

FRANCHISE DISCLOSURE DOCUMENT



SpiderSmart, Inc.
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The franchisee will operate a tutoring and instruction practice to individuals in the areas of reading and writing, math, current events, test preparation and other subject-specific focuses, under the name “SpiderSmart Learning.” SpiderSmart, Inc., a Virginia corporation, offers all of these rights.

The total investment necessary to begin operation of a franchised SpiderSmart Learning Center business is \$79,900 to \$139,400. This includes \$30,000 that must be paid to the franchisor or its affiliate(s).

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 Cynthia Park at 8401 Maryland Drive, Suite S, Richmond, Virginia 23294; franchise@spidersmart.com; and (833) 492-0121.

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

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

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

Issuance Date: May 14, 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 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 G.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	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 SpiderSmart business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a SpiderSmart franchisee?	Item 20 or Exhibit G lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising Generally

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

Business model can change. The franchise agreement may allow the franchisor to change its 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 franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends the franchise or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use the agency information in Exhibit D.

Your state also may 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 that the following risk(s) be highlighted:

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation or litigation only in the Commonwealth of Virginia. 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 Virginia than in your own state.
2. **Mandatory Minimum Payments.** You must make minimum user access fee payments, regardless of sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.

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EXHIBITS:

- A Financial Statements
- B Preliminary Agreement
- C Franchise Agreement
 - C-1 – Franchisee Information
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ITEM 1
THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES

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

The Franchisor, any Parents, Predecessors and Affiliates

SpiderSmart, Inc. was incorporated under the laws of Virginia on February 11, 2004. SpiderSmart also does business under “SpiderSmart Learning Centers.” Our principal business address 8401 Maryland Dr, Ste S, Richmond, Virginia 23294.

Our parent company is JLS Education, LLC, a Florida limited liability company formed in February 2025 and it shares our principal address. Our parent company has not engaged in franchise sales for any business and conducts no other business. SpiderSmart, Inc. has no other parent companies and no predecessors or affiliates that need to be disclosed in this Item. As of December 31, 2024, there were 19 franchised SpiderSmart Learning Centers and there were no SpiderSmart Learning Centers operated by us.

Agent for Service of Process

SpiderSmart’s agent for service of process is disclosed in **Exhibit D**.

Prior Business Activities

From 2004 until May 2014, we granted trademark and software licenses (each a “**License Agreement**”) to other persons and/or entities, authorizing each to operate a learning center under the name “SpiderSmart” to provide personalized tutoring services to school-aged children, and permitting them to utilize our proprietary curriculum materials and Internet-based Reading & Writing Program software to provide such services. Since 2004 we also have permitted consumers to license use of our based Reading & Writing Program software on an “eLearning Basis” through Internet subscription agreements, but without personalized tutoring support.

We are party to one License Agreement for the operation of a SpiderSmart Learning Center, which dates from before we began offering franchises. In addition to the permitted use of our trademark and software, this License Agreement provides that the licensee does not engage in illegal deceptive trade practices or otherwise clearly tarnish the SpiderSmart trademark. In exchange, the licensee is required to pay SpiderSmart a specific flat monthly license fee.

We have not engaged in any other business activities.

The Franchise We Are Offering

We began offering franchises on September 23, 2014. The offering of the Franchise is separate and apart from our prior licensing activities as described above under Prior Business Activities. We will have substantially more control over the operations of franchisees than we have had over licensees, for example by requiring pre-approval of all advertising and minimum amounts of expenditures on local advertising; having the right to require the franchisees to pay money into a regional advertising fund; having the right to mandate pricing within a metropolitan area (subject to applicable law); requiring with health and safety protocols; requiring maintenance of customer and accounting records in specific ways, and providing us

continuous access to those records; and giving us a right of first refusal over any proposed transfer of a franchised SpiderSmart Learning Centers.

We offer the “SpiderSmart Learning Center” franchise (hereinafter referred to as a “**SpiderSmart Learning Center**”, “**Center**” or “**Franchise**”), which is a brick-and-mortar learning center that provide personalized tutoring services to school-aged children ages 5 through 18. The Centers utilize the “SpiderSmart Educational System,” which is a unique model for providing tutoring and instruction services specializing in the areas of reading and writing, math, current events, test preparation and other subject-specific focuses. The SpiderSmart Educational System provides a vast array of original curricula, including assignments for over 4,500 books for reading and writing sessions, 600 for current event sessions and 4,500 math worksheets.

You must sign our Preliminary Agreement (**Exhibit B**) to reserve a geographically described site selection area for 120 days and obtain our assistance with the site-selection process, in exchange for paying us a fee of \$5,000 (“Deposit”). During the 120-day period, we will provide advice and feedback about selecting and analyzing a site for the Franchise (including advice regarding population density, traffic patterns, safety of location, parking accommodations and proximity of the proposed site to other SpiderSmart franchisees); site selection and any lease negotiation are your responsibility. During that 120-day period, we may terminate the Preliminary Agreement at any time prior to you signing a lease or purchasing property for a franchised SpiderSmart Learning Center, provided that we will refund the Deposit. If you are unable to secure a site acceptable to you and us in the site selection area during the 120-day period, we have no further obligation to you and we may refund half of the Deposit. If you secure an acceptable site and sign the Franchise Agreement, the Deposit is applied toward the Initial Franchise Fee.

The Market and Competition

The market to provide educational services is highly developed and competitive. You may have to compete with other educational facilities including franchised operations, national chains and independently owned companies offering similar services to customers. Among other companies, SpiderSmart Centers typically compete with Kumon, C2, Kaplan, Princeton Review, Sylvan Learning Centers and Huntington Learning Centers, along with a variety of other chains and local tutoring providers.

You will also face other normal business risks that could have an adverse effect on your Franchise. These may include industry developments, such as pricing policies of competitors, and supply and demand.

We believe we have created a market niche in providing highly personalized lessons that involve individual attention from experienced teachers. All of our core programs include a combination of one-on-one instruction, and independent work that ensures students will learn the material in an effective way. Our material is unique in that it serves as a template that the teacher can use to create an organic lesson based on the student’s needs. Historically, children who learned English as a second language or who wish to enhance their English verbal, reading and writing skills have been most interested in SpiderSmart’s programs. The sales are not seasonal.

Industry-Specific Laws and Regulations

State and local governments and their agencies may regulate your Center’s operations, your instructional curricula and materials, and the individuals who provide and manage instruction, such as requiring a state-certified instructor to be the Center’s director or on the premises when instruction is being offered. Certain states, such as Pennsylvania and New Hampshire, may require your SpiderSmart Learning Center to obtain licensing as a private education institution, particularly if you offer group instruction in addition to one-on-one personalized tutoring, and may require that only state-certified teachers may provide tutoring services.

Depending on the licensing requirements in your state, you may be required to provide or submit to a third-party criminal background check and/or obtain special bonding and insurance connected with providing services to children, and to require your tutoring instructors to submit to criminal background check. You should check your state and local requirements for a tutoring or educational services business.

In addition, if your SpiderSmart business is considered a “school” under the zoning or land use code of your town or county, then you may be required to satisfy building requirements such as separate bathrooms for boys and girls, water fountains, special exit doors equipped with panic bars, an accommodation for disabled persons (above and beyond general Americans with Disabilities Act requirements). Although we do not regard SpiderSmart Learning Centers as schools, we urge you to consult with an attorney concerning any special requirements that may apply to you or your SpiderSmart Learning Center. Under the Franchise Agreement, you alone are responsible for complying with all applicable laws and regulations in operating the Center, despite any advice or information that we may give you.

ITEM 2 BUSINESS EXPERIENCE

President: Jordan Steinberg

Mr. Steinberg has been our President, and President of our affiliate Reading & Writing Center, LLC, since March 2025. Mr. Steinberg has been a self-employed software developer since January 2002. Mr. Steinberg has been a technical lead for Freddie Mac in McLean, Virginia since May 2023, and was a senior software developer for Freddie Mac in McLean, Virginia from August 2013 until March 2023.

Director of Operations: Cynthia Park

Ms. Park has been our Director of Operations since June 2024. Ms. Park was our Director of Franchise Management from July 2023 to June 2024. She has been the Director of the Virtual Program for our affiliate Reading & Writing Center, LLC since January 2024. Ms. Park was our Franchise Coordinator from January 2023 to July 2023 and was a Virtual Teacher for Reading & Writing Center, LLC from November 2021 to September 2024. She owned Alliejam Kids English, a private school specializing in early childhood education and language, in Bundang, South Korea from February 2009 to October 2020.

Director of Curriculum Development: Jason Ellison

Mr. Ellison has been our Director of Curriculum Development since May 2006. He is based out of Arden, North Carolina.

Director of Franchise Development: Moonsung “Morris” Chung

Mr. Chung has been our Director of Franchise Development since April 2023. Previously, he served as our Regional Director of Franchise Development for the Texas region from June 2009 to April 2023. From 2006 to 2017, Mr. Chung owned and operated SpiderSmart Learning Center of Memorial, which is located in Houston, Texas. Since 2019, Mr. Chung has owned and operated the SpiderSmart Learning Center of Frisco, which is located in Frisco, Texas.

