing language (which is subject to change) is attached as Schedule E and is approved by you.

**“General Vicinity”** – As identified in Schedule A, for the purposes of ensuring that you seek and locate a site for our approval within a specified geographical area, if the Approved Location has not been identified at the time this Agreement is signed. It is not meant to be, nor is it, a franchise ‘territory’ of any sort.

**“Head Instructor”** – As defined in Section 5.G.

**“Manuals” (aka “Operations Manual”)** - Standards, procedures, policies and specifications, prescribed by us and published to you, pertaining to a Tutoring Center Franchise and its operation, including possibly recordkeeping and accounting systems; advertising and public relations methods; equipment and supply specifications and standards, rules for usage of the Marks, and other matters that Franchisor deems appropriate.

**“Manual Supplements”** – As defined in Section 9.C.

**“Marks”** - The trademarks, service marks and other commercial symbols now and/or in the future owned by (or licensed to) Franchisor to identify the Services and/or Products offered by Franchisor, its Affiliates and/or The Tutoring Centers, including (but not limited to) the marks: THE TUTORING CENTER®, GENIUSES IN TRAINING®, THE TUTORING CENTER & Design of a Person Reaching for a Star®, IQUEST®, IQUEST & Design® and other logos and identifiers designated by us from time to time.

**“Opening Payment”** – As defined in Section 12.A.i.

**“Owner”** – Any holder, direct or indirect, of a legal or beneficial interest in Franchisee or Franchisor, as the context requires.

**“Permanent Disability”** – As defined in Section 21.A.

**“Premises”** - The facility in which you will operate a single “The Tutoring Center” tutoring business.

**“Products” and “Services”** - Goods, products and services designated by Franchisor from time to time for use or sale at and/or from your “The Tutoring Center” business, and/or in association with the applicable Marks. As of the Effective Date, Products and Services include, but are not limited to, teaching materials, educational services and tutorial sessions to children, in each case only as designated and approved by Franchisor and subject to change or elimination by Franchisor.

**“Semi Annual Program Fee”** – As defined in Section 12.B.

**“Selected Courts”** - Collectively, the United States District Court for the District in which Franchisor has its principal place of business at the time of filing or if federal subject matter jurisdiction is lacking, the appropriate state court closest to Franchisor’s principal place of business at the time of filing.

**“System”** – A proprietary system developed by Franchisor for assessing and tutoring individuals in various specified school subjects and skills. The System includes, but is not limited to, facility design and décor, operational methods, techniques, know-how and procedures, marketing and advertising techniques and materials, training programs and materials, manuals; product and supplier resources, recordkeeping procedures, related confidential and proprietary elements and the “Copyrighted Works” and “Trade Secrets,” all of which Franchisor, in its sole discretion, may continue to develop and change from time to time. The System also includes the licensed use of service marks, trademarks, and commercial symbols, including the registered mark, “The Tutoring Center®” as well as other branded products and services, as specified by Franchisor from time to time.

**“Territory”** – The geographic area described in Section 4 and to be identified as provided in Schedule A.

**“Trade Secrets”** – As defined in Section 8.A.

**“Tutoring Center”** – The Tutoring Center tutoring business you are franchised to operate when you sign this Agreement, as defined in the opening paragraphs of this Agreement.

(SIGNATURES ON FOLLOWING PAGE)

Franchisor \_\_\_\_\_

Franchisee \_\_\_\_\_

IN WITNESS WHEREOF, the parties, intending to be legally bound, have executed this Agreement on the day and year first above written.

THIS AGREEMENT WILL NOT BECOME EFFECTIVE UNLESS AND UNTIL SIGNED BY FRANCHISOR.

**Sign here if "Franchisee" is a natural person**

FRANCHISEE (Individual[s])

FRANCHISEE (Individual[s])

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Printed Name

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

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

**Sign here if "Franchisee" is a type of business entity**

FRANCHISEE (Corp., LLC or Partnership)

\_\_\_\_\_  
Legal Name of Franchisee Entity

a \_\_\_\_\_ Corporation, LLC or Partnership

\_\_\_\_\_  
Jurisdiction of Formation

By: \_\_\_\_\_  
Print Name

\_\_\_\_\_  
Signature

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

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

**FRANCHISOR:**

\_\_\_\_\_  
The Tutoring Center Franchise Corp.,  
a California corporation

By: \_\_\_\_\_  
Printed Name

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

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

**SCHEDULE A TO THE FRANCHISE AGREEMENT**  
**Site Selection, Approved Location and Territory and Designated Owner**

**Part #1: Designated Owner**

The Designated Owner is the individual identified on Schedule A and who holds an equity interest in the Franchised Business and must satisfy all training and other franchise operations requirements, including being the person responsible for the daily operation of the Center. The Designated Owner is \_\_\_\_\_ [name].

**Part #2: Site Selection and General Vicinity**

At the time you sign this Franchise Agreement, you probably will not have an Approved Location for your Tutoring Center. As provided in Section 4 of the Franchise Agreement, you must identify a site for your Center and request Franchisor's approval of the site. If the street address and Territory for your Center is not identified above by the Effective Date of the Franchise Agreement, you and Franchisor agree to amend this Schedule A in writing within fifteen (15) days from Franchisor's notice to you providing an acceptance of your proposed Center location and identifying any related Territory (Refer to Part 3, below).

**You must look for a site for your Center only in the General Vicinity, unless otherwise authorized by Franchisor in writing.**

The General Vicinity is the following area: \_\_\_\_\_.

The General Vicinity is identified so that Franchisor can properly administer franchise operations and is only for the purposes of ensuring that you seek and locate a site for Franchisor's approval within a specified geographical area. **It is not meant to be, nor is it, a franchise 'territory' of any sort.** You expressly acknowledge and agree that i) the General Vicinity is not, and shall not be construed to be, your territory, ii) you will not propose or be permitted to acquire any site located in another Center's Territory and iii) Franchisor may locate, or authorize others to look for a Center site or to locate a Center, anywhere in the General Vicinity.

**Part #3: Identification of Approved Location and Franchisee's Territory**

At the time you sign this Franchise Agreement, you probably will not have an Approved Location for your Tutoring Center. As provided in Section 4 of the Franchise Agreement, you must identify a site for your Center in the General Vicinity, as provided in Part 2, above, and request Franchisor's approval of the site. If a proposed site is approved by Franchisor, the specific address of that site will automatically become the Approved Location for purposes of the Agreement and this Schedule A, as if originally set forth in this Schedule A, and any General Vicinity identified above will lapse and be without meaning or effect.

**The identification of the Approved Location and related Territory remains blank until Franchisor's written consent to a specific site address has been received by you:**

Your Tutoring Center Approved Location is:

Street Address: \_\_\_\_\_ City: \_\_\_\_\_

**Your "Territory" is identified on the map attached to this Schedule A, or, if no map is provided when this Schedule A is amended to identify the Approved Location, above, then the Territory will be deemed to be the area within a 5 mile radius from the front door of your Center (as measured by straight line with a global positioning system ["GPS"]).**

*Note: Boundary lines include only the area within the boundary line and extend only to the middle of any boundary demarcation (for example, only to the middle of a street or highway.) You have no rights under this Agreement or otherwise with respect to a Center or other facility on the other side of the boundary line, street or highway or otherwise.*

Your and our respective rights in the Territory are subject to the terms and conditions of the Franchise Agreement and expressly as stated in Section 1 and in this Schedule, which is incorporated into and a part of the Franchise Agreement. All rights in the Territory not expressly granted to you are reserved by Franchisor.

ATTACH OR INSERT TERRITORY MAP HERE

**SCHEDULE B TO THE FRANCHISE AGREEMENT  
GUARANTEE AND ASSUMPTION OF OBLIGATIONS**

THIS GUARANTEE AND ASSUMPTION OF OBLIGATIONS (the "Guarantee") is given this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by (Your Name) \_\_\_\_\_ (the "Guarantor").

In consideration of, and as an inducement to, the execution of the Franchise Agreement or transfer agreement dated concurrently with this Guarantee by THE TUTORING CENTER FRANCHISE CORP. (the "Franchisor"), each of the undersigned Guarantors hereby personally and unconditionally (1) guarantees to Franchisor and its successors and assigns, for the term of the Franchise Agreement and thereafter as provided in the Franchise Agreement, that: (Franchisee Name) \_\_\_\_\_ (the "Franchisee") shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Franchise Agreement; and (2) shall personally be bound by, and personally liable for the breach of each and every provision in the Franchise Agreement, both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities including, without limitation, the provisions of Section 17. Each of the undersigned waives: (1) acceptance and notice of acceptance by Franchisor of the foregoing undertakings; (2) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed; (3) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed; (4) any right it may have to require that an action be brought against Franchisee or any other person as a condition of liability; and (5) any and all other notices and legal or equitable defenses to which it may be entitled.

Each of the undersigned consents and agrees that: (1) its direct and immediate liability under this Guarantee shall be joint and several; (2) it shall render any payment or performance required under the Franchise Agreement on demand if Franchisee fails or refuses punctually to do so; (3) such liability shall not be contingent or conditioned on pursuit by Franchisor of any remedies against Franchisee or any other person; and (4) such liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence that Franchisor may from time to time grant to Franchisee or to any other person, including, without limitation, the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this Guarantee, which shall be continuing and irrevocable during the term of the Franchise Agreement.

IN WITNESS WHEREOF, each of the undersigned has here unto affixed his or her signature on the day and year noted below.

*(Signatures on Next Page)*

GUARANTOR(S)

PERCENTAGE OF OWNERSHIP  
OF ENTITY FRANCHISEE

DATE

\_\_\_\_\_  
Signature

\_\_\_\_\_ %

\_\_\_\_\_

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Signature

\_\_\_\_\_ %

\_\_\_\_\_

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Signature

\_\_\_\_\_ %

\_\_\_\_\_

\_\_\_\_\_  
Print Name

ENTITY FRANCHISEE (Corp., LLC or Partnership)

\_\_\_\_\_  
Legal Name of Entity

a \_\_\_\_\_  
Jurisdiction of Formation

\_\_\_\_\_  
Corporation, LLC or Partnership

By: \_\_\_\_\_  
Print Name

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Title

**SCHEDULE C TO THE FRANCHISE AGREEMENT  
AGREEMENT AND CONDITIONAL ASSIGNMENT OF LEASE**

This Agreement and Conditional Assignment of Lease ("Agreement") is made this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_, by and among the following parties:

LESSOR: \_\_\_\_\_

LESSEE: \_\_\_\_\_

FRANCHISOR: The Tutoring Center Franchise Corp.  
3750 Long Beach Boulevard, Suite 100  
Long Beach, California 90807

**RECITALS:**

**WHEREAS**, under the terms of the Lease Agreement, attached hereto as Exhibit A, Lessor has agreed to lease to Lessee certain premises (the "Premises") located at the following street address:

\_\_\_\_\_  
\_\_\_\_\_

**WHEREAS**, Franchisor has accepted the Premises as a suitable location for Lessee's Center, subject to the provisions of the Franchise Agreement and further subject to the terms and conditions set forth herein.

**NOW, THEREFORE**, in consideration of the mutual covenants herein contained other good and valuable consideration, including the acceptance by Franchisor of the Premises as a location for a "The Tutoring Center" Center, the parties hereby agree as follows:

**1. Use of the Premises**

Lessee shall use the Premises only for the operation of a "The Tutoring Center" Center pursuant to its Franchise Agreement with Franchisor and for no other purposes whatsoever. If Lessee closes the Center, Lessee agrees not to open another business on these Premises.

**2. Signage**

Lessor hereby consents to Lessee's use and display on the Premises of such exterior and interior signs, posters, promotional materials, and equipment, furnishings, and decor as are currently required by Franchisor pursuant to the Franchise Agreement. In the event that such requirements are changed in the future, Lessor agrees that it will not unreasonably withhold its consent to Lessee's compliance with such changes. In the event that local ordinances or zoning requirements prohibit the use of the Franchisor's standard signage, Franchisor will not unreasonably withhold its consent to the modification of its standard signage to comply with such requirements.

### 3. Notices

Lessor agrees to furnish Franchisor with copies of any and all letters and notices to Lessee pertaining to any default by Lessee under the Lease at the same time and in the same manner as any such notice is sent to Lessee. Lessee agrees to furnish Franchisor with prompt written notice of any and all amendments, waivers, extensions, renewals or other modifications of the Lease. All notices hereunder shall be mailed or delivered to the addresses set forth above, unless changed from time to time by any party through written notice mailed or delivered to the other parties.

### 4. Assignment

Lessor hereby acknowledges that Lessee has agreed under the Franchise Agreement that, in the event of termination or expiration of the Franchise Agreement or Lessee's default under the Lease, Lessee shall, at Franchisor's option, assign to Franchisor any and all interest of Lessee in the Lease. Lessee, to secure its obligations to the Franchisor under the Franchise Agreement hereby assigns, transfers and sets over unto Franchisor all of Franchisee's right, title and interest, whether as tenant or otherwise, in, to and under the Lease. Franchisor shall have no liabilities or obligations of any kind arising from, or in connection with, this Assignment, the Lease or otherwise (including, but not limited to, any obligation to pay rent and/or other amounts) until and unless the Franchisor, in its discretion, takes possession of the Premises pursuant to the terms hereof and expressly assumes in writing the rights and obligations of Franchisee under the Lease. The Franchisor is responsible only for those obligations accruing under the Lease after the date of such assumption. Lessor hereby consents to such assignment, subject to the following conditions:

- A) Franchisor shall notify Lessor in writing within thirty (30) days after termination or expiration of the Franchise Agreement or Franchisor's receipt of any notice of default by Lessee under the Lease if Franchisor elects to assume the Lease. Franchisor's failure to accept assumption of the Lease upon any default of Lessee under the Lease shall not be deemed a waiver of Franchisor's future right to accept such assumption in the event of any future default by Lessee;
- B) If Franchisor elects to accept assumption of the Lease, Franchisor shall execute and deliver to Lessor a lease containing the same terms and conditions (including rental rates) as the Lease; provided, however, that Franchisor's leasehold interest shall not be subject to any default claims that may exist between Lessor and Lessee;
- C) If Franchisor elects to accept assumption of the Lease, Franchisor shall take possession of the Premises within thirty (30) days after notice of such election to Lessor, and Franchisor shall commence payment of rent upon taking possession of the Premises;
- D) Nothing herein shall affect Lessor's right to recover from Lessee any and all amounts due under the Lease or to exercise any rights of Lessor against Lessee as provided under the Lease.
- E) **Franchisor will not take possession of the Premises until and unless the Lessee defaults (and/or until there is a termination, cancellation, rescission or expiration of the Franchisee's rights) under the Lease, any sublease, the Franchise Agreement or another agreement between the Lessee and the Franchisor.**

### 5. Assignment to Third Party

At any time after giving notice of its election to accept assignment of the lease, Franchisor may request to assign its lease, or sublease the Premises, to a third party without any further liability thereunder. Lessor agrees not to unreasonably withhold its consent to any such assignment or sublease on the same terms as the Lease; provided, however, that if Lessor refuses to consent to such assignment or sublease by Franchisor, Franchisor shall have no further obligations thereunder.