ITEM 3 LITIGATION

On March 20, 2015 we entered into a Consent Order with the Maryland Securities Commissioner, file number Maryland 2014-0422. This Consent Order resulted from our entry into Licensed Facility Agreements for six (6) SpiderSmart Learning Center locations in Maryland. The Consent Order states that, by engaging in that activity, “the Commissioner has concluded that SpiderSmart violated Sections 14-214 and 14-223 of the Maryland Franchise Law.” We agreed to permanently cease and desist from the offer and sale of franchises in violation of the Maryland Franchise Law, diligently complete our application to register our franchise offering in Maryland, and offer our Maryland licensees the option to “rescind the franchise”, avoid any future obligations under its Licensed Facility Agreement, and receive a refund of setup, initiation or transfer fees paid to us when the licensee signed the Licensed Facility Agreement.

Other than this one action, no other litigation is required to be disclosed in this Item.

ITEM 4 BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

ITEM 5 INITIAL FEES

The Initial Franchise Fee is \$30,000. The full amount of the Initial Franchise Fee (less any deposits made as described below) is due either when you sign a lease for the site of your franchise approved by SpiderSmart, in its sole discretion, or when you sign the Franchise Agreement, whichever occurs later.

By signing our Preliminary Agreement (**Exhibit B**), you may reserve a geographically-described site selection area for 120 days and obtain our assistance with the site-selection process, in exchange for paying us the Deposit of \$5,000. During that 120-day period, we may terminate the Preliminary Agreement at any time prior to you signing a lease or purchasing property for use as a franchised SpiderSmart Learning Center, provided that we will refund the Deposit. If you are unable to secure a site acceptable to you and us in the site selection area during the 120-day period, we have no further obligation to you and we may refund one-half of the Deposit, or \$2,500. If you secure an acceptable site and sign the Franchise Agreement, the Deposit is applied to the Initial Franchise Fee.

Except as described for the Deposit, no fees stated in Item 5 are refundable. These fees are uniformly applied to all new franchisees in the manner described above. During our last fiscal year, we did not reduce any initial fees.

**ITEM 6
OTHER FEES**

Type of Fee	Amount	Due Date	Remarks
User Access Fee ¹	Starting the 7th month from the date of opening your Center, the greater of 5% of Gross Revenue or \$1,500 per month. ²	The payment for each month is due on the 30 th day, except February due on the last day of the month.	The User Access Fee is auto-debited from your banking account.
Advertising Costs ³	\$200 per month, subject to increases for inflation	You spend this amount monthly on local advertising, starting in the fourth month of operations.	<p>This amount is not paid to us. Although this amount must be spent on local advertising each month, we reserve the right to establish an advertising cooperative. If we establish an advertising cooperative, you will no longer be required to spend money on local advertising, but you will be required to contribute to the cooperative an amount up to \$200 per month.⁴</p> <p>If we provide advertising templates or other materials that use our Marks, we may charge you for those materials.</p>
Brand Building Fund Fee	Then current fee, currently \$0	Same as User Access Fee	Currently not charged.
IT Fee	Then current fee, currently \$0	Same as User Access Fee	Currently not charged.
Transfer Fee	\$5,000 ⁵	Prior to acceptance of transfer	Payable before you sell your franchise.
Interest on Past Due Amounts	1.5% per month or the highest rate permitted by law, whichever is less	As incurred	Payable to us.
Failure to Report Fee	\$2,500	As invoiced	You must report your annual gross revenue, payroll expense and rent expense to us by February 15 of the following year. If you fail to do so by the deadline, we will assess this fee.

Type of Fee	Amount	Due Date	Remarks
Failure to Input Customer Data	\$1,000 per month of violation	As invoiced	You must input all Customer Data into our online business management software. We may charge you this fee if you fail to do so during any month.
Breaching Service Provision	Full gross revenue received	As invoiced	We have requirements for providing remote tutoring services, which are stated in our Manuals or otherwise. If you fail to comply with those requirements then you must pay us all revenue you receive from providing that unauthorized service.
Insurance Policies	Amount of unpaid premiums plus our costs incurred	As invoiced	Payable to us only if you fail to maintain required insurance coverage and we elect to obtain such coverage on your behalf.
Management Fee	\$200 per day, plus expenses	As invoiced	Payable only if we send a representative to operate your business upon the death or disability of your Principal Manager.
Indemnification	All losses, damages and costs incurred, including attorneys' fees	Upon settlement or conclusion of claim or action	You must indemnify and hold us harmless for all losses, damages and costs incurred resulting from the operation of your franchise.
Attorneys' Fees	Amount incurred by prevailing party	As incurred	The prevailing party in any dispute resolution proceeding is entitled to recover its attorneys' fees from the non-prevailing party.
Liquidated Damages	Greater of \$33,600, or twenty-four (24) times the Continuing Franchise Fee that Franchisee was obligated to pay for the month prior to the termination date (if such fee has been increased due to inflation)	Upon the termination of the Franchise Agreement by SSI due to your default	This amount provides a reasonable estimate of the damages that SSI will sustain in the event the franchise or this Agreement is terminated based upon your default under the Franchise Agreement.

Type of Fee	Amount	Due Date	Remarks
Successor Fee	Then-current fee	Due upon execution of successor franchise agreement.	
Book Purchases	Costs of the books plus service fee per book, not currently charged	As incurred.	Currently we do not sell books to franchisees.
Curriculum or Branded Merchandise Charges	Then current amount, not currently charged	As incurred	We reserve the right to charge you for curriculum or branded merchandise used in or sold at the Business.

Pre-existing licensees that have converted, or will convert, to franchisees will have a different fee structure; otherwise, the fees and payment requirements are uniform for all franchise agreements entered into for the 12-month period prior to the Issuance Date. Any future franchisees outside of such 12-month period may be charged on a different basis or have larger payment obligations. Except where otherwise specified, we impose all the fees in this table, you pay them to us, and we do not refund them. Fees due to us must be paid via EFT.

- 1 This fee is net of any taxes, which shall be the responsibility of Franchisee, except for taxes on SSI's income.
- 2 We can increase this minimum fee and all other minimum fees stated in the Franchise Agreement on an annual basis by the amount of the increase in the U.S. Consumer Price Index during the prior twelve (12) months, if cumulative inflation has been 10% or more since the date of the franchise agreement.

“Gross Revenue” means the aggregate amount of all revenues generated from the sale of all products and services sold and all other income of every kind related to the Business, whether for cash or credit (and regardless of collection in the case of credit). You may not reduce Gross Revenue by the amount of any discounts. Gross Revenue does not include sales taxes or other taxes collected from customers for transmittal to the appropriate taxing authority, proceeds from the sale of gift cards or stored value cards, and customer refunds made in good faith. We reserve the right to modify its policies consistent with industry practices regarding revenue recognition, revenue reporting, and the inclusion in or exclusion of certain revenue from Gross Revenue as circumstances, business practices, and technology change.

- 3 We reserve the right to establish an advertising cooperative pursuant to ITEM 11. If such a cooperative is not established, these fees will be mandatory minimums to be spent by you on approved local advertising. If such a cooperative is established, these fees will be paid into the cooperative to fund regional advertising efforts.

- 4 If an advertising co-op is established, each SpiderSmart Learning Center within the designated region, including any Center owned or operated by us, will be a member of the cooperative, and will be entitled to one vote per Center owned. Higher contribution requirements may be approved by a vote constituting at least 80% of all votes entitled to be cast.

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount		Method of payment	When due	To whom payment is to be made
	(Low)	(High)			
Initial Franchise Fee ²	\$30,000	\$30,000	Lump sum	In full upon the later of (i) signing the Franchise Agreement or (ii) leasing or acquiring an acceptable site	Us
Lease Deposit ³ (2 months' rent)	\$5,000	\$9,000	Lump sum	Landlord	Typically at signing of lease
Construction and remodeling	\$5,000	\$30,000	As arranged	As arranged	Contractor
Furnishings	\$2,000	\$5,000	As arranged	As arranged	Vendors
Fixtures	\$2,000	\$5,000	As arranged	As arranged	Vendors
Signage	\$2,000	\$6,000	Cash	Deposit with remaining balance due upon completion	Vendors
Equipment	\$1,000	\$3,000	As arranged	As arranged	Vendors
Computers for use in tutoring instruction, plus one for the Center Manager's use	\$3,000	\$5,000	As arranged	As arranged	Vendors
Inventory (Books and Supplies)	\$5,000	\$8,000	As arranged	As arranged	Vendors
Utilities – deposits, connection fees, and monthly charges during first 3 months	\$1,000	\$1,500	Lump sum for deposits; monthly cash payment for ongoing service	Initial deposit with monthly use charges	Utility companies

Type of Expenditure	Amount		Method of payment	When due	To whom payment is to be made
	(Low)	(High)			
Advertising (pre-opening and during start-up phase) ⁴	\$2,000	\$3,000	As arranged	As arranged	Vendors
Business licenses ⁵	\$500	\$500	As arranged	As arranged	Government agencies
Wages for employees in the first three months	\$5,000	\$8,000	As arranged	As arranged	Employees
Insurance ⁶	\$400	\$400	As arranged	As arranged	Vendors
Attorney, Accountant and other Professional Fees	\$1,000	\$5,000	As arranged	As arranged	Professionals
Additional funds (initial 3 months) ⁷	\$15,000	\$20,000	As arranged	As arranged	Us, your employees, vendors
TOTAL	\$79,900	\$139,400			

- ¹ The figures in this Item 7 are estimates. Your costs will depend on factors such as: your adherence to our methods and procedures; your sales skill, experience and business acumen; economic conditions; the market for your services; competition; whether you hire employees and the number of employees you hire; and the amount of business you obtain during this initial period. We relied on the experience of our founder and individuals listed in Item 2 to arrive at these estimates. You should review these estimates carefully with a business advisor before making any decisions to purchase this franchise. If you obtain financing from others to pay for some of the expenditures necessary to establish and operate the franchise, the cost of financing will depend on your creditworthiness, collateral, lending policies, financial condition of the lender, regulatory environment, and other factors.
- ² Generally, the Initial Franchise Fee is fully earned upon payment and is not refundable. You pay the Deposit to reserve a site selection area for 120 days and obtain SpiderSmart's assistance with the site-selection process. If you are unable to secure an acceptable site in the site selection area during the 120-day period, we have no further obligation to you and we may refund one half of the Deposit. You must request a refund between the 121st and 240th day after paying the Deposit. If you locate an acceptable site and sign the Franchise Agreement within 12 months of paying the Deposit, the Deposit is applied toward the Initial Franchise Fee.
- ³ If you do not own adequate space, you must lease the space for your SpiderSmart Learning Center Franchise. This estimate is for first month's rent, plus a security deposit equal to 1 month's rent. Typical franchises are located in ground-level retail spaces or in an office or business suite in a professional office building setting located near shopping and other "clean" (non-industrial) businesses and are between 1,000 and 1,500 square feet in size. The security deposit is typically refundable at the end of the lease term, subject to lease conditions.

- ⁴ You must obtain our advance approval of any advertising materials before you use them.
- ⁵ You must obtain all licenses and permits required by law before you begin operations of your SpiderSmart Learning Center franchise. Licensing and permitting requirements vary from state to state and even by county within a state.
- ⁶ As a franchisee, you will be required to obtain, maintain and provide evidence of liability and other insurance policies that meet our standards. The estimate above represents the payment for the first 6 months' worth of premiums, as our affiliate has typically been required to pay in a lump sum.
- ⁷ This estimates additional funds necessary for the first three months of your business operations, including mileage reimbursement for travel promoting the business, royalties, advertising expenses and a prudent reserve fund for any unforeseen startup costs. It does not include a salary for the owner. This estimate is based on the experience of our founder and the individuals listed in Item 2. Items such as travel and promotional/advertising fees may vary based on the geographical region in which your Center is located.

Other than as stated above, all payments made to us are non-refundable. Whether payments made to third parties are refundable will be determined by you and the relevant third parties.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Except as described below, you are not required to purchase or lease products or services from us, from our affiliates, from suppliers we approve or under our specifications. Except as described below, during our last fiscal year neither we nor any of our affiliates derived revenue or income from the sale of goods or services to the franchisees.

Curriculum with Requisite Books

We are the only approved supplier of the SpiderSmart Educational System online curriculum to be used in tutoring children. We provide you with our SpiderSmart Educational System curriculum in exchange for the Initial Franchise Fee and your payment of ongoing royalty fees. The SpiderSmart Educational System curriculum must be used at the Center, but you may customize it by choosing from a list of over 4,500 book titles that we have approved which are sold by a variety of publishers, as well as other educational websites as needed. If you wish to deviate from the curriculum or book titles, you must obtain our prior consent, although we will not unreasonably withhold our approval of your requests to make reasonable modifications and additions to the curriculum, provided that you allow us and all other franchisees to utilize approved changes and additions in all SpiderSmart businesses. We expect to complete any review of proposals and to advise you of our decision within 30 days after you submit the required information. We reserve the right to disapprove any previously approved modification or deviation.

Currently, we do not derive any income from the sale of our curriculum to franchisees separate from the Initial Franchise Fee and user access fee as described in Items 5 and 6 of this Disclosure Document. We reserve the right to charge for curriculum in the future.

You are free to obtain books through approved sources and you must adhere to a specific list of titles. SpiderSmart may in the future set up accounts with publishers and receive discounts or other allowances from the publishers. We may require you to purchase books through us or from us, but you are not required to do so now. You must adhere to the list of titles unless you receive our approval for modification as described above.

Computer Equipment

We do not currently require you to purchase any particular computer hardware brand to establish or operate the Business, but we do specify the standards for computer and communication equipment and Internet access so that your customers and staff can utilize our online curriculum materials. (See ITEM 11). The estimated cost to purchase the computer and communications equipment is between \$3,000 and \$5,000. We reserve the right to specify computer hardware or software, and other communications equipment, and to specify other computer-related and communications standards in the future.

Signage

We recommend the vendor to make your sign for the Business. If you want to use a different vendor, you must first obtain our approval.

Distribution Cooperatives

We do not have any purchasing or distribution cooperatives as of the date of this Disclosure Document, and we do not anticipate or plan to negotiate purchase arrangements with other suppliers and distributors for the benefit of our Franchisees in the future. We do not provide material benefits, such as renewing or granting additional franchises, to Franchisees based on their use of designated or approved suppliers or a franchisee's purchase of particular products or services.

SpiderSmart estimates that the cost of items (including the license to our curriculum) that must be purchased from us or in accordance with SpiderSmart's specifications will represent approximately between 10% and 30% of your total purchases in connection with the establishment of your business, inclusive of the Initial Franchise Fee. We estimate that 10% of your purchases or leases of goods and services required to operate your franchise on an ongoing basis will be made from us, approved suppliers or in accordance with our standards and specifications.

Other than SpiderSmart, there are no approved suppliers in which any of our officers owns an interest.

Leases

You must obtain SpiderSmart's prior written approval of your proposed business site and lease terms (See Item 11 for details).

Insurance

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

- A. If you have employees, workers' compensation and employer's liability insurance in the greater of \$500,000 or the minimum amounts prescribed by law in your territory;
- B. Comprehensive general liability insurance coverage, including contractual liability insurance coverage, in such amounts and upon such terms as may from time to time be customary for a tutoring business located in your Territory, but not less than \$1,000,000 for any single occurrence and \$2,000,000 in the aggregate, insuring both you and SpiderSmart against all claims, suits, obligations, liabilities and damage, including attorneys' fees, based upon or arising out of the operation, use or condition of the Franchise;

- C. Property and casualty damage insurance in an amount not less than twice the original cost of all tangible personal property and leasehold improvements;
- D. Umbrella insurance policy; and
- E. Such additional insurance as may be required by the terms of any lease or mortgage for the Franchise.

Advertising Materials

SpiderSmart has created advertising materials that its affiliate and Spider Smart Learning Center licensees have jointly placed in social media sites targeting the metropolitan Washington, D.C. area. Franchisees are not required to use our advertising materials, but franchisees are required to obtain our advanced approval of advertising that the franchisee creates or sources from a third party.

ITEM 9 FRANCHISEE'S OBLIGATIONS

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

	Obligation	Section in Franchise Agreement	Disclosure Document Item
A	Site selection and acquisition/lease	Sections 2.b., 2.c. & 17.h.	ITEM 11
B	Pre-opening purchases/leases	Sections 2.b., 2.c. & 12	ITEM 11
C	Site development and other pre-opening requirements	Sections 2.b., 2.c. & 12	ITEM 11
D	Initial and ongoing training	Section 6	ITEM 11
E	Opening	Section 12	ITEM 11
F	Fees	Sections 4 & 17.h.	ITEM 5, 6, & 7
G	Compliance with standards and policies/Manual	Sections 6, 7, 8 & 12	ITEM 11
H	Trademarks and proprietary information	Section 8	ITEM 13 & 14
I	Restrictions on products/services offered	Section 12	ITEM 8 & 16
J	Customer service requirements	Section 12	Not Applicable
K	Territorial development	Section 2.c.	ITEM 11 & 12
L	Ongoing Product and service purchases	Section 12	ITEM 8 & 16
M	Maintenance, appearance and remodeling requirements	Not Applicable	Not Applicable
N	Insurance	Section 12.i.	ITEM 8
O	Advertising	Sections 4.c., 10 & 11	ITEM 11

	Obligation	Section in Franchise Agreement	Disclosure Document Item
P	Indemnification	Section 13.b.	Not Applicable
Q	Owner's participation/management staffing	Sections 6.a. & 12.c.	ITEM 15
R	Records and reports	Section 5	Not Applicable
S	Inspection and audits	Section 4.g.	Not Applicable
T	Transfer	Sections 14 & 15	ITEM 17
U	Renewal	Section 3.b.	ITEM 17
V	Post-termination obligations	Section 17	ITEM 17
W	Non-competition covenants	Section 13	ITEM 17
X	Dispute resolution	Sections 19, 20 & 21	ITEM 17
Y	Personal Guaranty	Exhibit C-6	ITEM 15

ITEM 10 FINANCING

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

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

Except as listed below, SpiderSmart, Inc. is not required to provide you with any assistance.