### 6. Entry of Franchisor

Lessor and Lessee hereby acknowledge that Lessee has agreed under the Franchise Agreement that Franchisor and its employees or agents shall have the right to enter the Center operated by Lessee at the Premises at any time for the purpose of conducting inspections, protecting Franchisor's proprietary marks, and correcting deficiencies of Lessee. Lessor and Lessee hereby agree not to interfere with or prevent such entry by Franchisor, its employees or agents.

**7. De-Identification**

Lessor and Lessee hereby acknowledge that in the event the Franchise Agreement expires or is terminated, Lessee is obligated under the Franchise Agreement to take certain steps to de-identify the location as a "The Tutoring Center" Center operated by Lessee. Lessor agrees to cooperate fully with Franchisor in enforcing such provisions of the Franchise Agreement against Lessee, including allowing Franchisor, its employees and agents to enter and remove signs, decor and materials bearing or displaying any marks, designs or logos of Franchisor or which are proprietary to or a component of the Tutoring Center System (individually and collectively, "Tutoring Center Items"); provided, however, that Lessor shall not be required to bear any expenses thereof. Lessor specifically acknowledges and agrees that Lessor has no right or authority to keep or dispose of the Tutoring Center Items without obtaining Franchisor's advance written consent and shall give Franchisor reasonable notice and opportunity to collect and/or remove such Tutoring Center Items from the leased premises. Lessee agrees that Lessee shall promptly upon receipt of Franchisor's request transport to and deposit at a location designated, and according to any instructions provided, by Franchisor at Lessee's expense and at no charge to Franchisor all furniture, equipment and similar items bought to Tutoring Center standards and specifications and used in the Franchised Business ("Tutoring Center Materials"). If Lessee fails to de-identify the Premises promptly upon termination or expiration as required under the Franchise Agreement or to comply with this Agreement and Conditional Assignment of Lease, Franchisor may cause all required de-identification and/or the collection, transportation and storage of the Tutoring Center Materials to be completed at Lessee's expense. Franchisor can choose to purchase the Tutoring Center Materials as provided in the Franchise Agreement or Lessee can arrange for their sale to another franchisee. If neither sale occurs, Lessee can sell them to a third party or keep them for Lessee's benefit.

**8. General Provisions**

A) This Agreement shall be binding upon the parties hereto and their successors, assigns, heirs, executors, and administrators. The rights and obligations herein contained shall continue notwithstanding changes in the persons or entities that may hold any leasehold or ownership in the land of building. Any party hereto may record this Agreement or a memorandum hereof.

B) Any party hereto may seek equitable relief, including, without limitation, injunctive relief or specific performance, for actual threatened violation or nonperformance of this Agreement by any other party. Such remedies shall be in addition to all other rights provided for under this or other agreements between any of the parties. The prevailing party in any action shall be entitled to recover its legal fees together with court costs and expenses of litigation.

C) Nothing contained in this Agreement shall affect any term or condition in the Franchise Agreement between Lessee and Franchisor. Nothing herein shall be deemed to constitute a guaranty or endorsement by Franchisor of the terms and conditions of the Lease between Lessor and Lessee. In the event that Franchisor, in its sole discretion, determines not to accept assignment of the Lease as permitted hereunder, neither Lessor nor Lessee shall have any claims against Franchisor. No terms or conditions contained in the Lease shall be binding on Franchisor unless and until it elects to accept assignment of the Lease hereunder.

**IN WITNESS WHEREOF**, the parties hereto have executed this Agreement as of the date first above written.

WITNESS:

LESSOR:

\_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

WITNESS:

LESSEE:

\_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

WITNESS:

FRANCHISOR:

The Tutoring Center Franchise Corp.

\_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

EXHIBIT A

PREMISES LEASE (ATTACHED)

**SCHEDULE D TO THE FRANCHISE AGREEMENT  
FRANCHISEE DISCLOSURE ACKNOWLEDGMENT STATEMENT**

***(If you are a resident of, or plan to locate your Tutoring Center business in, the State of California, you are not required to answer any of the questions marked with an asterisk. This Acknowledgment is not to be signed or used if the franchisee resides within, or if the franchised business will be located within, the State of Maryland.)***

As you know, The Tutoring Center Franchise Corp. (the "Franchisor") and you are preparing to enter into a franchise agreement (the "Franchise Agreement") for the establishment and operation of a The Tutoring Center Business (the "Franchised Business"). The purpose of this Questionnaire is to determine whether any statements or promises were made to you by employees or authorized representatives of the Franchisor, or by employees or authorized representatives of a broker acting on behalf of the Franchisor ("Broker") that have not been authorized, or that were not disclosed in the Disclosure Document. The Franchisor, through the use of this document, desires to ascertain that the undersigned, individually and as a representative of any legal entity established to acquire the franchise rights, fully understands and comprehends that the purchase of a franchise is a business decision, complete with its associated risks, and (b) that you are not relying upon any oral statement, representations, promises or assurances during the negotiations for the purchase of the franchise which have not been authorized by Franchisor. This Questionnaire does not waive any liability that Franchisor may have under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

In the event that you are intending to purchase an existing Franchised Business from an existing Franchisee, you may have received information from the transferring Franchisee, who is not an employee or representative of the Franchisor. The questions below do not apply to any communications that you had with the transferring Franchisee. Please review each of the following questions and statements carefully and provide honest and complete responses to each.

1. Are you seeking to enter into the Franchise Agreement in connection with a purchase or transfer of an existing Franchised Business from an existing Franchisee?

Yes \_\_\_\_\_ No \_\_\_\_\_

2. I had my first face-to-face meeting with a Franchisor representative on \_\_\_\_\_, 20\_\_\_\_.

3. Have you received and personally reviewed the Franchise Agreement, each addendum, and/or related agreement provided to you?\*

Yes \_\_\_\_\_ No \_\_\_\_\_

4. Do you understand all of the information contained in the Franchise Agreement, each addendum, and/or related agreement provided to you?\*

Yes \_\_\_\_\_ No \_\_\_\_\_

If no, what parts of the Franchise Agreement, any Addendum, and/or related agreement do you not understand? (Attach additional pages, if necessary.)

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5. Have you received and personally reviewed the Franchisor's Disclosure Document that was provided to you?\*

Yes \_\_\_\_\_ No \_\_\_\_\_

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

Yes \_\_\_\_\_ No \_\_\_\_\_ If Yes, what is the date on the receipt? \_\_\_\_\_

7. Do you understand all of the information contained in the Disclosure Document and any state-specific Addendum to the Disclosure Document?\*

Yes \_\_\_\_\_ No \_\_\_\_\_

If No, what parts of the Disclosure Document and/or Addendum do you not understand? (Attach additional pages, if necessary.)

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

8. Have you discussed the benefits and risks of establishing and operating a Franchised Business with an attorney, accountant, or other professional advisor?\*

Yes \_\_\_\_\_ No \_\_\_\_\_

If No, do you wish to have more time to do so?

Yes \_\_\_\_\_ No \_\_\_\_\_

9. Do you understand that the success or failure of your Franchised Business will depend in large part upon your skills and abilities, competition from other businesses, interest rates, inflation, labor and supply costs, location, lease terms, your management capabilities and other economic, and business factors?\*

Yes \_\_\_\_\_ No \_\_\_\_\_

10. Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise concerning the actual or potential revenues, profits or operating costs of any particular Franchised Business operated by the Franchisor or its franchisees (or of any group of such businesses), that is contrary to or different from the information contained in the Disclosure Document?\*

Yes \_\_\_\_\_ No \_\_\_\_\_

11. Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise regarding the amount of money you may earn in operating the franchised business that is contrary to or different from the information contained in the Disclosure Document?\*

Yes \_\_\_\_\_ No \_\_\_\_\_

12. Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise concerning the total amount of revenue the Franchised Business will generate, that is contrary to or different from the information contained in the Disclosure Document?\*

Yes \_\_\_\_\_ No \_\_\_\_\_

13. Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise regarding the costs you may incur in operating the Franchised Business that is contrary to or different from the information contained in the Disclosure Document?\*

Yes \_\_\_\_\_ No \_\_\_\_\_

14. Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating a Franchised Business?\*

Yes \_\_\_\_\_ No \_\_\_\_\_

15. Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement, promise or agreement concerning the advertising, marketing, training, support service or assistance that the Franchisor will furnish to you that is contrary to, or different from, the information contained in the Disclosure Document or Franchise Agreement?\*

Yes \_\_\_\_\_ No \_\_\_\_\_

16. Have you entered into any binding agreement with the Franchisor concerning the purchase of this franchise prior to today?

Yes \_\_\_\_\_ No \_\_\_\_\_

17. Have you paid any money to the Franchisor concerning the purchase of this franchise prior to today?

Yes \_\_\_\_\_ No \_\_\_\_\_

18. Have you spoken to any other franchisee(s) of this system before deciding to purchase this franchise? If so, who?\*

If you have answered No to question 9, or Yes to any one of questions 10-17, please provide a full explanation of each answer in the following blank lines. (Attach additional pages, if necessary, and refer to them below.) If you have answered Yes to question 9, and No to each of questions 10-17, please leave the following lines blank.

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I signed the Franchise Agreement and Addendum (if any) on \_\_\_\_\_, 20\_\_, and acknowledge that no Agreement or Addendum is effective until signed and dated by the Franchisor.

Please understand that your responses to these questions are important to us and that we will rely on them. By signing this Questionnaire, you are representing that you have responded truthfully to the above questions. In addition, by signing this Questionnaire, you also acknowledge that:

You recognize and understand that business risks, which exist in connection with the purchase of any business, make the success or failure of the franchise subject to many variables, including among other things, your skills and abilities, the hours worked by you, competition, interest rates, the economy, inflation, franchise location, operation costs, lease terms and costs and the marketplace. You hereby acknowledge your awareness of and willingness to undertake these business risks.

A. You agree and state that the decision to enter into this business risk is in no manner predicated upon any oral representation, assurances, warranties, guarantees or promises made by Franchisor or any of its officers, employees or agents (including the Broker or any other broker) as to the likelihood of success of the franchise. Except as contained in the Disclosure Document, you acknowledge that you have not received any information from the Franchisor or any of its officers, employees or agents (including the Broker or any other broker) concerning actual, projected or forecasted franchise sales, profits or earnings. If you believe that you have received any information concerning actual, average, projected or forecasted franchise sales, profits or earnings other than those contained in the Disclosure Document, please describe those in the space provided below or write "None."\*

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B. You further acknowledge that the President of the United States of America has issued Executive Order 13224 (the "Executive Order") prohibiting transactions with terrorists and terrorist organizations and that the United States government has adopted, and in the future may adopt, other anti-terrorism measures (the "Anti-Terrorism Measures"). The Franchisor therefore requires certain certifications that the parties with whom it deals are not directly involved in terrorism. For that reason, you hereby certify that neither you nor any of your employees, agents or representatives, nor any other person or entity associated with you, is:

- i) a person or entity listed in the Annex to the Executive Order;
- ii) a person or entity otherwise determined by the Executive Order to have committed acts of terrorism or to pose a significant risk of committing acts of terrorism;
- iii) a person or entity who assists, sponsors, or supports terrorists or acts of terrorism; or
- iv) owned or controlled by terrorists or sponsors of terrorism.

You further covenant that neither you nor any of your employees, agents or representatives, nor any other person or entity associated with you, will during the term of the Franchise Agreement become a person or entity described above or otherwise become a target of any Anti-Terrorism Measure.

*(Signatures on Next Page)*

Acknowledged this \_\_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_.

Sign in the applicable section below.

INDIVIDUAL

CORPORATION, LIMITED LIABILITY  
COMPANY OR PARTNERSHIP

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name of Legal Entity

\_\_\_\_\_  
Print Name

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

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Title

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

**SCHEDULE E TO THE FRANCHISE AGREEMENT  
CURRENT FORM OF RELEASING LANGUAGE  
(SUBJECT TO CHANGE BY FRANCHISOR)**

Release - General Provisions. The Franchisee(s), jointly and severally, hereby release and forever discharge each and all of the Franchisor-Related Persons/Entities (as defined below) of and from any and all causes of action, in law or in equity, suits, debts, liens, defaults under contracts, leases, agreements or promises, liabilities, claims, demands, damages, losses, costs or expenses, of any nature whatsoever, howsoever arising, known or unknown, fixed or contingent, past or present, that the Franchisee(s) (or any of them) now has or may hereafter have against any or all of the Franchisor-Related Persons/Entities by reason of any matter, cause or thing whatsoever from the beginning of time to the date hereof (the "Claims"), it being the mutual intention of the parties that this release be unqualifiedly general in scope and effect and that any Claims against any of the Franchisor-Related Persons/Entities are hereby forever canceled and forgiven.