Pre-Opening Obligations

Before you begin your Business, we will:

1. Provide advice and feedback about selecting and analyzing a site for the Franchise. Site selection and any lease negotiation is your responsibility, but we will assist you in the site selection process by considering population density, traffic patterns, safety of location, parking accommodations and proximity of the proposed site to other SpiderSmart franchisees or any other reasonable criteria. We will not sign a Franchise Agreement with you until you have secured a site that is acceptable to us, but the site must be secured by you within 120 days of signing the preliminary site selection agreement. If you are unable to secure a site acceptable to you and us during the 120-day period, we have no further obligation to you and we may refund half of the Deposit. If you secure an acceptable site and sign the Franchise Agreement, the Deposit is applied toward the Initial Franchise Fee. (Preliminary Agreement)
2. We will designate an exclusive territory for your Franchise in the Franchise Agreement (see ITEM 12 of this Disclosure document for more information) (Franchise Agreement § 2.c.). Within 120 days from the effective date of the Franchise Agreement, you must secure a site location within the designated territory that is reasonably acceptable to us. We will inform you whether the proposed

site will be approved within thirty (30) days of receiving all necessary information. (Franchise Agreement § 2.b.). If you are unable to locate an approved site within the 120-day period, the Initial Franchise Fee is not be refunded; however, we may, in our sole discretion, extend the 120-day period if we determine that you have consistently applied reasonably diligent efforts to find a location.

3. Provide an initial training program lasting approximately 20 hours. This training is provided virtually through video conferencing technology and is described in detail later in this ITEM 11. (Franchise Agreement § 6).
4. Provide you with password-protected access to our digital, confidential operating Manual, which contains mandatory and suggested specifications, standards, operating procedures and rules. The Manual is confidential and remains our property. We may modify the Manual from time to time, but the modification will not alter your status and rights under the Franchise Agreement. (Franchise Agreement § 7). We have included a copy of the Table of Contents of our Manual as **Exhibit E**. The Manual currently has 257 pages.

Post-Opening Obligations

During the operation of the franchised business, SpiderSmart will:

1. Recommend prices for services, and, in metropolitan areas with more than 1 franchisee, we may set maximum prices and minimum prices to the extent permitted by applicable law.
2. Offer you a reasonable amount of continuing advisory services by telephone and electronic mail during normal business hours. This will include, upon your request, the handling of any student questions or complaints that you are unable to handle adequately. (Franchise Agreement § 6).
3. We reserve the right to set reasonable proficiency standards for any teachers you hire.
4. Use commercially reasonable efforts to correct substantial defects in its online curriculum that substantially and adversely affect the performance or operations of your Business. We do not warrant that the online curriculum will operate uninterrupted or be error-free, or that all defects will be corrected.
5. We may provide periodic mentoring and advisory training, particularly once your Franchise grows in the number of students. Such training will be focused to assist directors in managing flow of students, overseeing lessons to ensure quality control and any other objective designated by us in our sole discretion. No additional fees will be charged.
6. Administer the Brand Building Fund. (Franchise Agreement § 10)

Schedule for Opening

We estimate that the length of time between the signing of the Franchise Agreement and the opening of your Business will be two months from signing the lease for your approved site. Factors affecting this length of time include financing arrangements, property lease terms, construction or conversion requirements, your pace of hiring a manager (if location will not be owner-managed), and scheduling and completion of the training program. We may terminate the Franchise Agreement if you fail to commence operation of the Business within the earlier of 9 months from the signing of the Franchise Agreement or 6 months from signing the lease. We typically do not sign a franchise agreement unless and until a site is secured.

Advertising Programs

We will maintain an Internet website that centrally promotes each SpiderSmart Learning Center. We are not obligated to conduct any other advertising for the franchise system.

Local Advertising

Unless an advertising cooperative is established (as discussed in this ITEM 11 below), you must spend at least 2% of your franchise's Gross Revenue, calculated on a semi-annual basis, on advertising by you in the Territory. You may not directly market to or solicit customers who reside outside the Territory and you may not advertise in any media with a primary circulation outside of your Territory, unless you obtain our written consent and with the written consent of any franchisee whose territory is reached by the media. You may produce your own advertising with our consent. We will have 14 days to approve, disapprove or require changes to any proposed advertisement or promotional material. If we do not respond to your request for approval within the 14 days, then you may use the advertising as proposed without any further action required.

Brand Building Fund

We may establish and administer the Brand Building Fund for the enhancement, promotion and protection of the System and the Marks, and for the development of advertising, marketing, and public relations programs and materials as we deem appropriate. We will have the sole right to direct all advertising, media placement, marketing and public relations programs and activities financed by the Brand Building Fund, with final discretion over the strategic direction, creative concepts, materials and endorsements used and the geographic, market and media placement and allocation. We may use monies in the Brand Building Fund to pay reasonable salaries and expenses of our and our affiliates' employees who work on advertising, marketing, public relations materials, programs, activities or promotions prepared, planned or undertaken on behalf of the Brand Building Fund and professional fees and administrative costs and overhead that we or our affiliates incur in activities reasonably related to the administration and activities of the Brand Building Fund (including accounting fees, legal fees, and interest on monies borrowed by the Brand Building Fund).

You must participate in all advertising, marketing, promotions, research and public relations programs instituted by the Brand Building Fund. The Brand Building Fund Fee will be payable at the same time and in the same manner as the payment of the Royalty Fee. We require you to contribute the amount we specify to the Brand Building Fund. We have not created this Fund, so no monies were collected in our prior fiscal year. We are not obligated, in administering the Brand Building Fund, to make expenditures for you which are equivalent or proportional to any contribution, or to ensure that any particular franchisee benefits directly or pro rata from expenditures by the Brand Building Fund.

If created, we will prepare an annual, unaudited statement of Brand Building Fund collections and expenses within ninety (90) days after our fiscal year end on December 31, and, upon written request, will provide a copy of the statement to any franchisee. We retain the final authority on all programs financed by the Brand Building Fund. We have the right to change or dissolve the Brand Building Fund at any time. If we disband the Brand Building Fund, we will spend all monies in the fund for any activities noted above or distribute all unspent monies to contributors in proportion to their respective Brand Building Fund Fees during the preceding twelve (12) month period.

We will not use the Brand Building Fund for anything whose sole purpose is the marketing of franchises, however, the System website, public relations activities, community involvement activities and

other activities supported by the Brand Building Fund may contain information about franchising opportunities.

Regional Advertising Cooperative

We do have the power to require you to participate in a regional advertising cooperative if there is more than one franchisee in your Franchisee's Metropolitan Statistical Area ("MSA"), as defined by the United States Office of Management and Budget. If required, each SpiderSmart Learning Center within the designated region, including any Center owned or operated by us, will be a member of the cooperative, and will be entitled to one vote per Center owned. Each Center can be required to pay into the cooperative, on a monthly basis, up to \$200 per month, which maximum can be increased to account for inflation. Higher contribution requirements may be approved by a vote constituting at least 80% of all votes entitled to be cast. All advertising and promotional materials must be approved by SpiderSmart, and the budget for spending the cooperative's funds will be determined by a vote constituting at least 51% of all votes entitled to be cast; provided that, prior to the approval of any and all budgets, the cooperative shall present the budget, in writing, to SpiderSmart and receive SpiderSmart's feedback. SpiderSmart will have 15 days from receiving the written budget plan to provide comment.

If we require the formation of a regional advertising cooperative, each member of the cooperative will sign a written agreement concerning the governance and management of the cooperative, including, but not limited to, the terms specified above. In addition to other terms and provisions, the agreement will include methods for determining who oversees and manages the cooperative's funds; the members' entitlement to financial statements regarding the use of those funds; and other rights and remedies of the cooperative members with regard to the use of those funds.

SpiderSmart, in its sole discretion, will have the ability to merge any regional cooperatives into larger regions. However, the dissolution of a cooperative or dividing a cooperative into smaller regions will require the approval of at least two-thirds of all votes entitled to be cast.

Advertising Council

We do not have an advertising council of franchisees or licensees that advises us on advertising policies.

Computer Systems, Proprietary Software, and Internet Access

We do not currently require you to purchase any particular brand of computer hardware to establish or operate the Business, but we do specify the standards for computer and communication equipment and Internet access. You must have at least one office computer that is dedicated for the use in the business and can efficiently access and utilize SpiderSmart's Internet-based software. All customers of the Business will have to be registered through such software. The cost of this software is included in the Initial Franchise Fee.

You may not establish, create, or operate an Internet site or website promoting your Center, or develop software for use in connection with your Center without our approval.

Additionally, you must have an adequate amount of computer devices, organized as workstations, which customers of the Business can utilize during their tutoring sessions. The estimated cost of all computer equipment (including Internet browser) is \$3,000 - \$5,000.

Data backup is provided by an independent third-party vendor for all Centers at our headquarters. However, each Center is solely responsible for installing, configuring and maintaining reasonable systems to verify

that any person or entity utilizing the computer equipment is reasonably protected. Such systems may include establishing firewalls, access code protection and anti-virus systems.

We reserve the right to specify computer hardware or software and to specify other computer-related standards in the future. You must have access to the Internet, have an electronic mail address and periodically check your electronic mailbox and the portion of our website devoted to franchise owners.

The software will generate records and SpiderSmart will use it to collect revenue and other operating data. The records may include, without limitation, names of students or their parents, addresses, phone numbers, email addresses, dates of birth and payment information, and you must make all reasonable efforts keep all such customer data confidential. We will have access to this information over the Internet. However, we will be restricted to the information relating to your franchise and cannot use any information to compete with your franchise during the term of the Franchise Agreement.

You may be required to upgrade your hardware and/or software to access the Internet in order to utilize the computerized system as technological advances require. You will be responsible for the cost of such upgrades.

You are solely responsible for protecting yourself from viruses, computer hackers, and other communications and computer-related problems, and you may not sue us for any harm caused by such computer-related problems.