THE FRANCHISEE(S) ACKNOWLEDGE THAT THEY ARE FAMILIAR WITH THE PROVISIONS OF CALIFORNIA CIVIL CODE SECTION 1542, WHICH PROVIDES AS FOLLOWS:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS/HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM/HER, WOULD HAVE MATERIALLY AFFECTED HIS/HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY."

THE FRANCHISEE(S), BEING AWARE OF THIS CODE SECTION, HEREBY EXPRESSLY WAIVE ALL OF THEIR RIGHTS THEREUNDER AS WELL AS UNDER ANY OTHER STATUTES OR COMMON LAW PRINCIPLES OF SIMILAR EFFECT OF ANY APPLICABLE JURISDICTION, INCLUDING, WITHOUT LIMITATION, CALIFORNIA AND/OR JURISDICTIONS OF FRANCHISEE(S)' RESIDENCE AND LOCATION OF FRANCHISED UNIT; EXCEPTING ONLY THOSE CLAIMS SOLELY RELATED TO THE OFFER AND SALE OF THE FRANCHISE, WHERE SUCH RELEASES ARE EXPRESSLY PROHIBITED BY APPLICABLE LAW.

The Franchisee(s) expressly assume the risk of any mistake of fact or fact of which they may be unaware or that the true facts may be other than any facts now known or believed to exist by Franchisee(s), and it is the Franchisee(s) intention to forever settle, adjust and compromise any and all present and/or future disputes with respect to all matters from the beginning of time to the date of this document finally and forever and without regard to who may or may not have been correct in their understanding of the facts, law or otherwise. All releases given by the Franchisee(s) are intended to constitute a full, complete, unconditional and immediate substitution for any and all rights, claims, demands and causes of action whatsoever which exist, or might have existed, on the date of this document. The Franchisee(s) represent and warrant that they have made such independent investigation of the facts, law and otherwise pertaining to all matters discussed, referred to or released in or by this document as the Franchisee(s), in the Franchisee(s) independent judgment, believe necessary or appropriate. The Franchisee(s) have not relied on any statement, promise, representation or otherwise, whether of fact, law or otherwise, or lack of disclosure of any fact, law or otherwise, by the Franchisor-Related Persons/Entities or anyone else, not expressly set forth herein, in executing this document and/or the related releases.

Franchisee(s) Initials: \_\_\_\_\_N/A\_\_\_\_\_

No Assignment or Transfer of Interest. The Franchisee(s) represent and warrant that there has been, and there will be, no assignment or other transfer of any interest in any Claims that the Franchisee(s) may have against any or all of the Franchisor-Related Persons/Entities, all Claims having been fully and finally extinguished, and the Franchisee(s) agree to forever indemnify and hold the Franchisor-Related Persons/Entities harmless from any liability, claims, demands, damages, losses, costs, expenses or attorneys' fees incurred by any of the Franchisor-Related Persons/Entities as a result of any person asserting any interest in any of the Claims and/or any voluntary, involuntary or other assignment or transfer, or any rights or claims under any assignment, transfer or otherwise. It is the intention of the parties that this indemnity does not require payment by any of the

Franchisor-Related Persons/Entities as a condition precedent to recovery against the Franchisee(s) under this indemnity.

Franchisee(s) Initials: \_\_\_\_\_ N/A \_\_\_\_\_

Attorneys' Fees. If the Franchisee(s), or anyone acting for, or on behalf of, the Franchisee(s) or claiming to have received, by assignment or otherwise, any interest in any of the Claims, commence, join in, or in any manner seek relief through any suit (or otherwise) arising out of, based upon or relating to any of the Claims released hereunder or in any manner asserts against all or any of the Franchisor-Related Persons/Entities any of the Claims released hereunder, the Franchisee(s) agree to pay all attorneys' fees and other costs incurred by any of the Franchisor- Related Persons/Entities in defending or otherwise responding to said suit or assertion directly to the Franchisor-Related Persons/Entities incurring such costs.

"Franchisor-Related Persons/Entities." Franchisor, Franchisor's Affiliates, any advertising fund, any franchisee advisory group and each of the following, whether past, current or future: companies and/or persons acting through and/or in concert with us and/or with any of the foregoing; partners, shareholders, officers, directors, agents, attorneys, accountants, and/or employees of ours and/or of any of the foregoing; any companies and/or persons (known or unknown) that could be charged with responsibility and/or liability for any of the acts or omissions released hereby; and all predecessors, successors and/or assigns of ours and/or of any of the foregoing.

Franchisee(s) Initials: \_\_\_\_\_ N/A \_\_\_\_\_

Date of Releases, Joint and Several Liability. The releases granted hereunder will be deemed effective as of the date hereof. The liabilities and obligations of each of the Franchisee(s) (and any other person/entity providing releases to the Franchisor-Related Persons/Entities) will be joint and several.

Franchisee(s) Initials: \_\_\_\_\_ N/A \_\_\_\_\_

If the Franchisee is a legal entity, this document shall also be signed by, and apply to, each owner of any interest in the Franchisee, and the terms "Franchisee(s)" shall include each and all of such owners.

FRANCHISEE:

\_\_\_\_\_

By: \_\_\_\_\_

\_\_\_\_\_  
(Print Name, Title)

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

PRINCIPAL:

\_\_\_\_\_

\_\_\_\_\_  
(Print Name)

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

PRINCIPAL:

\_\_\_\_\_

\_\_\_\_\_  
(Print Name)

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

**SCHEDULE F TO THE FRANCHISE AGREEMENT  
CONFIDENTIALITY AND NON-COMPETITION AGREEMENT**

**(for trained employees, shareholders, officers,  
directors, general partners, Designated Owners,  
members and managers of Franchisee)**

In consideration of my being a \_\_\_\_\_ of \_\_\_\_\_ (“Franchisee”), and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, I hereby acknowledge and agree that:

1. Pursuant to a Franchise Agreement dated \_\_\_\_\_, 20\_\_ (the “Franchise Agreement”), Franchisee has acquired the right and franchise from The Tutoring Center Franchise Corp. (the “Company”) to establish and operate a “Tutoring Center” (the “Franchised Business”) and the right to use in the operation of the Franchised Business the Company’s trade names, service marks, trademarks, logos, emblems, and indicia of origin (the “Proprietary Marks”), 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 Accepted Location: \_\_\_\_\_ (the “Accepted Location”).

2. The Company, as the result of the expenditure of time, skill, effort and resources has developed and owns a distinctive format and system relating to the establishment and operation of Franchised Businesses for assessing and tutoring individuals in academic, enrichment, school performance, and test preparation skills (the “System”). The Company possesses certain proprietary and confidential information relating to the operation of the System, which includes certain proprietary trade secrets, methods, techniques, formats, specifications, systems, procedures, methods of business practices and management, sales and promotional techniques and knowledge of, and experience in, the operation of the Franchised Business (the “Confidential Information”).

3. Any and all information, knowledge, know-how, and techniques which the Company specifically designates as confidential shall be deemed to be Confidential Information for purposes of this Agreement.

4. As \_\_\_\_\_ of the Franchisee, the Company and Franchisee will disclose the Confidential Information to me in furnishing to me training programs, the Company’s Confidential Operations Manuals (the “Manuals”), and other general assistance during the term of the Franchise Agreement.

5. 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 of the Franchise Agreement, and the use or duplication of the Confidential Information for any use outside the System would constitute an unfair method of competition.

6. 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 \_\_\_\_\_ 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.

7. Subject to the exceptions below, and except as prohibited by law or as otherwise approved in writing by the Company, I shall not, while in my position with the Franchisee, either directly or indirectly for myself, or through, on behalf of, or in conjunction with any person, persons, partnership, or corporation, own, maintain, operate, engage in, act as a consultant for, perform services for, provide financial support to or have

any interest in any business (including any business operated by Franchisee prior to entry into this Agreement) which: (a) is the same as or similar to those offered or provided in or under the System; or (b) offers to sell or sells any products or services which are the same as, or substantially similar to, any of the products offered by a Franchised Business (a "Competitive Business"); and for a continuous uninterrupted period commencing upon the cessation or termination of my position with Franchisee, regardless of the cause for termination, or upon the expiration, termination, transfer, or assignment of the Franchise Agreement, whichever occurs first, and continuing for two (2) years thereafter, either directly or indirectly, for myself, or through, on behalf of, or in conjunction with any person, persons, partnership, or corporation, own, maintain, operate, engage in, act as a consultant for, perform services for, or have any interest in any Competitive Business that is, or is intended to be, located at or within:

- 7.1 Franchisee's Territory, as defined in the Franchise Agreement ("Franchisee's Territory");
- 7.2 Ten (10) miles of Franchisee's Center; or
- 7.3 Ten (10) miles of any Franchised Business operating under the System and the Proprietary Marks.

The following exceptions apply to this Paragraph 7: (a) this Paragraph 7 does not apply to any employee in the State of Washington; (b) the duration of the covenant not to compete shall be limited to 18 months for franchisees subject to the Washington Franchise Investment Protection Act; (c) the prohibitions in this Paragraph 7 do not apply to my interests in or activities performed in connection with a Franchised Business; and (d) the prohibitions of this Paragraph 7 do not apply to my ownership of less than five percent (5%) beneficial interest in the outstanding securities of any publicly held corporation.

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 an injunction preventing me from violating this Agreement, and 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. This Agreement shall be construed under the laws of the state in which the Accepted Location lies, except that with respect to any alleged breach, this Agreement shall be construed under the laws of the state in which such breach is alleged to have occurred, to be occurring, or to likely occur. The only way this Agreement can be changed is in a writing signed by both the Franchisee and me and then consented to by an officer of the Company in writing.

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Signature

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Name

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Address

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Title

**ACKNOWLEDGED BY FRANCHISEE**

By: \_\_\_\_\_

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

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

**SCHEDULE G TO THE FRANCHISE AGREEMENT  
INTERNET ADVERTISING, SOCIAL MEDIA AND  
TELEPHONE ACCOUNT AGREEMENT**

**THIS INTERNET ADVERTISING, SOCIAL MEDIA AND TELEPHONE ACCOUNT AGREEMENT** (the "Agreement") is made and entered into this day of \_\_\_\_\_ (the "Effective Date") by and between The Tutoring Center Franchise Corp., a California corporation with its principal address at 3750 Long Beach Blvd., Suite 200, Long Beach, California 90807 (the "Franchisor"), and \_\_\_\_\_, a \_\_\_\_\_ (the "Franchisee").

**WHEREAS**, Franchisee desires to enter into a franchise agreement with Franchisor for a The Tutoring Center business ("Franchise Agreement") which will allow Franchisee to conduct internet-based advertising, maintain social media accounts, and use telephone listings linked to The Tutoring Center brand.

**WHEREAS**, Franchisor would not enter into the Franchise Agreement without Franchisee's agreement to enter into, comply with, and be bound by all the terms and provisions of this Agreement;

**NOW, THEREFORE**, for and in consideration of the foregoing and the mutual promises and covenants contained herein, and in further consideration of the Franchise Agreement and the mutual promises and covenants contained therein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. **Definitions**

All terms used but not otherwise defined in this Agreement shall have the meanings set forth in the Franchise Agreement. "Termination" of the Franchise Agreement shall include, but shall not be limited to, the voluntary termination, involuntary termination, or natural expiration thereof.

2. **Internet Advertising and Telephone Accounts**

2.1 **Interest in Websites, Social Media Accounts and Other Electronic Listings.** Franchisee may acquire (whether in accordance with or in violation of the Franchise Agreement) during the term of Franchise Agreement, certain right, title, or interest in and to certain domain names, social media accounts, hypertext markup language, uniform resource locator addresses, access to corresponding internet websites, and the right to hyperlink to certain websites and listings on various internet search engines (collectively, "Electronic Advertising") related to the Franchised Business or the Marks. (See Schedule F)

2.2 **Interest in Telephone Numbers and Listings.** Franchisee has or will acquire during the term of the Franchise Agreement, certain right, title, and interest in and to those certain telephone numbers and regular, classified, internet page, and other telephone directory listings (collectively, the "Telephone Listings") related to the Franchised Business or the Marks. (See Schedule F)

2.3 **Transfer.** On Termination of the Franchise Agreement, or on periodic request of Franchisor, Franchisee will immediately:

1. direct all internet service providers, domain name registries, internet search engines, social media companies, and other listing agencies (collectively, the "Internet Companies") with which Franchisee has Electronic Advertising: (i) to transfer all of Franchisee's interest in such Electronic Advertising to Franchisor; and (ii) to execute such documents and take such actions as may be necessary to effectuate such transfer. In the event Franchisor does not desire to accept any or all such Electronic Advertising, Franchisee will immediately direct the Internet Companies to terminate such Electronic Advertising or will take such other actions with respect to the Electronic Advertising as Franchisor directs; and

2. direct all telephone companies, telephone directory publishers, and telephone directory listing agencies (collectively, the "Telephone Companies") with which Franchisee has Telephone Listings: (i) to transfer all Franchisee's interest in such Telephone Listings to Franchisor; and (ii) to execute such documents and take such actions as may be necessary to effectuate such transfer. In the event Franchisor does not desire to accept any or all such Telephone Listings, Franchisee will immediately direct the Telephone Companies to terminate such Telephone Listings or will take such other actions with respect to the Telephone Listings as Franchisor directs. (See Schedule F)

2.4 Appointment; Power of Attorney. Franchisee hereby constitutes and appoints Franchisor and any officer or agent of Franchisor, for Franchisor's benefit under the Franchise Agreement and this Agreement or otherwise, with full power of substitution, as Franchisee's true and lawful attorney-in-fact with full power and authority in Franchisee's place and stead, and in Franchisee's name or the name of any affiliated person or affiliated company of Franchisee, to take any and all appropriate action and to execute and deliver any and all documents that may be necessary or desirable to accomplish the purposes of this Agreement. Franchisee further agrees that this appointment constitutes a power coupled with an interest and is irrevocable until Franchisee has satisfied all of its obligations under the Franchise Agreement and any and all other agreements to which Franchisee and any of its affiliates on the one hand, and Franchisor and any of its affiliates on the other, are parties, including without limitation this Agreement. Without limiting the generality of the foregoing, Franchisee hereby grants to Franchisor the power and right to do the following:

2.4.1 Direct the Internet Companies to transfer all Franchisee's interest in and to the Electronic Advertising to Franchisor, or alternatively, to direct the Internet Companies to terminate any or all of the Electronic Advertising;

2.4.2 Direct the Telephone Companies to transfer all Franchisee's interest in and to the Telephone Listings to Franchisor, or alternatively, to direct the Telephone Companies to terminate any or all of the Telephone Listings; and

2.4.3 Execute such standard assignment forms or other documents as the Internet Companies and/or Telephone Companies may require in order to affect such transfers or terminations of Franchisee's interest.

2.5 Certification of Termination. Franchisee hereby directs the Internet Companies and Telephone Companies to accept, as conclusive proof of Termination of the Franchise Agreement, Franchisor's written statement, signed by an officer or agent of Franchisor, that the Franchise Agreement has terminated.

2.6 Cessation of Obligations. After the Internet Companies and the Telephone Companies have duly transferred all Franchisee's interests as described in paragraph 2.3 above to Franchisor, as between Franchisee and Franchisor, Franchisee will have no further interest in, or obligations with respect to the particular Electronic Advertising and/or Telephone Listing. Notwithstanding the foregoing, Franchisee will remain liable to each and all of the Internet Companies and Telephone Companies for the respective sums Franchisee is obligated to pay to them for obligations Franchisee incurred before the date Franchisor duly accepted the transfer of such interests, or for any other obligations not subject to the Franchise Agreement or this Agreement.

### 3. Miscellaneous

3.1 Release. Franchisee hereby releases, remises, acquits, and forever discharges each and all of the Internet Companies and/or Telephone Companies and each and all of their parent corporations, subsidiaries, affiliates, directors, officers, stockholders, employees, and agents, and the successors and assigns of any of them, from any and all rights, demands, claims, damage, losses, costs, expenses, actions, and causes of action whatsoever, whether in tort or in contract, at law or in equity, known or unknown, contingent or fixed, suspected or unsuspected, arising out of, asserted in, assertible in, or in any way related to this Agreement.

3.2 Indemnification. Franchisee is solely responsible for all costs and expenses related to its performance, its nonperformance, and Franchisor's enforcement of this Agreement, which costs and expenses Franchisee will pay Franchisor in full, without defense or setoff, on demand. Franchisee agrees that it will indemnify, defend, and hold harmless Franchisor and its affiliates, and its and their directors, officers, shareholders, partners, members, employees, agents, and attorneys, and the successors and assigns of any and all of them, from and against, and will reimburse Franchisor and any and all of them for, any and all loss, losses, damage, damages, claims, debts, claims, demands, or obligations that are related to or are based on this Agreement.

3.3 No Duty. The powers conferred on Franchisor hereunder are solely to protect Franchisor's interests and shall not impose any duty on Franchisor to exercise any such powers. Franchisee expressly agrees that in no event shall Franchisor be obligated to accept the transfer of any or all of Franchisee's interest in any matter hereunder.

3.4 Further Assurances. Franchisee agrees that at any time after the date of this Agreement, Franchisee will perform such acts and execute and deliver such documents as may be necessary to assist in or accomplish the purposes of this Agreement.

3.5 Successors, Assigns, and Affiliates. All Franchisor's rights and powers, and all Franchisee's obligations, under this Agreement shall be binding on Franchisee's successors, assigns, and affiliated persons or entities as if they had duly executed this Agreement.

3.6 Effect on Other Agreements. Except as otherwise provided in this Agreement, all provisions of the Franchise Agreement and attachments and schedules thereto shall remain in effect as set forth therein.

3.7 Survival. This Agreement shall survive the Termination of the Franchise Agreement.

3.8 Governing Law. This Agreement shall be governed by and construed under the laws of the state of California, without regard to the application of California conflict of law rules.

The undersigned have executed or caused their duly authorized representatives to execute this Agreement as of the Effective Date.

FRANCHISOR:

THE TUTORING CENTER FRANCHISE CORP

By: \_\_\_\_\_

\_\_\_\_\_  
(Print Name, Title)

FRANCHISEE:

\_\_\_\_\_

By: \_\_\_\_\_

\_\_\_\_\_  
(Print Name, Title)

PRINCIPAL:

---

---

(Print Name)

PRINCIPAL:

---

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(Print Name)

EXHIBIT C TO THE DISCLOSURE DOCUMENT

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EXHIBIT D TO THE DISCLOSURE DOCUMENT

LISTS OF CURRENT AND FORMER FRANCHISEES AND FRANCHISES THAT HAVE LEFT  
THE SYSTEM

CURRENT FRANCHISEE-OWNED CENTERS AS OF DECEMBER 31, ~~2023~~2024

Franchisee	Location	Address	Telephone Number
Jignesh (Jay) Desai	Enterprise, Alabama	847 Boll Weevil Circle, Suite 110, Enterprise, AL 36330	334-477-0306
Maurice Hardin	Huntsville, Alabama	1658 Old Monrovia Rd. NW, Suite 108 Huntsville, AL 35806	256-945-7084
Hyunjoo (Jenny) Oh	Oro Valley, Arizona	12142 N. Rancho Vistoso Blvd., Suite B-110 Oro Valley, AZ 85755	520-403-7894
Janet Williams	Fresno, California	683 E Nees Ave. Fresno, CA 93720	559-412-2505
Tri Vo	Huntington Beach, California	10128 Adams Ave. Huntington Beach, CA. 92646	714-377-7733
<del>Erick "Lei" Zhou</del>	<del>Irvine, California</del>	<del>5325 Alton Pkwy, Suite B Irvine, CA 92604</del>	<del>949-273-3534</del>
Joanne Romero	Long Beach, California	4215 Atlantic Ave. Long Beach, CA 90807	562-653-0430
Sugan Raju	Milpitas, California	1765 N. Milpitas Blvd. Milpitas, CA 95035	408-263-5377
<del>Thomas Boyle</del>	<del>Moorpark, California</del>	<del>235 W. Los Angeles Ave. Moorpark, CA 93021</del>	<del>805-867-0288</del>
Terry Wong	Montebello, California	2531 Via Campo Montebello, CA 90640	323-490-7470
Sugan Raju	Mountain View, California	1350 Grant Road, Suite 11B Mountain View, CA 94040	408-263-5377
<del>Carla Torres</del>	<del>Roseville, California</del>	<del>910 Pleasant Grove Blvd, Suite 110 Roseville, CA 95678</del>	<del>916-771-4100</del>
<a href="#">Tavishi Reddy</a>	<a href="#">Roseville, California</a>	<a href="#">910 Pleasant Grove Blvd, Suite 110 Roseville, CA 95678</a>	<a href="#">916-771-4100</a>
Julianne Jones	Santa Rosa, California	594 Larkfield Center Santa Rosa, CA 95404	707-521-9590
Sandra Chow	Torrance, California	20016 Hawthorne Blvd, Suite 1150 Torrance, CA 90503	310-530-5377
Joseph Tran	Upland, California	1629 North Mountain Ave. Upland, CA 91784	909-579-0274
Allen Jackson	Centennial, Colorado	6838 South University Blvd. Centennial, CO 80122	303-800-0540
Jacob Oakes	Bear, Delaware	104 Fox Hunt Drive Bear, DE 19701	302-220-3661
Jacob Oakes	Middletown, Delaware	Middletown Crossing Shopping Center 486 East Main Street Middletown, DE 19709	302-378-8580

Franchisee	Location	Address	Telephone Number
Enid Ramjas	Coral Springs, Florida	1370 Coral Ridge Dr. Coral Springs, FL 33071	754-529-8930
Benazir Nistar	Jacksonville, Florida	1650 San Pablo Rd. S., Suite 12 Jacksonville, FL 32224	904-903-7770
Nadir Giga	Miramar, Florida	10930 Pembroke Rd. Miramar, FL 33025	954-951-4700
Tanya Soper	Orlando, Florida	4092 W. Town Center Blvd. Orlando, FL 32837	407-777-8229
Andreina Ledezma	Oviedo, Florida	2200 Winter Springs Blvd. Suite 104 Oviedo, FL 32765	407-542-8245
Stephen E. Heverly	Tampa, Florida	6431 County Line Road, Suite 111 Tampa, FL 33647	813-991-9888
Nadir Giga	West Miramar, Florida	18429 Miramar Pkwy Miramar, FL 33029	954-362-7483
Candice Markel	Dallas, Georgia	7951 Villa Rica Hwy, Suite 137 Dallas, GA 30157	360-600-8941
Marcus Manohar	Duluth, Georgia	3455 Peachtree Industrial Blvd. Suite 505 Duluth, GA 30096	678-629-3227
Danny Bhalodi	Kennesaw, Georgia	3895 Cherokee Street NW, Suite 430 Kennesaw, GA 30144	770-693-0033
Charles Menifee	Powder Springs, Georgia	3721 New Macland Rd., Suite 230 Powder Springs, GA 30127	770-222-7133
Julie Anna Guerrero	Honolulu, Hawaii	820-850 West Hind Drive, Suite 127 Honolulu, HI 96821	808-377-5500
Andrew Spetter	Long Grove, Illinois	4188 Route 83, Suite D, Long Grove, IL 60047	847-383-5654
Sachin Bharati	Wichita, Kansas	11310 E. 21st N., Suite D Wichita, KS 67206	316-854-3000
Sarah Rappaport	Birmingham, Michigan	765 Maple Road Birmingham, MI 48009	248-494-6225
<a href="#">Ambika Puliyakote</a>	<a href="#">Birmingham, Michigan</a>	<a href="#">765 Maple Rd, Birmingham, MI 48009</a>	<a href="#">248-494-6225</a>
Sarah Rappaport	Macomb, Michigan	21481 21 Mile Road Macomb, MI 48044	248-318-1182
Amanda Smith	Southgate, Michigan	15305 Dix Toledo Road Southgate, MI 48195	734-785-8430
Ann O'Brien	Troy, Michigan	5925 John R Road Troy, MI 48085	248-509-7177
<a href="#">Brandon Paul</a>	<a href="#">Troy, Michigan</a>	<a href="#">5925 John R Road, Troy, MI 48085</a>	<a href="#">248-509-7177</a>

Franchisee	Location	Address	Telephone Number
<del>Missa Rajjo</del>	<del>West Bloomfield, Michigan</del>	<del>6247 Orchard Lake Rd. West Bloomfield, MI 48322</del>	<del>248-432-7288</del>
Edward Cole	Wyoming, Michigan	5751 Byron Center Ave SW., Suite S Wyoming, MI 49519	616-805-3479
Ron Wisdom	Kansas City, Missouri	9775 North Cedar Ave. Kansas City, MO 64157	816-781-0000
Nihar Mathia	Aberdeen Township, New Jersey	1071 Route 34, Suite D Aberdeen Township, NJ 07747	732-705-3636
<del>Alka Kapoor</del>	<del>Franklin Park, New Jersey</del>	<del>3391 Route 27, Suite 112B Franklin Park, NJ 08823</del>	<del>732-419-3813</del>
Mausam Patel	Chester, New Jersey	147 US Highway 206 South Chester, NJ 07930	908-590-2967
<a href="#">Janet Hine</a>	<a href="#">Pennington, New Jersey</a>	<a href="#">25 NJ-31 S, Suite 13 Pennington, NJ 08534</a>	<a href="#">609-940-9530</a>
<del>Savita Kumari</del>	<del>West Caldwell, New Jersey</del>	<del>905 Bloomfield Avenue West Caldwell, NJ 07006</del>	<del>862-210-8600</del>
Ryan Philibin	Boardman, Ohio	1419 Boardman-Canfield Road, Suite 320 Boardman, OH 44512	330-330-8185
Gwen M. Kyle	Columbus, Ohio	1987 West Henderson Road Columbus, OH 43220	614-459-0091
Keri Davis	Anderson, South Carolina	1609 E. Greenville St. Anderson, SC 29621	864-760-1524
Madison Glass	Greer, South Carolina	433 The Parkway, Suite #433 Greer, SC 29334	864-655-4664
<del>Morgan Stone</del>	<del>Greenville, South Carolina</del>	<del>215 Pelham Road, Suite B202 Greenville, SC 29615</del>	<del>864-777-0050</del>
<a href="#">Lexie Auslund</a>	<a href="#">Greenville, South Carolina</a>	<a href="#">215 Pelham Road, Suite B202 Greenville, SC 29615</a>	<a href="#">864-777-0050</a>
Brian Risdien	Seneca, South Carolina	1085 Old Clemson Hwy, Suite 6 Seneca, SC 29672	864-481-0481
Whitney Sanders	Orangeburg, South Carolina	1336 Grove Park Drive, Suite 209 Orangeburg, SC, 29115	803-997-2212
Jennifer Tanner	Simpsonville, South Carolina	926 NE Main Street, Suite A-2 Simpsonville, SC 29681	864-757-8338
Joshua Powers	Franklin, Tennessee	5021 Hughes Crossing, Suite 160 Franklin, TN 37064	615-721-8844
<del>Dr. Apiwan Born</del>	<del>Allen, Texas</del>	<del>1208 E. Bethany Dr., Suite 2 Allen, TX 75002</del>	<del>214-383-4000</del>
<a href="#">Milan Bhaskar</a>	<a href="#">Allen, Texas</a>	<a href="#">1208 E. Bethany Dr., Suite 2 Allen, TX 75002</a>	<a href="#">214-383-4000</a>