Operations Manual

The table of contents of our Manual, which lists the subjects covered and the total number of pages devoted to each subject, is attached as **Exhibit E**.

Training

Within 60 days of your signing the Franchise Agreement, or any other time as may be mutually agreed upon, SpiderSmart will train you and your designated Manager (as defined in ITEM 15) through remote video conferencing as follows:

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Intro to SpiderSmart	1	0	Virtual
Center Setup & Daily Operations	3	0	Virtual
Program Overview: Reading & Writing, Beginning Reading & Writing, Current Events, Masterpiece Short Stories, Math, Subject Tutoring, Test Prep, Public Speaking and Debate, Wisdom Kids	4	0	Virtual
Lesson Management for Reading & Writing, Beginning Reading & Writing, Current Events, Masterpiece Short Stories, Math, Subject Tutoring, Test Prep, Public Speaking and Debate, Wisdom Kids	4	0	Virtual

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Other Programs: Summer Camp	1	0	Virtual
Marketing	2	0	Virtual
Digital Marketing: Social Media	1	0	Virtual
Sales and Parent Management	2	0	Virtual
Teacher Management	1	0	Virtual
Diagnostics	1	0	Virtual
The Spidersmart.com Website: How to manage center operations and student logistics (e.g., book inventory, book checkouts, assignments, submissions, diagnostics)	2	0	Virtual
Total	21	0	

The number of hours of training per subject during the Initial Training Program may vary based upon the backgrounds and learning needs of those in attendance.

Our training staff—Cynthia Park and Morris Chung— have extensive experience in running Center operations, tutoring best practices, customer relations, and curriculum development. Ms. Park has been involved in managing SpiderSmart for over three years and developing and training all of the new SpiderSmart Learning Centers since that time. Mr. Chung has been with SpiderSmart since 2006, was an owner of multiple Centers in the Houston, Texas region during the 2010's, and currently owns the Center in Frisco, Texas.

You and your designated Manager must attend training, and you must complete this training to our satisfaction. Without limitation, we reserve the right to set reasonable proficiency standards for qualified teachers to support the lesson plans associated with the Business from time to time. (Franchise Agreement § 6.d.). If we set reasonable proficiency standards, such standards will be designed to ensure that teachers have adequate qualifications in order to maintain the quality and effectiveness of the lessons.

After you complete the Initial Training Program and open the Center, over the course of your first year of operation you may participate in monthly virtual training sessions with us, generally up to two (2) hours in length, so that you, as well as any other staff you designate, can deepen your knowledge of and skills in the daily operations of a SpiderSmart Center.

ITEM 12 TERRITORY

You will operate your SpiderSmart Learning Center from one physical location approved by us and specified in the franchise agreement, and you must receive our permission before relocating. You pay a deposit of \$5,000 to reserve a geographically-described site selection area for 120 days and obtain our assistance with the site-selection and lease negotiation process. If you are unable to secure an acceptable site in the site selection area during the 120-day period, we will have no further obligation to you and you may obtain a refund of \$2,500 of the \$5,000 deposit you paid and no additional fees will be owed to us by you. You must request a refund between the 121st and 240th day after paying the deposit, otherwise, you

will forfeit the entire deposit. If you locate an acceptable site and sign the Franchise Agreement within 12 months of paying the deposit, the entire deposit is applied toward the Initial Franchise Fee.

You will receive an exclusive territory (“Territory”) which will be specified in the franchise agreement. The Territory will encompass at least 5,000 school-aged children, as determined by the U.S. Census Data and public-school enrollment statistics. Typically, the Territory is a radius of two (2) to five (5) miles based upon population density and other factors.

Provided that you are following your Franchise Agreement, we will not operate, through our current trademarks or different trademarks, any Learning Center permanent location or grant franchises for a similar or competitive business to operate from a physical location within your Territory, but we have the right to do so anywhere outside your Territory.

Continuation of your territorial exclusivity is not dependent upon you achieving certain sale volumes, market penetration or any other contingency, other than your continued compliance with the franchise agreement including (without limitation) payment of the monthly access fee.

You will have the non-exclusive right to provide tutoring through video conference technology (such as Zoom®, Microsoft Teams® or Skype®) solely to students whose principal residence is located within the Territory. If you provide remote tutoring services (through video conference technology or otherwise), you must follow our rules and requirements as stated in the Manual or otherwise and obtain our express written consent to do so in advance of providing such service. We plan to require all franchisees signing our franchise agreements, now and in the future, to agree to these same restrictions on their conduct. We may engage in Internet-based distribution channels for our learning curriculum and in the provision of tutoring services by remote computerized means (such as live video conferencing) without any compensation or benefit owed to any franchisees, even if a customer is located in the Territory.

You may not directly market to or solicit customers who reside outside the Territory and you may not advertise in any media with a primary circulation outside of your Territory, unless you obtain our written consent and the written consent of any franchisee whose territory is reached by the media.

We reserve the right, among others, to:


- own, franchise, or operate Franchises at any location outside of the Territory, regardless of the proximity to your Franchise;
- use the Marks and the System to sell any equipment or services, or supplies similar to those which you will sell, through any alternative channels of distribution within or outside of the Territory. This includes, but is not limited to, other channels of distribution such as the Internet, television, mail order, or catalog sales. We exclusively reserve the Internet as a channel of distribution for us, and you may not independently market on the Internet or conduct e-commerce; and
- purchase or be purchased by, or merge or combine with, any business, including a business that competes directly with your Franchise, wherever located. However, we have no plan to do so.

You do not receive the right to acquire additional franchises within your area or any contiguous area by this agreement alone. Each Franchise Agreement is a separate and distinct transaction between you and us. However, we seek to develop a strong system of multi-unit owners. You are encouraged to purchase

franchise rights to operate additional franchises within or outside your local trade area. You do not receive any rights to use any other channel of distribution for our products or services without our written consent.

ITEM 13 TRADEMARKS

We grant you the right to operate a business under our principal trademarks as shown below. You may also use our other current or future Marks as we may designate to operate your Business (the “Marks”). The following is a description of the principal trademarks which we will license to you.

Mark	Registration Date	Registration Number
SpiderSmart	September 1, 2009	3676094
	April 18, 2017	5186400

There is no currently effective determination of the United States Patent and Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator of this state or any court, or any pending interference, opposition or cancellation proceeding, or any pending material litigation involving the principal trademark which is relevant to your use of that trademark. All required affidavits have been filed.

No currently effective litigation affects our use or ownership rights in a trademark. There are no currently effective agreements that significantly limit our rights to use or license the use of the Trademarks listed in this section in a manner material to the franchise. We do not know of either superior prior rights or infringing uses that could materially affect your use of the name SpiderSmart in your state.

We have the right to control any administrative proceedings or litigation involving a trademark licensed by us to you. You must notify us within three days of when you learn about an infringement of or challenge to your use of our Marks. We will take the action necessary, in our sole and absolute discretion, to protect the unauthorized use of our Marks, which may include payment of reasonable costs associated with the action. We will indemnify you for any claims of infringement or challenges arising from use of Marks, and will be solely responsible for the defense and the cost thereof; however, our indemnity shall not extend to expenses you may incur if for discontinuing use of any of the Marks or adopting new Marks, even if as a result of a third party’s infringement claim.

You must modify or discontinue the use of a Mark if we modify or discontinue use. Within a reasonable time of receiving written notification of any change, you must comply with the change at your sole expense. You must not directly or indirectly contest our right to our Marks, trade secrets or business techniques that are part of our business.

You must follow our rules when you use any of the Marks. You may not use any of the Marks alone or with modifying words, designs or symbols as part of a corporate name or in any form on the Internet, including, but not limited to URLs, domain names, email addresses, locators, links, metatags or search techniques except as we license to you. You may not use any of the Marks in connection with the sale of an unauthorized product or service or in a manner not authorized by us in writing. You must indicate, as

required in the Franchise Agreement and specified in the Manual, that you are an independent operator of the Franchise and shall use the appropriate trademark and copyright marks as indicated by us. Guidelines regarding proper trademark use and notices are set forth in the Manual and will be updated from time to time in our discretion.

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Patents and Copyrights:

There are no patents or pending patent applications which are material to the Franchise. We hold no patents. We have registered no copyright with the United States Copyright Office. However, we claim copyrights on our curriculum and on certain forms, advertisements, promotional materials and other written materials. We also claim copyrights and other proprietary rights in SpiderSmart's Confidential Operating Manual.

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

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

Trade Secrets:

As part of your Franchise Agreement, we will communicate to you various trade secrets and proprietary information, including, but not limited to, methods of tutoring and recruiting. We consider this information confidential and vital to the success of our business.

Confidential Information:

You may never – during the Initial Term, any Renewal Term, or after the Franchise Agreement expires or is terminated – reveal any of our confidential information to another person or use it for any other person or business. You may not copy any of our confidential information or give it to a third party except as we authorize. All persons affiliated with you must sign our Confidentiality/Non-Competition Agreement (Exhibit C-3 to the Franchise Agreement).

Our confidential information includes services, technologies and procedures relating to the operation of SpiderSmart Learning Centers; systems of operation, services, programs, products, procedures, policies, standards, techniques, requirements and specifications which are part of the SpiderSmart System; the Manual; methods of advertising and promotion; instructional materials; and other matters that we have made reasonable efforts to maintain as secret. Our entire curriculum is confidential, despite portions of it being revealed to students and their parents through operation of the business.