Franchisee	Location	Address	Telephone Number
Helen Young	Bartonville, Texas	3600 FM 407, Suite 140 Bartonville, TX 76226	490-455-2800
Ancy Walsh	Carrollton, Texas	1025 Hebron Parkway, Suite 134, Carrollton TX, 75010	972-395-1231
Rabiya Maredia	College Station, Texas	910 William D Fitch Pkwy, Suite 800 College Station, TX 77845	979-402-1033
<del>Yovi Culberson</del>	<del>Colleyville, Texas</del>	<del>4709 Colleyville Blvd., Suite 610 Colleyville, TX 76034</del>	<del>903-742-6734</del>
<del>Ankita Khanna</del>	<del>Cypress, Texas</del>	<del>9814 Fry Road, Suite 160 Cypress, TX 77433</del>	<del>832-566-7912</del>
<a href="#">Kety Cossey</a>	<a href="#">Cypress, Texas</a>	<a href="#">9814 Fry Road, Suite 160 Cypress, TX 77433</a>	<a href="#">832-257-8997</a>
Helen Young	Flower Mound, Texas	1121 Flower Mound Rd., Suite 550 Flower Mound, TX 75028	972-874-1999
Sheraz Khan	Friendswood, Texas	101 West El Dorado Blvd. Friendswood, TX 77546	281-488-0101
Pollianna Agbedanu	Frisco, Texas	8745 Gary Burns Drive Suite 120, Frisco, TX 75034	214-912-6557
Ameena Lakhani	Garland, Texas	6850 N Shiloh Rd., Suite F2 Garland, TX 75044	972-200-7877
<del>Victoria Dunn</del>	<del>Houston, Texas</del>	<del>14640 Memorial Drive, Suite 10 Houston, TX 77079</del>	<del>832-486-9281</del>
Anju Gupta	Houston, Texas (Katy/Greentrails)	19901 Kingsland Blvd, Suite G Houston, TX 77094	(281) 944-9067
<del>Angela Walter</del>	<del>Humble, Texas</del>	<del>3809 Atascocita Rd, Ste. 100 Humble, TX 77396</del>	<del>832-644-1404</del>
Juliane Cauthron	Dickinson, Texas (League City)	3436-A Gulf Freeway Dickinson, TX 77539	281-337-2800
Bill Latham	Killeen, Texas	3700 S WS Young Dr, Suite 111 Killeen, TX 76542	262-960-3314
Barry Ridling	McKinney, Texas	6405 W. El Dorado Pkwy., Suite 600 McKinney, TX 75070	214-856-5555
Maryam Veerani	Plano, Texas	3100 Independence Parkway, Suite 211 Plano, TX 75075	469-277-8177
Joye Haun	Pearland, Texas	3310 E. Broadway, Suite 106 Pearland, TX 77581	832-781-8809
Shumaila Momin	Pearland, Texas	12567 Broadway St., Suite 115 Pearland TX 77584	281 650-2246
Yvette Maldonado	Prosper, Texas	1170 North Preston Road, Suite 180 Prosper, TX 75078	469-839-3855

Franchisee	Location	Address	Telephone Number
Hien Le	Richmond, Texas	825 Plantation Dr., Suite 190 Richmond, TX 77406	832-449-3286
Justin Chen	Round Rock, Texas	2051 Gattis School Rd, Suite 550 Round Rock, TX 78664	512-305-3804
Reeta Ali	Spring, Texas	8640 West Rayford Rd, Suite 160 Spring, TX 77389	832-599-1624
Venora Goodie	Spring, Texas	15846 Champion Forest Drive Spring, TX 77379	281-255-0530
Soniya Khan	Sugar Land, Texas	16754 Southwest Freeway, Suite C Sugar Land, TX 77479	281-980-1242
Yerbol Sabyrgaliyev	Katy, Texas	2001 Katy Mills Blvd, Suite F Katy, TX 77494	213-372-8883
Venora Goodie	Tomball, Texas	27732 Tomball Parkway Tomball, TX 77375	281-255-0530
Steve Norrell	Tyler, Texas	8930 South Broadway Ave., Suite 284 Tyler, Texas 75703	903-630-3817
Dr. Yvonne Richards	Covington, Washington	27115 185 <sup>th</sup> Ave. SE, Suite 111 Covington, WA 98042	253-246-2977

CURRENT INTERNATIONAL FRANCHISEE-OWNED CENTERS  
AS OF DECEMBER 31, ~~2023~~2024

Franchisee	Location	Address	Telephone
Navin Valrani	Dubai, UAE	1R St – Dubai, UAE	971 52 349 7627
Navin Valrani	Dubai, UAE	Suite FR3P-R-04 Al Furjan Pavilion – Jebel Ali Village – Al Furjan - Dubai, UAE (25.02539, 55.15248)	971 04 558 6211

CURRENT FRANCHISEES SIGNED BUT NOT YET OPENED  
AS OF DECEMBER 31, ~~2023~~2024

Franchisee	Location	Telephone Number
Weiwei Zhang	California	909-678-7883
Patricia Walker	California	619-885-1545

Franchisee	Location	Telephone Number
<a href="#">Sugan Raju</a>	<a href="#">California</a>	<a href="#">408-263-5377</a>
Farid Premjee	Florida	407-283-7770
Nadir Giga	Florida	786-543-6729
Denise O'Hare	Florida	813-453-9773
Jianan Li	Florida	617-792-2279
Charles Meniffee	Georgia	404-432-1897
Jay Penn	Hawaii	808-960-7423
Bob Schnoll	Illinois	773-750-9727
Christian Gibbons	Missouri	816-682-8568
Ron Wisdom	Missouri	816-820-9808
<del>Janet Hine</del>	<del>New Jersey</del>	<del>732-306-8386</del>
Shreya Shah	South Carolina	551-689-2184
<del>Saranya Subramanian</del>	<del>Texas</del>	<del>860-638-8806</del>
<a href="#">Kety Cossey</a>	<a href="#">Texas</a>	<a href="#">832-257-8997</a>
Jacob Tinney	Texas	281-841-3785
Dalia Ridha	United Arab Emirates	971-50-120-8060
Navin Valrani	United Arab Emirates	971-04-558-6211

TUTORING CENTER, INC.-OWNED STORES AS OF DECEMBER 31, ~~2023~~[2024](#)

None

FRANCHISED LOCATIONS THAT CLOSED, TRANSFERRED OR TERMINATED  
IN THE YEAR ENDING DECEMBER 31, ~~2023~~2024

Franchisee	Location	Telephone Number
<del>Premalata Krishna (Transferred)</del>	<del>California</del>	<del>408-406-8197</del>
<del>Scott Vanderpool (Terminated)</del>	<del>Colorado</del>	<del>713-878-7158</del>
<del>Dr. Shameema Begum (Terminated)</del>	<del>Florida</del>	<del>863-414-8034</del>
<del>Sangeeta Solanki (Non-Renewal)</del>	<del>Georgia</del>	<del>678-643-0247</del>
<del>Jonathan Smith (Transferred)</del>	<del>New Jersey</del>	<del>551-427-4536</del>
<del>Suzanne Sangiorgio (Terminated)</del>	<del>New York</del>	<del>718-744-4128</del>
<del>Nathaniel McLaughlin (Terminated)</del>	<del>Oregon</del>	<del>650-533-9970</del>
<del>Aliya Chiali (Terminated)</del>	<del>Texas</del>	<del>832-691-5153</del>
<del>Ankita Khanna (Transferred)</del>	<del>Texas</del>	<del>281-885-9387</del>
<del>Gisela Esteva (Transferred)</del>	<del>Texas</del>	<del>832-566-7376</del>
<del>Sadaf Ali (Terminated)</del>	<del>Texas</del>	<del>512-656-0886</del>
<a href="#">Carla Torres (Transferred)</a>	<a href="#">California</a>	<a href="#">916-224-8330</a>
<a href="#">Erick Zhou (Closed)</a>	<a href="#">California</a>	<a href="#">626-616-1648</a>
<a href="#">Thomas Boyle (Closed)</a>	<a href="#">California</a>	<a href="#">818-415-9001</a>
<a href="#">Sachin Bharati (Non-Renewal)</a>	<a href="#">Kansas</a>	<a href="#">316-734-9704</a>
<a href="#">Amanda Smith (Non-Renewal)</a>	<a href="#">Michigan</a>	<a href="#">734-231-2014</a>
<a href="#">Ann O'Brien (Transferred)</a>	<a href="#">Michigan</a>	<a href="#">248-561-8241</a>
<a href="#">Missa Rajjo (Non-Renewal)</a>	<a href="#">Michigan</a>	<a href="#">248-885-5651</a>
<a href="#">Sarah Rappaport (Transferred)</a>	<a href="#">Michigan</a>	<a href="#">248-798-8079</a>
<a href="#">Alka Kapoor (Non-Renewal)</a>	<a href="#">New Jersey</a>	<a href="#">908-295-1351</a>
<a href="#">Savita Kumari (Non-Renewal)</a>	<a href="#">New Jersey</a>	<a href="#">212-603-9526</a>
<a href="#">Morgan Stone (Transferred)</a>	<a href="#">South Carolina</a>	<a href="#">404-424-1420</a>
<a href="#">Ankita Khanna (Transferred)</a>	<a href="#">Texas</a>	<a href="#">281-885-9387</a>
<a href="#">Angela Walter (Closed)</a>	<a href="#">Texas</a>	<a href="#">832-206-3970</a>
<a href="#">Dr. Apiwan Born (Transferred)</a>	<a href="#">Texas</a>	<a href="#">972-689-4112</a>
<a href="#">Dr. Victoria Dunn (Closed)</a>	<a href="#">Texas</a>	<a href="#">832-213-8847</a>
<a href="#">Yovi Culberson (Closed)</a>	<a href="#">Texas</a>	<a href="#">903-742-6731</a>

EXHIBIT E TO THE DISCLOSURE DOCUMENT  
AGENCIES/AGENTS FOR SERVICE OF PROCESS

This list includes the names, addresses and telephone numbers of state agencies having responsibility for franchising disclosure/registration laws, and serving as our agents for service of process (to the extent that we are registered in their states). This list also includes the names, addresses and telephone numbers of other agencies, companies or entities serving as our agents for service of process.

State	State Agency	Agent for Service of Process
CALIFORNIA	Commissioner of the Department of Financial Protection and Innovation Department of Financial Protection and Innovation 2101 Arena Blvd., Sacramento, CA 95834 Los Angeles, CA 90013 (213) 576-7505 Toll-free (866-275-2677)	Commissioner of the Department of Financial Protection and Innovation
CONNECTICUT	State of Connecticut Department of Banking Securities & Business Investments Division 260 Constitution Plaza Hartford, CT 06103-1800 (860) 240-8230	Banking Commissioner
HAWAII	Business Registration Division Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722	Commissioner of Securities of the State of Hawaii
ILLINOIS	Office of Attorney General Franchise Division 500 South Second Street Springfield, IL 62706 (217) 782-4465	Illinois Attorney General
INDIANA	Indiana Secretary of State Securities Division 302 West Washington St., Room E-111 Indianapolis, IN 46204 (317) 232-6681	Indiana Secretary of State 201 State House Indianapolis, IN 46204
MARYLAND	Office of the Attorney General Division of Securities 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Maryland Securities Commissioner 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360
MICHIGAN	Michigan Department of Attorney General Consumer Protection Division Antitrust and Franchise Unit 670 Law Building Lansing, MI 48913 (517) 373-7117	Michigan Department of Commerce, Corporations and Securities Bureau

State	State Agency	Agent for Service of Process
MINNESOTA	Minnesota Department of Commerce 85 7 <sup>th</sup> Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500	Minnesota Commissioner of Commerce
NEW YORK	NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21 <sup>st</sup> Floor New York, NY 10005 (212) 416-8222 Phone (212) 416-6042 Fax	Attention: New York Secretary of State New York Department of State One Commerce Plaza 99 Washington Avenue, 6 <sup>th</sup> Floor Albany, NY 11231-0001 (518) 473-2492
NORTH DAKOTA	North Dakota Securities Department 600 East Boulevard, 5 <sup>th</sup> Floor Bismarck, ND 58505-0510 (701) 328-4712	North Dakota Securities Commissioner
OREGON	Department of Consumer and Business Services Division of Finance and Corporate Labor and Industries Building Salem, Oregon 97310 (503) 378-4387	Director of the Department of Consumer and Business Services
RHODE ISLAND	Department of Business Regulation Division of Securities 1511 Pontiac Avenue, Building 69-1 Cranston, RI 02920 (401) 462-9585	Director of Rhode Island Department of Business Regulation
SOUTH DAKOTA	Division of Insurance Securities Regulation 124 South Euclid, Suite 104 Pierre, SD 57501 (605) 773-3563	Director of Insurance-Securities Regulation
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9 <sup>th</sup> Floor Richmond, VA 23219 (804) 371-9051	Clerk of State Corporation Commission 1300 East Main Street, 1 <sup>st</sup> Floor Richmond, VA 23219 (804) 371-9733
WASHINGTON	Department of Financial Institutions Securities Division P.O. Box 41200 Olympia, WA 98504-1200 (360) 902-8760	Director of Washington Financial Institutions Securities Division 150 Israel Road, SW Tumwater, WA 98501
WISCONSIN	Wisconsin Securities Commissioner Securities and Franchise Registration 345 W. Washington Avenue Madison, WI 53703 (608) 266-8559	Commissioner of Securities of Wisconsin

EXHIBIT F TO THE DISCLOSURE DOCUMENT  
STATE-SPECIFIC ADDENDA

ADDENDUM TO THE TUTORING CENTER FRANCHISE CORP.  
DISCLOSURE DOCUMENT REQUIRED BY THE STATE OF CALIFORNIA  
AND AMENDMENT TO FRANCHISE AGREEMENT

CALIFORNIA APPENDIX TO DISCLOSURE DOCUMENT

1. California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination, transfer or non-renewal of a franchise. If the Franchise Agreement contains provisions that are 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 contains covenants not to compete which extend beyond the termination of the agreements. These provisions may not be enforceable under California law.
4. Section 31125 of the California Corporation Code requires the franchisor to provide you with a disclosure document before asking you to agree to a material modification of an existing franchise.
5. Neither the franchisor, any person or franchise broker 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. 78a et seq., suspending or expelling such persons from membership in such association or exchange.
6. You must sign a general release if you renew or transfer your franchise. California Corporation Code 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code 31000 through 31516). Business and Professions Code 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code 20000 through 20043).
7. Each owner of the franchise is required to execute a personal guaranty. Doing so could jeopardize the marital assets of non-owner spouses domiciled in community property states such as California.
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. OUR WEBSITE, [www.tutoringcenter.com](http://www.tutoringcenter.com), HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION at [www.dfpi.ca.gov](http://www.dfpi.ca.gov).
10. Section 17(C) of the Franchise Agreement is deleted and the following language is substituted:

**A. Further Trade Secret Protection**

Except as may be limited by law or approved in writing by Franchisor, to reduce the risk of accidental or intentional misuse of any of the Trade Secrets, Franchisee and Owners shall not, for a period of twenty-four (24) months after the expiration or termination of this Agreement, regardless of the cause of expiration or termination, either directly or indirectly, for Franchisee or Owners or through, on behalf of or in conjunction with any person(s), or other entity, own, maintain, engage in, consult with or have any interest in any business that generates at least 20% of its revenues through the sale of tutoring or related services, the same as or similar to those offered or provided as part of the System, within a ten (10) mile radius of Franchisee's Center or any other Tutoring Center location, whether franchised or owned and operated by Franchisor or any related entity of Franchisor, if the fulfillment of Franchisee's and/or Owners' duties and responsibilities with respect to such business would inherently call upon Franchisee or Owner to disclose and/or use Franchisor's Confidential Information or Trade Secrets.

11. Section 7 of the Confidentiality and Non-Competition Agreement, which is attached as Schedule F to the Franchise Agreement, is deleted and the following language is substituted:

7. Subject to the exceptions below, and except as prohibited by law or as otherwise approved in writing by the Company, I shall not, while in my position with the Franchisee, either directly or indirectly for myself, or through, on behalf of, or in conjunction with any person, persons, partnership, or corporation, own, maintain, operate, engage in, act as a consultant for, perform services for, provide financial support to or have any interest in any business (including any business operated by Franchisee prior to entry into this Agreement) that generates at least 20% of its revenues through the sale of tutoring or related services, the same as or similar to those offered or provided as part of the System (a "Competitive Business"); and for a continuous uninterrupted period commencing upon the cessation or termination of my position with Franchisee, regardless of the cause for termination, or upon the expiration, termination, transfer, or assignment of the Franchise Agreement, whichever occurs first, and continuing for two (2) years thereafter, either directly or indirectly, for myself, or through, on behalf of, or in conjunction with any person, persons, partnership, or corporation, own, maintain, operate, engage in, act as a consultant for, perform services for, or have any interest in any Competitive Business, if the fulfillment of Franchisee's and/or Owners' duties and responsibilities with respect to such business would inherently call upon Franchisee or Owner to disclose and/or use Franchisor's Confidential Information or Trade Secrets, for any Competitive Business that is, or is intended to be, located at or within:

7.1 Franchisee's Territory, as defined in the Franchise Agreement ("Franchisee's Territory");

7.2 Ten (10) miles of Franchisee's Center; or

7.3 Ten (10) miles of any Franchised Business operating under the System and the Proprietary Marks.

The following exceptions apply to this Paragraph 7: (a) this Paragraph 7 does not apply to any employee in the State of Washington; (b) the prohibitions in this Paragraph 7 do not apply to my interests in or activities performed in connection with a Franchised Business; and (c) the prohibitions of this Paragraph 7 do not apply to my ownership of less than five percent (5%) beneficial interest in the outstanding securities of any publicly held corporation.

12. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the 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.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_ .

ATTEST

THE TUTORING CENTER FRANCHISE CORP.

\_\_\_\_\_  
Witness

By:  
Name:  
Title:

FRANCHISEE:

\_\_\_\_\_  
Witness

\_\_\_\_\_

ADDENDUM TO THE TUTORING CENTER FRANCHISE CORP.  
FRANCHISE DISCLOSURE DOCUMENT REQUIRED BY THE STATE OF HAWAII

1. The following paragraphs are added to the state cover page:

**THESE FRANCHISES WILL BE/HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR 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, OR SUBFRANCHISOR, 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, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.**

**THIS DISCLOSURE DOCUMENT CONTAINS 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 FRANCHISO AND THE FRANCHISEE.**

ADDENDUM TO THE TUTORING CENTER FRANCHISE CORP.  
FRANCHISE DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT  
REQUIRED BY THE STATE OF ILLINOIS

This Appendix pertains to franchise offerings in Illinois.

Please note that applicable federal and state laws may supersede certain provisions in the franchise agreement, including the following:

Please note that under Illinois law, we must provide you with the complete Franchise Disclosure Document, including exhibits, the franchise agreement and all related agreements, at least 14 calendar days before you sign any binding agreement or make any payment to us.

Item 17 is amended by addition of the following language:

1. The conditions under which your franchise can be terminated and your rights upon non-renewal may be affected by Illinois statute (815 ILCS 705/1-44).
2. The Illinois Franchise Disclosure Act will govern with respect to venue and choice of law provisions. Therefore any provisions specifying venue or choice of law outside of the state of Illinois may not be enforceable. Section 32 (Law, Jurisdiction and Venue) of the Franchise Agreement is amended accordingly.
3. The provisions of the Illinois Franchise Disclosure Act shall supersede any provision of the Franchise Agreement that is in conflict with the Act, and Illinois law shall be applied to, and govern, any claim between the parties that alleges a violation of the Act. Section 32(l) of the Franchise Agreement (Waiver of Jury Trial) is amended accordingly.

No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the 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.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

ATTEST

THE TUTORING CENTER FRANCHISE CORP.

\_\_\_\_\_  
Witness

By:  
Name:  
Title:

FRANCHISEE:

\_\_\_\_\_  
Witness

\_\_\_\_\_

STATE ADDENDUM TO THE TUTORING CENTER FRANCHISE CORP. DISCLOSURE  
DOCUMENT AND FRANCHISE AGREEMENT  
FOR THE STATE OF INDIANA

1. To be added to Item 3 of the Disclosure Document is the following statement:  
  
There are presently no arbitration proceedings to which the Franchisor is a party.
2. Item 17 of the Disclosure Document is amended to reflect the requirement under Indiana Code 23-2-2.7-1 (9), which states that any post term non-compete covenant must not extend beyond the franchisee's exclusive territory.
3. Item 17 is amended to state that this is subject to Indiana Code 23-2-2.7-1 (10).
4. Under Indiana Code 23-2-2.7-1 (10), jurisdiction and venue must be in Indiana if the franchisee so requests. This amends Section 32 of the Franchise Agreement.
5. Under Indiana Code 23-2-2.7-1 (10), franchisee may not agree to waive any claims or rights.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_ .

ATTEST

THE TUTORING CENTER FRANCHISE CORP.

\_\_\_\_\_  
Witness

By:  
Name:  
Title:

FRANCHISEE:

\_\_\_\_\_  
Witness

\_\_\_\_\_

ADDENDUM TO THE TUTORING CENTER FRANCHISE CORP.  
FRANCHISE DISCLOSURE DOCUMENT REQUIRED BY THE STATE OF MARYLAND

This will serve as the State Addendum for the State of Maryland for The Tutoring Center Franchise Corp.'s Franchise Disclosure Document.

1. Item 17 of the Disclosure Document is amended to state that the general release required as a condition of renewal, sale and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.
2. Item 17 of the Disclosure Document is amended to state that a franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.
3. Item 17 of the Disclosure Document is amended to state that any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.
4. Item 17 of the Disclosure Document is amended to state that the provisions in the Franchise Agreement which provide for termination upon bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).
5. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the 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.

ADDENDUM TO THE TUTORING CENTER FRANCHISE CORP.  
FRANCHISE AGREEMENT REQUIRED BY THE STATE OF MARYLAND

This will serve as the State Addendum for the State of Maryland for The Tutoring Center Franchise Corp.'s Franchise Agreement. The amendments to the Franchise Agreement included in this addendum have been agreed to by the parties.

1. The appropriate sections of the Franchise Agreement are amended to permit a franchisee to bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.
2. The provisions in the Franchise Agreement which provide for termination upon bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).
3. The appropriate sections of the Franchise Agreement are amended to state that any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.

4. The appropriate sections of the Franchise Agreement are amended to state that the general release required as a condition of renewal, sale and/or assignment/ transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

5. The Franchise Agreement is amended to include the following statement: "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."

6. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the 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.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_ .

ATTEST

THE TUTORING CENTER FRANCHISE CORP.

\_\_\_\_\_  
Witness

By:  
Name:  
Title:

FRANCHISEE:

\_\_\_\_\_  
Witness

\_\_\_\_\_

ADDENDUM TO  
DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT  
FOR THE STATE OF MINNESOTA

This addendum to the Disclosure Document is agreed to this day of \_\_\_\_\_, 20\_\_\_\_, and effectively amends and revises said Disclosure Document and Franchise Agreement as follows:

1. Item 13 of the Disclosure Document and Section 6 of the Franchise Agreement are amended by the addition of the following language to the original language that appears therein:

“In accordance with applicable requirements of Minnesota law, Franchisor shall protect Franchisee’s right to use the trademarks, service marks, trade names, logotypes or other commercial symbols and/or shall indemnify Franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding such use.”

2. Item 17 of the Disclosure Document and Section 18 of the Franchise Agreement are amended by the addition of the following language to the original language that appears therein:

“With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes Sec. 80C.14, Subds.3, 4 and 5, which require (except in certain specified cases) that a franchisee be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice for non-renewal of the franchise agreement and that consent to the transfer of the franchise will not be unreasonably withheld.”

3. Item 17 of the Disclosure Document and Section 34 of the Franchise Agreement are amended by the addition of the following language to amend the Governing Law, Jurisdiction and Venue, and Choice of Forum sections:

“Minn. Stat. Sec. 80C.21 and Rule 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreements can abrogate or reduce any of the franchisee’s rights as provided for in Minnesota Statutes, Chapter 80C, or franchisee’s rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.”

4. Item 17 of the Disclosure Document and Section 19 of the Franchise Agreement are amended by the addition of the following language to the original language that appears therein:

Any reference to liquidated damages in the Franchise Agreement is hereby deleted in accordance with Minn. Rule 2860.4400J which prohibits requiring you to consent to liquidated damages.

5. Section 32 of the Franchise Agreement is hereby deleted in accordance with Minn. Rule 2860.4400J which prohibits waiver of a jury trial.

6. Under Minn. Rule 2860.440J, the franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. A court will determine if a bond is required. Section 34 of the Franchise Agreement is hereby amended accordingly.

7. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the 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.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this \_\_\_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_.

ATTEST

THE TUTORING CENTER FRANCHISE CORP.

\_\_\_\_\_  
Witness

By:  
Name:  
Title:

FRANCHISEE:

\_\_\_\_\_  
Witness

\_\_\_\_\_

ADDENDUM TO THE TUTORING CENTER FRANCHISE CORP.  
FRANCHISE DISCLOSURE DOCUMENT  
REQUIRED BY THE DEPARTMENT OF LAW OF THE STATE OF NEW YORK

The following Items are required to be included within the Disclosure Document and shall be deemed to supersede the language in the Disclosure Document itself:

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 E OR YOUR PUBLIC LIBRARY FOR SERVICES OR 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 THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. 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 to be 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 to the end of the “Summary” sections 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 Sections 687(4) and 687(5) be satisfied.

4. 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.

5. The following is added to the end of the “Summary” sections 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.

ADDENDUM TO THE TUTORING CENTER FRANCHISE CORP.  
DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT  
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 (Schedule F to the Franchise Agreement) or elsewhere are void and unenforceable in Washington.

The undersigned does hereby acknowledge receipt of this addendum.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

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FRANCHISOR

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FRANCHISEE

This addendum may also be used as a rider to the Franchise Disclosure Document.

EXHIBIT G TO THE DISCLOSURE DOCUMENT  
FORM OF GENERAL RELEASE

Franchisor \_\_\_\_\_

Franchisee \_\_\_\_\_

THE TUTORING CENTER FRANCHISE CORP.

CURRENT FORM OF RELEASING LANGUAGE  
(SUBJECT TO CHANGE BY FRANCHISOR)

Release - General Provisions. The Franchisee(s), jointly and severally, hereby release and forever discharge each and all of the Franchisor-Related Persons/Entities (as defined below) of and from any and all causes of action, in law or in equity, suits, debts, liens, defaults under contracts, leases, agreements or promises, liabilities, claims, demands, damages, losses, costs or expenses, of any nature whatsoever, howsoever arising, known or unknown, fixed or contingent, past or present, that the Franchisee(s) (or any of them) now has or may hereafter have against any or all of the Franchisor-Related Persons/Entities by reason of any matter, cause or thing whatsoever from the beginning of time to the date hereof (the "Claims"), it being the mutual intention of the parties that this release be unqualifiedly general in scope and effect and that any Claims against any of the Franchisor-Related Persons/Entities are hereby forever canceled and forgiven.

THE FRANCHISEE(S) ACKNOWLEDGE THAT THEY ARE FAMILIAR WITH THE PROVISIONS OF CALIFORNIA CIVIL CODE SECTION 1542, WHICH PROVIDES AS FOLLOWS:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS/HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM/HER, WOULD HAVE MATERIALLY AFFECTED HIS/HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY."

THE FRANCHISEE(S), BEING AWARE OF THIS CODE SECTION, HEREBY EXPRESSLY WAIVE ALL OF THEIR RIGHTS THEREUNDER AS WELL AS UNDER ANY OTHER STATUTES OR COMMON LAW PRINCIPLES OF SIMILAR EFFECT OF ANY APPLICABLE JURISDICTION, INCLUDING, WITHOUT LIMITATION, CALIFORNIA AND/OR JURISDICTIONS OF FRANCHISEE(S)' RESIDENCE AND LOCATION OF FRANCHISED UNIT; EXCEPTING ONLY THOSE CLAIMS SOLELY RELATED TO THE OFFER AND SALE OF THE FRANCHISE, WHERE SUCH RELEASES ARE EXPRESSLY PROHIBITED BY APPLICABLE LAW.