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

You or a fully trained and qualified manager (“Manager”) must complete our training program, must directly supervise and participate in the actual day-to-day operation the Franchise on a full-time basis. Neither you nor your Manager may have an interest or business relationship with any of our business competitors. If you are an entity, we do not require that your designated Manager own an equity interest in such entity. You, your designated Manager and each of your officers, directors, partners, shareholders or members (and, if you are an individual, immediate family members) must execute our standard Nondisclosure and Non-competition Agreement, a copy of which is Exhibit C-3 to the Franchise Agreement. Your owners, directors and officers must sign the personal guarantee attached as C-6 to the Franchise Agreement.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer and sell only products and services which are part of the SpiderSmart system, and services and products we incorporate into the SpiderSmart system in the future. SpiderSmart reserves the right to change tutoring services that you must offer in your area or to modify an aspect of the System, with 30 days’ prior written notice to you if such change or modification is substantial. If you would like to modify the method in which you offer the approved services or products, or to offer additional services or products, you must request our approval in writing and provide all information in support of the change that we request, and if you do so we will not unreasonably withhold, condition or delay our approval.

You are not restricted as to individuals to whom you may provide tutoring services. However, you may not directly market to or solicit customers who reside outside the Territory and you may not advertise in any media with a primary circulation outside of your Territory, unless you obtain our written consent and with the written consent of any franchisee whose territory is reached by the media.

ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

	Provision	Section in Franchise Agreement	Summary For Franchise Agreement
A	Length of the franchise term	Section 3.a.	10 years.
B	Renewal or extension of term	Section 3.b.	You have the right to enter into successor franchise agreement for an additional term of 10 years, provided you meet the requirements identified below.

	Provision	Section in Franchise Agreement	Summary For Franchise Agreement
C	Requirements for franchisee to renew or extend	Section 3.b.	Sign our then-current form of franchise agreement, be current in payments and sign a general release in a form the same as or similar to the General Release at Exhibit C-4 of the Franchise Agreement. You may be asked to sign a new Franchise Agreement with materially different terms and conditions than your original contract, but the boundaries of the territory will remain the same, and the Royalty on renewal will be no greater than Royalties that we impose on similarly-situated renewing franchisees.
D	Termination by franchisee	Not Applicable	
E	Termination by franchisor without cause	Not Applicable	
F	Termination by franchisor with cause	Section 16	We may terminate if you fail to cure any default within the applicable cure period. Certain defaults are grounds for immediate termination without opportunity to cure.
G	“Cause” defined – curable defaults	Section 16.a.	You have 20 days to cure a breach of the Franchise Agreement or Manual, and for failure to comply with federal, state or local laws or regulations.
H	“Cause” defined – non-curable defaults	Section 16.b.	Any material misrepresentation in connection with the acquisition of your franchise; any payment owed to us by you is over 10 days past due; you cease operating the franchise for more than seven (7) days without our advance consent; you fail to satisfactorily complete the Initial Training Program or to begin operating your franchise within the earlier of: (i) 9 months of signing the Franchise Agreement or 6 months of signing the lease for the approved site; you file for bankruptcy or reorganization, or become insolvent; you are dissolved (if a business entity); you are convicted of or plead no contest to any felony charge or a crime of moral turpitude; you commit any act which can be reasonably expected to materially harm the goodwill in the Marks; you knowingly keep false books or records; you submit a materially false reports to us or deny us access to your records during an audit; you fail to operate the franchise under the direct supervision of your Manager or an approved and trained instructor; you fail to timely cure any default under any other agreement with us; you make or attempt to make any unauthorized

	Provision	Section in Franchise Agreement	Summary For Franchise Agreement
			transfer; or, you substantially misuse the Marks or the System.
I	Franchisee obligations on termination/nonrenewal	Section 17	Obligations include complete de-identification, non-competition and payment of amounts due. If we terminate due to your default, payment of liquidated damages.
J	Assignment of contract by Franchisor	Section 14	No restriction on our right to assign.
K	“Transfer” by franchisee – defined	Section 1.o.	Includes transfer of contract or assets or ownership change, including transfers of shares in the franchisee.
L	Franchisor’s approval of transfer by Franchisee	Section 15	We have the right to refuse all transfers but will not unreasonably withhold approval.
M	Conditions of approval of transfer	Section 15.b.	New Franchisee qualifies, Transfer Fee paid, purchase agreement approved, current agreement signed by new Franchisee, training satisfactorily completed by the new operator, and your signing of a general release in a form the same as or similar to the General Release at Exhibit C-4 of this Disclosure Document (subject to state law).
N	Franchisor’s right of first refusal to acquire franchisee’s Business.	Section 15.c.	We can match any offer for your Business.
O	Franchisor’s option to purchase franchisee’s Business	Not applicable	We do not have any right to purchase your business upon termination, but we may take over the lease for your office on termination of the franchise agreement or uncured lease default, and upon termination we take ownership of the customer list developed at your location.
P	Death or disability of franchisee	Section 15.e.	Franchise must be assigned by estate to approved transferee within 120 days.
Q	Non-competition covenants during the term of franchise	Sections 13.c. & 13.d.	<u>Non-compete</u> : No involvement in any business that provides services similar to those provided by SpiderSmart or any of SpiderSmart licensees (including personalized academic enrichment, test preparation or early education).

	Provision	Section in Franchise Agreement	Summary For Franchise Agreement
R	Non-competition covenants after the franchise is terminated or expires	Section 17.f.	<u>Non-compete</u> : For a period of 2 years after the termination or expiration of the Franchise Agreement, no involvement in any business that provides services similar to those provided by SpiderSmart or any of SpiderSmart licensees (including personalized academic enrichment, test preparation or early education) to people located within 15 miles from either the office where you operated the franchise or from another SpiderSmart franchise or company-owned tutoring office.
S	Modification of agreement	Section 22.d.	No modifications generally but Manual subject to change.
T	Integration/merger clause	Section 22.f.	Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises made outside the disclosure document and franchise agreement may not be enforceable. No provision in the Franchise Agreement is intended to disclaim any representation made in this Disclosure Document.
U	Dispute resolution by mediation or litigation	Sections 19, 20 & 21	Subject to state law, except for certain claims, you and we must attempt to resolve all disputes through mediation, and, if that fails, then the disputes must be litigated.
V	Choice of forum	Section 21	Subject to state law, mediation and litigation must be in the State of Virginia, except that we may elect to pursue injunctive relief in your home state.
W	Choice of law	Section 22.b.	Subject to state law, Virginia law applies.

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

See **Exhibit F** for special state-specific disclosures.

ITEM 18 PUBLIC FIGURES

We do not use any public figure to promote our 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 franchisee and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the

actual records of an existing outlet you are considering 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.

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Cynthia Park at SpiderSmart, Inc., 8401 Maryland Dr, Ste S, Richmond, Virginia 23294, Phone: (833) 492-0121; the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20 OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
Systemwide Outlet Summary
For years 2022 to 2024 (As of December 31 of each year)

OUTLET TYPE	YEAR	OUTLETS AT THE START OF THE YEAR	OUTLETS AT THE END OF THE YEAR	NET CHANGE
Franchised	2022	21	18	-3
	2023	18	17	-1
	2024	17	19	+2
Company- Owned	2022	1	1	0
	2023	1	1	0
	2024	1	0	-1
Total Outlets	2022	22	19	-3
	2023	19	18	+1
	2024	18	19	+1

Table No. 2
Transfers of outlets from Franchisees to New Owners (other than the Franchisor)
For years 2022 to 2024

State	Year	Number of Transfers
Texas	2022	0
	2023	1
	2024	0
Total Outlets	2022	0
	2023	1
	2024	0

Table No. 3
Status of Franchise Outlets
For years 2022 to 2024

State	Year	Outlets at Start of Year	Outlets Opened	Terminated	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of Year
California	2022	1	1	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
Delaware	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Georgia	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Maryland	2022	4	0	0	0	0	0	4
	2023	4	0	0	0	0	1	3
	2024	3	0	0	0	0	0	3
Texas	2022	10	0	3	0	0	0	7
	2023	7	2	0	0	0	1	8
	2024	8	1	0	0	0	0	9
Virginia	2022	4	0	1	0	0	0	3
	2023	3	0	1	0	0	0	2
	2024	2	1	0	0	0	0	3
Total Outlets	2022	21	1	4	0	0	0	18
	2023	18	2	1	0	0	2	17
	2024	17	2	0	0	0	0	19

Table No. 4
Status of Company-Owned Outlets
For years 2022 to 2024

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
Virginia*	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	0	1	0
Total Outlets	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	0	1	0

* Our affiliate, Reading & Writing Center, LLC, sold the SpiderSmart Learning Center at 8300 Old Courthouse Road, Suite 140A, Vienna, Virginia 22182 to a franchisee during March 2024. The franchisee is Shiyeon Lee and she can be reached at 703-356-3141.