The Franchisee(s) expressly assume the risk of any mistake of fact or fact of which they may be unaware or that the true facts may be other than any facts now known or believed to exist by Franchisee(s), and it is the Franchisee(s) intention to forever settle, adjust and compromise any and all present and/or future disputes with respect to all matters from the beginning of time to the date of this document finally and forever and without regard to who may or may not have been correct in their understanding of the facts, law or otherwise. All releases given by the Franchisee(s) are intended to constitute a full, complete, unconditional and immediate substitution for any and all rights, claims, demands and causes of action whatsoever which exist, or might have existed, on the date of this document. The Franchisee(s) represent and warrant that they have made such independent investigation of the facts, law and otherwise pertaining to all matters discussed, referred to or released in or by this document as the Franchisee(s), in the Franchisee(s) independent judgment, believe necessary or appropriate.

Franchisee(s) Initials: \_\_\_N/A

Franchisor \_\_\_\_\_

Franchisee \_\_\_\_\_

All Franchisees, except those to whom the Washington Franchise Investment Protection Act, RCW 19.100, applies, agree that Franchisee(s) have not relied on any statement, promise, representation or otherwise, whether of fact, law or otherwise, or lack of disclosure of any fact, law or otherwise, by the Franchisor-Related Persons/Entities or anyone else, not expressly set forth herein, in executing this document and/or the related releases.

Franchisee(s) Initials: \_\_\_\_\_ N/A \_\_\_\_\_

No Assignment or Transfer of Interest. The Franchisee(s) represent and warrant that there has been, and there will be, no assignment or other transfer of any interest in any Claims that the Franchisee(s) may have against any or all of the Franchisor-Related Persons/Entities, all Claims having been fully and finally extinguished, and the Franchisee(s) agree to forever indemnify and hold the Franchisor-Related Persons/Entities harmless from any liability, claims, demands, damages, losses, costs, expenses or attorneys' fees incurred by any of the Franchisor-Related Persons/Entities as a result of any person asserting any interest in any of the Claims and/or any voluntary, involuntary or other assignment or transfer, or any rights or claims under any assignment, transfer or otherwise. It is the intention of the parties that this indemnity does not require payment by any of the Franchisor-Related Persons/Entities as a condition precedent to recovery against the Franchisee(s) under this indemnity.

Franchisee(s) Initials: \_\_\_\_\_ N/A

Attorneys' Fees. If the Franchisee(s), or anyone acting for, or on behalf of, the Franchisee(s) or claiming to have received, by assignment or otherwise, any interest in any of the Claims, commence, join in, or in any manner seek relief through any suit (or otherwise) arising out of, based upon or relating to any of the Claims released hereunder or in any manner asserts against all or any of the Franchisor-Related Persons/Entities any of the Claims released hereunder, the Franchisee(s) agree to pay all attorneys' fees and other costs incurred by any of the Franchisor-Related Persons/Entities in defending or otherwise responding to said suit or assertion directly to the Franchisor-Related Persons/Entities incurring such costs.

"Franchisor-Related Persons/Entities." Franchisor, Franchisor's Affiliates, any advertising fund, any franchisee advisory group and each of the following, whether past, current or future: companies and/or persons acting through and/or in concert with us and/or with any of the foregoing; partners, shareholders, officers, directors, agents, attorneys, accountants, and/or employees of ours and/or of any of the foregoing; any companies and/or persons (known or unknown) that could be charged with responsibility and/or liability for any of the acts or omissions released hereby; and all predecessors, successors and/or assigns of ours and/or of any of the foregoing.

Franchisee(s) Initials: \_\_\_\_\_ N/A

Date of Releases, Joint and Several Liability. The releases granted hereunder will be deemed effective as of the date hereof. The liabilities and obligations of each of the Franchisee(s) (and any other person/entity providing releases to the Franchisor-Related Persons/Entities) will be joint and several.

Franchisee(s) Initials: \_\_\_\_\_ N/A

State of Washington. This release does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

Franchisor \_\_\_\_\_

Franchisee \_\_\_\_\_

If the Franchisee is a legal entity, this document shall also be signed by, and apply to, each owner of any interest in the Franchisee, and the terms "Franchisee(s)" shall include each and all of such owners.

FRANCHISEE:

\_\_\_\_\_

By: \_\_\_\_\_

\_\_\_\_\_  
(Print Name, Title)

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

PRINCIPAL:

\_\_\_\_\_

\_\_\_\_\_  
(Print Name)

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

PRINCIPAL:

\_\_\_\_\_

\_\_\_\_\_  
(Print Name)

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



EXHIBIT H TO THE DISCLOSURE DOCUMENT

TRANSFER OF FRANCHISE TO A CORPORATION OR LIMITED LIABILITY COMPANY

TRANSFER OF FRANCHISE TO  
CORPORATION OR LIMITED LIABILITY COMPANY

The undersigned, an Officer, Director and Owner of a majority of the issued and outstanding voting stock of the corporation set forth below, or Members of the issued and outstanding Interests of the Limited Liability Company set forth below and the Franchisee of the Tutoring Center under a Franchise Agreement executed on the date set forth below, between himself or herself and The Tutoring Center Franchise Corp., as Franchisor, granting him/her a franchise to operate at the location set forth below, and the other undersigned Directors, Officers and Shareholders of the Corporation, or the Members of the Limited Liability Company, who together with Franchisee constitute all of the Shareholders of the Corporation, or the Members of the Limited Liability Company, in order to induce Franchisor to consent to the assignment of the Franchise Agreement to the Corporation, or Limited Liability Company in accordance with the provisions of Section 20 of the Franchise Agreement, agree as follows:

1. The undersigned Franchisee shall remain personally liable in all respects under the Franchise Agreement and all the other undersigned Officers, Directors and Shareholders of the Corporation, or the Members of the Limited Liability Company, intending to be legally bound hereby, agree jointly and severally to be personally bound by the provisions of the Franchise Agreement including the restrictive covenants contained in Article 18 thereof, to the same extent as if each of them were the Franchisee set forth in the Franchise Agreement and they jointly and severally personally guarantee all of the Franchisee's obligations set forth in said Agreement.

2. The undersigned agree not to transfer any stock in the Corporation, or any interest in the Limited Liability Company without the prior written approval of the Franchisee and agree that all stock certificates representing shares in the Corporation, or all certificates representing interests in the Limited Liability Company shall bear the following legend:

"The shares of stock represented by this certificate are subject to the terms and conditions set forth in a Franchise Agreement dated \_\_\_\_\_, 20\_\_ between \_\_\_\_\_ and The Tutoring Center Franchise Corp."

or

"The ownership interests represented by this certificate are subject to the terms and conditions set forth in a Franchise Agreement dated \_\_\_\_\_, 20\_\_ between \_\_\_\_\_ and The Tutoring Center Franchise Corp."

3. \_\_\_\_\_ or his designee shall devote his best efforts to the day-to-day operation and development of the Franchised Tutoring Center

4. \_\_\_\_\_ hereby agrees to become a party to and to be bound by all of the provisions of the Franchise Agreement executed on the date set forth below between Franchisee and The Tutoring Center Franchise Corp., to the same extent as if it were named as the Franchisee herein.

Date of Franchise Agreement:

Location of Franchised Center:

WITNESS:

As to Paragraph 3:

\_\_\_\_\_  
[Name]

\_\_\_\_\_

As to Paragraph 4:

\_\_\_\_\_  
[Name]

\_\_\_\_\_

ATTEST:

\_\_\_\_\_  
Name of Corp. or Limited Liability Company

\_\_\_\_\_  
(SEAL)

By: \_\_\_\_\_

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

In consideration of the execution of the above Agreement, The Tutoring Center Franchise Corp. hereby consents to the above referred to assignment on this \_\_\_\_ day of \_\_\_\_, 20\_\_.

THE TUTORING CENTER FRANCHISE CORP.

By: \_\_\_\_\_

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

EXHIBIT I TO THE DISCLOSURE DOCUMENT  
TELEPHONE LISTING AGREEMENT

## TELEPHONE LISTING AGREEMENT

This Telephone Listing Agreement (the "Agreement") is made on this \_\_\_\_\_ day of \_\_, 20\_\_, by and between The Tutoring Center Franchise Corp., a California corporation (the "Franchisor"), and \_\_\_\_\_ the "Franchisee").

WHEREAS, Franchisor is the franchisor of the Tutoring Center franchise system throughout the United States of America and licenses to Franchisee the service marks, trademarks, and trade names related to the operation of the franchised business (collectively the "Marks"); and

WHEREAS, Franchisor and Franchisee are parties to a Franchise Agreement executed on \_\_\_\_\_ (the "Franchise Agreement") under which Franchisee is granted a franchise (the "Franchise") involving certain rights to use the Marks in Franchisee's business and telephone listings to promote its Tutoring Center franchised business operation (the "Franchised Business").

NOW, THEREFORE, in consideration of the Recitals above and the terms below, Franchisor and Franchisee agree:

1. Franchisee is authorized to continue using the Marks until the Franchise Agreement is terminated or expires.
2. Franchisee is authorized to obtain telephone service for the Franchised Business.
3. Franchisee is authorized to obtain various Yellow Page, White Page, information listings and Yellow Page advertising under the trade name "The Tutoring Center" in conjunction with Franchisee's Franchised Business.
4. Franchisee must pay all charges for telephone service, White Page, Yellow Page, information listings and Yellow Page advertisements.
5. On termination or expiration of the Franchise Agreement, Franchisee acknowledges that its right to the use any of the Marks made available by Franchisor to Franchisee for use under the Franchise Agreement will immediately end, and that all telephone numbers appearing under the Marks will immediately become the property of Franchisor, and Franchisee assigns and irrevocably releases to Franchisor all rights to and use of all telephone numbers associated with the Marks then listed. Franchisee irrevocably authorizes the telephone company, on notification by Franchisor of termination or expiration of the Franchise, to transfer or assign all of those telephone numbers to Franchisor or to disconnect those telephone numbers and assign them to Franchisor or to transfer calls coming to those disconnected numbers to any telephone numbers issued by the telephone company to Franchisor, as instructed by Franchisor and without need for any further document(s) from Franchisee.
6. Franchisee irrevocably releases the telephone company, Franchisor and their respective successors, assigns, directors, officers, employees and agents, from liability of any kind that may result directly from Franchisor's exercise of its rights under this Agreement or from the telephone company's cooperation with Franchisor in effecting the terms of this Agreement.

- 7. Nothing contained in this Agreement shall diminish any obligations or covenants of the Franchisee owed under its Franchise Agreement with the Franchisor, including, without limitation, any post-termination covenant not to compete. Terms not otherwise defined in this Exhibit I have the same meanings as stated in the Franchise Agreement.
- 8. The undersigned agree to the terms of this Agreement.

“FRANCHISOR”

**The Tutoring Center Franchise Corp.**

By: \_\_\_\_\_

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

Date:

“FRANCHISEE”

**If Franchisee is an individual:**

Individually:

X \_\_\_\_\_

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

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

**If Franchisee is a corporation or other entity:**

\_\_\_\_\_  
[Name of Franchisee]

By: \_\_\_\_\_

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

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

EXHIBIT J TO THE DISCLOSURE DOCUMENT

SAT/ACT PROGRAM ADDENDUM

**THE TUTORING CENTER FRANCHISE CORP**  
**ADDENDUM TO FRANCHISE AGREEMENT**  
**[SAT/ACT Test Prep Program]**

This SAT/ACT Test Prep Program Addendum to Franchise Agreement (“Addendum”) dated this\_ day of \_ 20\_\_, shall be attached to and made a part of that certain Franchise Agreement dated below (“Franchise Agreement”), by and between The Tutoring Center Franchise Corp (“Franchisor”) and:

Franchisee Name: \_\_\_\_\_ (“Franchisee”)

Franchise Agreement Date: \_\_\_\_\_

Center Name: *The Tutoring Center®*, \_\_\_\_\_ (“Center”)

**RECITALS**

A. Franchisee seeks to offer the SAT/ACT Test Prep Program (“SAT/ACT Program”) at its Center and has submitted its application pursuant to the requirements set forth in the Operations Manual. Franchisee understand that offering the SAT/ACT Program is a privilege, voluntary and subject to specific standards.

B. Franchisor has reviewed the application and acknowledges that the Center has met the SAT/ACT Program requirements identified in the Manual.

C. Franchisor is willing to grant Franchisee the right to offer the SAT/ACT Program subject to the provisions of the Franchise Agreement and as set forth herein.

D. This Addendum supplements and amends the Franchise Agreement and will be effective upon the execution of this Addendum.

NOW THEREFORE, in consideration of the mutual promises set forth in the Franchise Agreement and herein, the parties agree that the Franchise Agreement is hereby amended as follows:

1. SAT/ACT Program. Franchisee is granted the right to offer the SAT/ACT Program at the Center subject to the conditions set forth below:

(a) Franchisee shall pay Franchisor \$400.00 per month as payment for the continuing right to offer the SAT/ACT Program at the Center (“SAT/ACT Royalty Fee”).

i. The SAT/ACT Royalty Fee will be auto drafted the 1<sup>st</sup> day of each month beginning on \_\_\_\_\_;

ii. The SAT/ACT Royalty Fee is subject to an annual cost of living increase, calculated annually each January 1 for the preceding year, and will go into effect annually on February 1; and

iii. The SAT/ACT Royalty Fee will be in effect until Franchisee formally opts out of the SAT/ACT Program or Franchisee's right to offer the SAT/ACT Program is canceled as set forth in Section 3 below.

(b) Franchisee shall strictly follow the program requirements set forth in the Manual or other writings issued by Franchisor, including without limitation maintaining the required average student enrollment at the Center and allowing only qualified instructors to offer the SAT/ACT Test Prep.

(c) Franchisee shall provide a General Release signed by all parties to the Franchise Agreement. Such General Release is attached hereto as Exhibit A.

2. Opting Out of SAT/ACT Program.

(a) Franchisee may opt out of the SAT/ACT Program (i) after 12 months of consecutive royalty payments; (ii) sending Franchisor 90 days written notice; (iii) confirmation that all SAT/ACT student programs will be finished by the opt out date; and (iv) return all SAT/ACT Program materials, used or unused, including student workbooks and instructor materials at Franchisee's expense and without refund.

(b) Franchisee agrees that once it opts out of the SAT/ACT Program, Franchisee must reapply to rejoin which shall be at Franchisor's sole discretion.

3. Disqualification. Franchisee specifically understands that offering the SAT/ACT Program at the Center is a privilege, completely voluntary and subject to Franchisee's compliance with the requirements set forth in the Manual or other writings issued by Franchisor. Franchisor may, in its sole discretion, cancel or suspend Franchisee's ability to offer the SAT/ACT Program if such requirements are not maintained. Franchisee will be notified in writing of its disqualification.

4. In all other respects, the parties agree that the Franchise Agreement shall remain and be in full force and effect, with the provisions of such Franchise Agreement being subject to the terms of this Addendum.

**FRANCHISEE**

SIGNED: \_\_\_\_\_ DATE: \_\_\_\_\_  
Franchisee

**FRANCHISOR**

SIGNED: \_\_\_\_\_ DATE: \_\_\_\_\_  
Dr. Edward S. Thalheimer, Ph.D., President  
*The Tutoring Center*® Franchise Corp

Franchisor \_\_\_\_\_

Franchisee \_\_\_\_\_

**EXHIBIT A**  
**CURRENT FORM OF RELEASING LANGUAGE**  
**(SUBJECT TO CHANGE BY FRANCHISOR)**

Release - General Provisions. The Franchisee(s), jointly and severally, hereby release and forever discharge each and all of the Franchisor-Related Persons/Entities (as defined below) of and from any and all causes of action, in law or in equity, suits, debts, liens, defaults under contracts, leases, agreements or promises, liabilities, claims, demands, damages, losses, costs or expenses, of any nature whatsoever, howsoever arising, known or unknown, fixed or contingent, past or present, that the Franchisee(s) (or any of them) now has or may hereafter have against any or all of the Franchisor-Related Persons/Entities by reason of any matter, cause or thing whatsoever from the beginning of time to the date hereof (the "Claims"), it being the mutual intention of the parties that this release be unqualifiedly general in scope and effect and that any Claims against any of the Franchisor-Related Persons/Entities are hereby forever canceled and forgiven.

THE FRANCHISEE(S) ACKNOWLEDGE THAT THEY ARE FAMILIAR WITH THE PROVISIONS OF CALIFORNIA CIVIL CODE SECTION 1542, WHICH PROVIDES AS FOLLOWS:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS/HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM/HER, WOULD HAVE MATERIALLY AFFECTED HIS/HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY."

THE FRANCHISEE(S), BEING AWARE OF THIS CODE SECTION, HEREBY EXPRESSLY WAIVE ALL OF THEIR RIGHTS THEREUNDER AS WELL AS UNDER ANY OTHER STATUTES OR COMMON LAW PRINCIPLES OF SIMILAR EFFECT OF ANY APPLICABLE JURISDICTION, INCLUDING, WITHOUT LIMITATION, CALIFORNIA AND/OR JURISDICTIONS OF FRANCHISEE(S)' RESIDENCE AND LOCATION OF FRANCHISED UNIT; EXCEPTING ONLY THOSE CLAIMS SOLELY RELATED TO THE OFFER AND SALE OF THE FRANCHISE, WHERE SUCH RELEASES ARE EXPRESSLY PROHIBITED BY APPLICABLE LAW.

The Franchisee(s) expressly assume the risk of any mistake of fact or fact of which they may be unaware or that the true facts may be other than any facts now known or believed to exist by Franchisee(s), and it is the Franchisee(s) intention to forever settle, adjust and compromise any and all present and/or future disputes with respect to all matters from the beginning of time to the date of this document finally and forever and without regard to who may or may not have been correct in their understanding of the facts, law or otherwise. All releases given by the Franchisee(s) are intended to constitute a full, complete, unconditional and immediate substitution for any and all rights, claims, demands and causes of action whatsoever which exist, or might have existed, on the date of this document. The Franchisee(s) represent and warrant that they have made such independent investigation of the facts, law and otherwise pertaining to all matters discussed, referred to or released in or by this document as the Franchisee(s), in the Franchisee(s) independent judgment, believe necessary or appropriate. The Franchisee(s) have not relied on any statement, promise, representation or otherwise, whether of fact, law or otherwise, or lack of disclosure

Franchisor \_\_\_\_\_

Franchisee \_\_\_\_\_

of any fact, law or otherwise, by the Franchisor-Related Persons/Entities or anyone else, not expressly set forth herein, in executing this document and/or the related releases.

Franchisee(s) Initials: \_\_\_\_\_N/A

No Assignment or Transfer of Interest. The Franchisee(s) represent and warrant that there has been, and there will be, no assignment or other transfer of any interest in any Claims that the Franchisee(s) may have against any or all of the Franchisor-Related Persons/Entities, all Claims having been fully and finally extinguished, and the Franchisee(s) agree to forever indemnify and hold the Franchisor-Related Persons/Entities harmless from any liability, claims, demands, damages, losses, costs, expenses or attorneys' fees incurred by any of the Franchisor-Related Persons/Entities as a result of any person asserting any interest in any of the Claims and/or any voluntary, involuntary or other assignment or transfer, or any rights or claims under any assignment, transfer or otherwise. It is the intention of the parties that this indemnity does not require payment by any of the Franchisor-Related Persons/Entities as a condition precedent to recovery against the Franchisee(s) under this indemnity.

Franchisee(s) Initials: \_\_\_\_\_N/A

Attorneys' Fees. If the Franchisee(s), or anyone acting for, or on behalf of, the Franchisee(s) or claiming to have received, by assignment or otherwise, any interest in any of the Claims, commence, join in, or in any manner seek relief through any suit (or otherwise) arising out of, based upon or relating to any of the Claims released hereunder or in any manner asserts against all or any of the Franchisor-Related Persons/Entities any of the Claims released hereunder, the Franchisee(s) agree to pay all attorneys' fees and other costs incurred by any of the Franchisor-Related Persons/Entities in defending or otherwise responding to said suit or assertion directly to the Franchisor-Related Persons/Entities incurring such costs.

Franchisee(s) Initials: \_\_\_\_\_N/A

"Franchisor-Related Persons/Entities." Franchisor, Franchisor's Affiliates, any advertising fund, any franchisee advisory group and each of the following, whether past, current or future: companies and/or persons acting through and/or in concert with us and/or with any of the foregoing; partners, shareholders, officers, directors, agents, attorneys, accountants, and/or employees of ours and/or of any of the foregoing; any companies and/or persons (known or unknown) that could be charged with responsibility and/or liability for any of the acts or omissions released hereby; and all predecessors, successors and/or assigns of ours and/or of any of the foregoing.

Franchisee(s) Initials: \_\_\_\_\_N/A

Date of Releases, Joint and Several Liability. The releases granted hereunder will be deemed effective as of the date hereof. The liabilities and obligations of each of the Franchisee(s) (and any other person/entity providing releases to the Franchisor-Related Persons/Entities) will be joint and several.

Franchisee(s) Initials: \_\_\_\_\_N/A

This release does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

If the Franchisee is a legal entity, this document shall also be signed by, and apply to, each owner of any interest in the Franchisee, and the terms "Franchisee(s)" shall include each and all of such owners.

Franchisor \_\_\_\_\_

Franchisee \_\_\_\_\_

FRANCHISEE:

\_\_\_\_\_

By: \_\_\_\_\_

\_\_\_\_\_  
(Print Name, Title)

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

PRINCIPAL:

\_\_\_\_\_

\_\_\_\_\_  
(Print Name)

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

PRINCIPAL:

\_\_\_\_\_

\_\_\_\_\_  
(Print Name)

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

EXHIBIT K TO THE DISCLOSURE DOCUMENT  
INCENTIVE AGREEMENT

**APPLICABLE FOR NEW FRANCHISED LOCATIONS ONLY, NOT TRANSFERS OR REALES.**



## Signing Incentives Agreement

### ATTACH TO FRANCHISE AGREEMENT

This Signing Incentives Agreement (“Agreement”) shall be attached to and made a part of that certain Franchise Agreement, by and between The Tutoring Center Franchise Corp (“Franchisor”) and Franchise applicant listed below (“Franchise Agreement”).

An executed Franchise Agreement and this Agreement must be received (shipped and delivered) by Franchisor on or before the date listed below in red in order to receive the incentives set forth below.

Franchise Applicant Name: \_\_\_\_\_ (Name)  
 \_\_\_\_\_ (City & State)

Discovery Day Date: \_\_\_\_\_, 202\_\_

Deadline: \_\_\_\_\_, 202\_\_

[One (1) month from Discovery Day]

***What is the purpose of your franchise signing incentives?*** We offer these incentives for two reasons. First, we want you to begin your location search and get your chosen territory before someone else binds a lease on it. Second, we want to show our new franchisees that we are committed to your long-term success and that you are truly part of a “team”. When you submit your Franchise Agreement and this Agreement by the Deadline above, we believe these incentives offer a “win-win” opportunity for growth.

SIGNING INCENTIVES - NEW FRANCHISED LOCATIONS ONLY	Amount
<b>REIMBURSED DISCOVERY DAY TRAVEL EXPENSES:</b> This credit reimburses you for travel expenses (for you and your spouse, if applicable) to attend Discovery Day.	<b>\$1,000</b>
<b>FREE ROYALTIES FOR OPENING IN LESS THAN 12 MONTHS:</b> You will receive free royalties for each month that you open prior to 12 months from signing your Franchise Agreement. <i>(Example; you sign your FA on or before Dec 1, 20XX and you open your Center in September of the next year. You will receive free royalties for September, October, and November of your first year after you open your Center)</i>	<b>up to \$5,000</b>
<b>ADDITIONAL CENTERS CREDIT:</b> We call this Multiple Center Expansion. If you qualify and you desire additional locations in the future, you may use this valuable credit against EACH new Franchise Fee. There is no limit to this credit, it is for each additional location.	<b>\$20,000 per Center</b>

<b>RENEWAL FEES AWARD:</b> Renewal fees in the amount of \$5,000 are due after your initial franchise term. This credit pays for your initial Renewal Fee. In order to be awarded this Renewal Credit, you must sign and deliver your Franchise Agreement at least 5 months before your Franchise Expiration Date (FED).	<b>\$5,000</b>
<b>TOTAL INCENTIVES OFFERED</b>	
<b>\$31,000</b>	

Except for terms explicitly modified in this Signing Incentives Agreement all terms and conditions contained in original Franchise Agreement are to remain in full force and effect.

SIGNED: \_\_\_\_\_ DATE: \_\_\_\_\_  
*Franchisee*

SIGNED: \_\_\_\_\_ DATE: \_\_\_\_\_  
*Dr. Edward S. Thalheimer, The Tutoring Center® Franchise Corp*

EXHIBIT L TO THE DISCLOSURE DOCUMENT  
STATE EFFECTIVE DATES

### State Effective Dates

The following states have franchise laws that 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, registered or exempt from registration, as of the Effective Date stated below:

<b>STATE</b>	<b>EFFECTIVE DATE</b>
California	March 29, 2024
Hawaii	June 7, 2024
Illinois	March 25, 2024
Indiana	April 14, 2024
Maryland	August 14, 2024
Michigan	July 5, 2024
Minnesota	July 3, 2024
North Dakota	Not Registered
Rhode Island	Not Registered
South Dakota	Not Registered
Virginia	Not Registered
Washington	June 13, 2024
Wisconsin	March 25, 2024

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.

EXHIBIT M TO THE DISCLOSURE DOCUMENT  
RECEIPTS

EXHIBIT M

RECEIPT OF FRANCHISE DISCLOSURE DOCUMENT

This Franchise Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Franchise Disclosure Document and all exhibits carefully.

If The Tutoring Center Franchise Corp 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 you to receive this Franchise Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If The Tutoring Center Franchise Corp 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 and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and to your state authority listed on Exhibit E.

The Tutoring Center Franchise Corp.'s sales agents, all of whom are located at 3750 Long Beach Blvd, Suite 100, Long Beach, CA 90807, Phone (562) 984-0830, are listed below:

- Dr. Edward Thalheimer
- Dr. Chita Thalheimer
- Ryan Oak
- ~~David Gray~~ Gabrielle Genovea
- Joel Garibay Ramirez
- ~~Eleanor Kamenitsa Hale~~
- MJ Kwon

Issuance Date: March 8, 2024, as amended May 30, 2024

I received a Disclosure Document dated March 8, 2024, as amended May 30, 2024 that included the following Exhibits:

- A. Financial Statements
- B. Franchise Agreement
- C. Table of Contents of Operating Manual:
- D. List of Franchisees and Franchisees Who Have Left the System
- E. Lists of State Administrators and Agents for Service of Process
- F. State-Specific Addenda
- G. Form of General Release
- H. Transfer of Franchise to a Corporation or Limited Liability Company
- I. Telephone Listing Agreement
- J. SAT/ACT Program Addendum
- K. Incentive Agreement
- L. State Effective Dates
- M. Receipts

Date Received: \_\_\_\_\_  
(If other than date signed)

DATE: \_\_\_\_\_

\_\_\_\_\_  
(Signature of recipient)

\_\_\_\_\_  
(Printed name of recipient)

\_\_\_\_\_  
Legal residence address

PLEASE KEEP FOR YOUR RECORDS

EXHIBIT M

RECEIPT OF FRANCHISE DISCLOSURE DOCUMENT

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Date Received: \_\_\_\_\_  
(If other than date signed)

DATE: \_\_\_\_\_

\_\_\_\_\_  
(Signature of recipient)

\_\_\_\_\_  
(Printed name of recipient)

\_\_\_\_\_  
Legal residence address

PLEASE RETURN SIGNED RECEIPT TO: The Tutoring Center Franchise Corp.  
3750 Long Beach Blvd, Suite 100, Long Beach, CA 90807