Table No. 5
Projected Openings as of December 31, 2024

State	Franchise Agreements Signed But Outlet Not Open	Projected New Franchised Outlets In The Next Fiscal Year	Projected New Company-Owned Outlets In The Current Fiscal Year
California	0	1	0
Texas	0	1	0
Virginia	0	1	0
TOTALS	0	3	0

Exhibit G includes a list of franchised locations, franchise agreements signed but not yet open, and those franchisees who had an outlet terminated, transferred cancelled, not renewed, cease to operate or otherwise voluntarily or involuntarily ceased to do business under a Franchise Agreement during the most recently completed fiscal year, or who have not communicated with us within 10 weeks of the issuance date of this disclosure document. If you become a “SpiderSmart Learning Center” franchisee, your contact information may be disclosed to other buyers when you leave the franchise system.

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

As of the date of this disclosure document, there are no trademark-specific franchisee organizations associated with the “SpiderSmart” franchise system that we have created, sponsored, or endorsed, and there are no independent trademark-specific franchisee organizations that have asked to be included in our disclosure document.

ITEM 21 FINANCIAL STATEMENTS

Exhibit A includes our audited financial statements as of December 31, 2024, December 31, 2023 and December 31, 2022. Our fiscal year end is December 31. **Exhibit A** also includes our unaudited financials as of February 28, 2025.

ITEM 22 CONTRACTS

Attached to this Disclosure Document are the following contracts:

Exhibit B Preliminary Agreement

Exhibit C Franchise Agreement

- C-1 – Franchisee Information
- C-2 – Option for Assignment of Lease
- C-3 – Confidentiality and Non-Compete Agreement
- C-4 – Current Form of General Release (demonstrative only)
- C-5 – Telephone Assignment Agreement
- C-6 – Personal Guarantee

ITEM 23 RECEIPTS

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

EXHIBIT A

FINANCIAL STATEMENTS

SPIDERSMART, INC.
VIENNA, VIRGINIA

**INDEPENDENT AUDITOR'S REPORT
AND
FINANCIAL STATEMENTS**

DECEMBER 31, 2024



AHMAD ASSOCIATES, LTD (AAL)
A Professional Corporation
CERTIFIED PUBLIC ACCOUNTANTS
MANAGEMENT CONSULTANTS
MEMBER AICPA

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MEMBER AICPA

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
SpiderSmart, Inc.
Vienna, Virginia

Opinion

We have audited the accompanying financial statements of SpiderSmart, Inc. (a Virginia Corporation), which comprise the balance sheet as of December 31, 2024, and the related statements of income, retained earnings, and cash flows for the year then ended, and the related notes to the financial statements. The prior year summarized comparative information has been derived from the company's December 31, 2023 financial statements. In our report dated April 12, 2024, we expressed an unmodified opinion on those financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SpiderSmart, Inc., as of December 31, 2024, and the results of its operations and its 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 Corporation 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.

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 SpiderSmart, Inc.'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 SpiderSmart, Inc.'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 SpiderSmart, Inc.'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.

AAL, P.C.

AAL, PC
Vienna, Virginia
March 12, 2024

SPIDERSMART, INC.
VIENNA, VIRGINIA

BALANCE SHEET
For the Year Ended December 31, 2024
(With Comparative Amounts as of December 31, 2023)

ASSETS

Current Assets

Cash in Bank (Note 2)	\$ 110,787	\$ 45,286
Investments	-	100,000
Accounts Receivable, Net	7,500	14,600
Total Current Assets	118,287	159,886

Fixed Assets (Note 5)

Property and Equipment	1,288	1,288
Less: Accumulated Depreciation	(1,204)	(1,204)
Total Fixed Assets	84	84

TOTAL ASSETS

\$ 118,371	\$ 159,970
-------------------	-------------------

LIABILITIES AND EQUITY

Current Liabilities

Accounts Payable and Accrued Expense (Note 2)	\$ -	\$ 893
Total Current Liabilities	-	893

Total Liabilities

-	893
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Shareholder's Equity

Common Stock, \$1 Par Value, 1,000 Authorized, 100

Issued and Outstanding	100	100
Paid-in in Excess of Par	30,000	30,000
Capital Stock	74,362	124,362
Distributions	(101,441)	(31,072)
Retained Earnings	115,350	35,687
Total Retained Earnings	118,371	159,077

Total Shareholder's Equity

118,371	159,077
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**TOTAL LIABILITIES AND
SHAREHOLDER'S EQUITY**

\$ 118,371	\$ 159,970
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The accompanying notes are an integral part of these financial statements.

SPIDERSMART, INC.
VIENNA, VIRGINIA

INCOME STATEMENT
For the Year Ended December 31, 2024
(With Comparative Amounts as of December 31, 2023)

REVENUE

Franchise Fees	\$ 258,100	\$ 258,646
Interest	2,080	158
TOTAL REVENUE	260,179	258,804

EXPENSES

Consultants	55,200	17,400
Programming	62,352	46,500
Professional Services	40,032	57,150
Employee Compensation	14,890	-
General and Administrative	2,505	839
Web Hosting Services	13,621	25,109
TOTAL EXPENSES	188,600	177,098

NET INCOME

71,579	81,706
---------------	---------------

CHANGE IN EQUITY

Beginning Retained Earnings	159,077	95,943
Shareholder Contributions (Distributions)	(112,285)	(18,572)
Ending Retained Earnings	\$ 118,371	\$ 159,077

The accompanying notes are an integral part of these financial statements.

SPIDERSMART, INC.
VIENNA, VIRGINIA

STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2024

OPERATING ACTIVITIES

Net Income (Loss)	\$ 69,499
	<u>69,499</u>
Adjustments to reconcile net income to net cash provided by operating activities:	
Accounts receivable (increase) decrease	7,100
Accounts payable (decrease) increase	(893)
Net cash provided by operating activities	<u>75,706</u>

INVESTING ACTIVITIES

Interest income	2,080
Net cash provided (used) by investing activities	<u>2,080</u>

FINANCING ACTIVITIES

Equity Distribution	(120,369)
Adjustment to equity	8,084
Net cash provided (used) by financing activities	<u>(112,285)</u>

Net cash increase (decrease) in cash and cash equivalents	<u>(34,499)</u>
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Cash and cash equivalents, beginning of period	<u>145,286</u>
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Cash and cash equivalents, end of period	<u><u>\$ 110,787</u></u>
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The accompanying notes are an integral part of these financial statements.

SPIDERSMART, INC.
VIENNA, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2024

NOTE 1- Nature of Operations

SpiderSmart, Inc. ("SpiderSmart" or the "Company"), was incorporated in the Commonwealth of Virginia in 2014. The Company has developed the "SpiderSmart Educational System", which is a unique model for providing tutoring and instruction services specializing in the areas of reading and writing, math, current events, test preparation and other subject-specific focuses. The SpiderSmart Educational System provides a vast array of original curricula, including assignments over 4,500 books for reading and writing sessions, 600 current event sessions, and 4,500 math worksheets. The Company has granted trademark and software licenses to other persons or entities, authorizing each to operate a learning center under the name "SpiderSmart Learning Center" that provides personalized tutoring services to school-aged children, and permitting them to utilize its proprietary curriculum materials and Internet-based Reading & Writing Program software to provide such services. In June 2024, the President and Founder, Jeanne Jung, died. Prior to her death, she transferred ownership of SpiderSmart to her husband and son. Her son then transferred his ownership to his father and took on the role of President.

NOTE 2 - Summary of Significant Accounting Policies

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). Revenues are recognized when earned and expenses are recognized when incurred.

Franchise Revenue

Our most significant source of revenues arises from operation of our trademark learning centers by our franchisees. Franchise rights are granted through a store level franchise agreement that sets out the terms of our agreement with the franchisee. Our franchise agreements require that the franchisee remit continuing user fees to us as a recurring monthly fee in exchange for the rights to use the Company's intellectual property. Our franchise agreements also typically require certain, less significant, fees be paid in the event the franchise agreement is transferred to another franchisee.

Continuing user fees represent the majority of the consideration we receive under our franchise agreements. Continuing user fees are typically billed and paid monthly for store level franchise agreements. Transfer fees are typically billed and paid when an existing agreement is transferred to another franchisee.

Under Legacy GAAP, revenue related to transfer fees was recognized upon when the related agreement became effective.

SPIDERSMART, INC.
VIENNA, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2024 (Continued)

Cash and Cash Equivalents

Cash and cash equivalents include all cash maintained in bank accounts and highly liquid investments with maturity dates or less than three months.

	<u>2024</u>	<u>2023</u>
Cash - Truist Bank	\$ 110,787	\$ 145,286
Total Cash and Investments	\$ 110,787	\$ 145,286

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are generally due within 30 days and are stated at amounts due from franchisees, net of allowance for doubtful accounts. Credit is extended based on evaluation of a franchisee's financial condition and, generally, collateral is not required. The Company determines its allowance by considering a number of factors, including length of time trade accounts receivable are past due, the Company's previous loss history and the franchisee's current ability to pay its obligation to the Company.

The Company writes off accounts receivable when they become uncollectible, and payments subsequently received on such receivables are credited to current revenue in the year received.

Revenue Recognition

Revenues are recognized as received. Payments that are due but not received are booked as accounts receivable at the close of the fiscal year.

Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consisted of small amounts associated with the general operations of the Company and are usually paid within 30 days.

Contract Liabilities

Contract liabilities consist of services provided to franchisees as delineated in each franchise agreement.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. 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 differ from those estimates.

"S" Corporation - Income Tax Status

The Company, with the consent of its shareholder, has elected under the Internal Revenue Code to be classified as a Chapter S corporation. In lieu of corporate income taxes, the shareholders of a Chapter S corporation are taxed on their proportionate share of the Company's taxable income. Therefore, no provision or liability for income taxes has been included in the financial statements.

SPIDERSMART, INC.
VIENNA, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2024 (Continued)

NOTE 3 - Concentration of Credit Risk

The Company maintained all of its cash accounts with one commercial bank. Non-interest bearing accounts were insured to their full balance by the FDIC. As of December 31, 2024, the Company held no funds in excess of covered limits.

NOTE 4 - Related Party Transactions

The shareholder of the Company is also the sole member of Reading & Writing Center, LLC that is utilizing all of the materials and resources of the Company at minimal direct cost to the LLC. Reading and Writing Center, LLC operates one location under the name SpiderSmart Learning Center (See Note 6).

NOTE 5 - Property and Equipment

The entity's desktop personal computer, its sole equipment asset, was fully depreciated.

NOTE 6 - Commitments

The Company has no lease obligations and rents the space on an as-needed basis from the Reading and Writing Center. The Company had no rent expense in 2024. The Company maintains an office at the shareholder's home.

NOTE 7 - Franchising

The Company executes franchise and license agreements that set the terms of its arrangement with each franchisee. The franchise and license agreements require the franchisee to pay an initial, non-refundable fee ranging from \$30,000 and continuing monthly fees. The term of the agreement is five years and is thereafter renewable for additional five-year terms. SpiderSmart is included on the Small Business Administration's list of franchise agreements acceptable for SBA funding.

There were 19 franchise locations open and operating as of December 31, 2024.

NOTE 8 - Subsequent Events

In preparing these financial statements, the Company has evaluated events and transactions for potential recognition or disclosure through March 12, 2025, the date the financial statements were available to be issued.

SPIDERSMART, INC.

VIENNA, VIRGINIA

INDEPENDENT AUDITOR'S REPORT

AND

FINANCIAL STATEMENTS

DECEMBER 31, 2023



AHMAD ASSOCIATES, LTD (AAL)

A Professional Corporation

CERTIFIED PUBLIC ACCOUNTANTS

MANAGEMENT CONSULTANTS

MEMBER AICPA

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
SpiderSmart, Inc.
Vienna, Virginia

Opinion

We have audited the accompanying financial statements of SpiderSmart, Inc. (a Virginia Corporation), which comprise the balance sheet as of December 31, 2023, and the related statements of income, retained earnings, and cash flows for the year then ended, and the related notes to the financial statements. The prior year summarized comparative information has been derived from the company's December 31, 2022 financial statements. In our report dated April 12, 2023, we expressed an unmodified opinion on those financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SpiderSmart, Inc., as of December 31, 2023, and the results of its operations and its 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 Corporation 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.

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 SpiderSmart, Inc.'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 SpiderSmart, Inc.'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 SpiderSmart, Inc.'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.

AAL, P.C.

AAL, CPAs, PC
Vienna, Virginia
March 12, 2024

SPIDERSMART, INC.
VIENNA, VIRGINIA

BALANCE SHEET
For the Year Ending December 31, 2023
(With Comparative Amounts as of December 31, 2022)

	<u>2023</u>	<u>2022</u>
ASSETS		
Current Assets		
Cash in Bank (Note 2)	\$ 45,286	\$ 97,536
Investments	100,000	-
Accounts Receivable, Net	14,600	-
Total Current Assets	<u>159,886</u>	<u>97,536</u>
Fixed Assets (Note 5)		
Property and Equipment	1,288	1,288
Less: Accumulated Depreciation	(1,204)	(1,204)
Total Fixed Assets	<u>84</u>	<u>84</u>
TOTAL ASSETS	<u><u>\$ 159,970</u></u>	<u><u>\$ 97,620</u></u>
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts Payable and Accrued Expense (Note 2)	\$ 893	\$ 1,577
Deferred	-	-
Total Current Liabilities	<u>893</u>	<u>1,577</u>
Deferred Revenue, Net of Current Portion	-	-
Total Liabilities	<u>893</u>	<u>1,577</u>
Shareholder's Equity		
Common Stock, \$1 Par Value, 1,000 Authorized, 100		
Issued and Outstanding	100	100
Paid-in in excess of par	30,000	-
Capital stock	124,362	-
Distributions	(31,072)	-
Retained Earnings	35,687	95,943
Total Retained Earnings	<u>158,977</u>	<u>95,943</u>
Total Shareholder's Equity	<u>159,077</u>	<u>96,043</u>
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	<u><u>\$ 159,970</u></u>	<u><u>\$ 97,620</u></u>

SPIDERSMART, INC.
VIENNA, VIRGINIA

INCOME STATEMENT
For the Year Ended December 31, 2023
(With Comparative Amounts as of December 31, 2022)

	<u>2023</u>	<u>2022</u>
REVENUE		
Franchise Fees	\$ 258,646	\$ 179,566
Interest	158	-
Franchise Pre-Opening	-	-
TOTAL REVENUE	258,804	179,566
EXPENSES		
Advertising and Marketing	-	60
Consultants	17,400	57,000
Programming	46,500	28,500
Professional Services	57,150	69,563
Rent	-	6,788
Employee Compensation	-	-
General and Administrative	839	2,126
Web Hosting Services	25,109	17,688
Depreciation and Amortization	-	-
Other	30,100	-
TOTAL EXPENSES	177,098	181,725
NET INCOME	81,706	(2,159)
CHANGE IN EQUITY		
Beginning Retained Earnings	95,943	98,102
Shareholder Contributions (Distributions)	(18,572)	-
Ending Retained Earnings	\$ 159,077	\$ 95,943

SPIDERSMART, INC.
VIENNA, VIRGINIA

STATEMENT OF CASH FLOWS
For the Year Ending December 31, 2023
(With Comparative Amounts as of December 31, 2022)

	<u>2023</u>	<u>2022</u>
OPERATING ACTIVITIES		
Net Income (Loss)	\$ 81,548	\$ (2,159)
	81,548	(2,159)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	-	-
Accounts receivable (increase) decrease	(14,600)	9,300
Accounts payable increase (decrease) to deposit	(684)	(2,680)
Deferred revenue increase (decrease)	-	(2,952)
Net cash provided by operating activities	66,264	1,509
INVESTING ACTIVITIES	<u>158</u>	<u>-</u>
Net cash provided (used) by investing activities	158	-
FINANCING ACTIVITIES		
Equity Distribution	(31,072)	-
Reclass start-up capital as paid in in excess of par value	30,000	-
Retained Earnings	(60,256)	-
Capital Stock	42,656	-
Net cash provided (used) by financing activities	(18,672)	-
Net cash increase (decrease) in cash and cash equivalents	47,750	1,509
Cash and cash equivalents, beginning of period	97,536	96,027
	-	-
Cash and cash equivalents, end of period	\$ 145,286	\$ 97,536

SPIDERSMART, INC.
VIENNA, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ending December 31, 2023

NOTE 1- Nature of Operations

SpiderSmart, Inc. ("SpiderSmart" or the "Company"), was incorporated in the Commonwealth of Virginia in 2014. The Company has developed the "SpiderSmart Educational System", which is a unique model for providing tutoring and instruction services specializing in the areas of reading and writing, math, current events, test preparation and other subject-specific focuses. The SpiderSmart Educational System provides a vast array of original curricula, including assignments over 4,500 books for reading and writing sessions, 600 current event sessions, and 4,500 math worksheets. The Company has granted trademark and software licenses to other persons or entities, authorizing each to operate a learning center under the name "SpiderSmart Learning Center" that provides personalized tutoring services to school-aged children, and permitting them to utilize its proprietary curriculum materials and Internet-based Reading & Writing Program software to provide such services.

NOTE 2 - Summary of Significant Accounting Policies

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). Revenues are recognized when earned and expenses are recognized when incurred.

Franchise Revenue

Our most significant source of revenues arises from operation of our trademark learning centers by our franchisees. Franchise rights are granted through a store level franchise agreement that sets out the terms of our agreement with the franchisee. Our franchise agreements require that the franchisee remit continuing user fees to us as a recurring monthly fee in exchange for the rights to use the Company's intellectual property. Our franchise agreements also typically require certain, less significant, fees be paid in the event the franchise agreement is transferred to another franchisee.

Continuing user fees represent the majority of the consideration we receive under our franchise agreements. Continuing user fees are typically billed and paid monthly for store level franchise agreements. Transfer fees are typically billed and paid when an existing agreement is transferred to another franchisee.

Under Legacy GAAP, revenue related to transfer fees was recognized upon when the related agreement became effective.

SPIDERSMART, INC.
VIENNA, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ending December 31, 2023 (Continued)

Cash and Cash Equivalents

Cash and cash equivalents include all cash maintained in bank accounts and highly liquid investments with maturity dates or less than three months.

	<u>2023</u>	<u>2022</u>
Cash - United Bank	\$ 145,286	\$ 97,536
Total Cash and Investments	\$ 145,286	\$ 97,536

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are generally due within 30 days and are stated at amounts due from franchisees, net of allowance for doubtful accounts. Credit is extended based on evaluation of a franchisee's financial condition and, generally, collateral is not required. The Company determines its allowance by considering a number of factors, including length of time trade accounts receivable are past due, the Company's previous loss history and the franchisee's current ability to pay its obligation to the Company.

The Company writes off accounts receivable when they become uncollectible, and payments subsequently received on such receivables are credited to current revenue in the year received.

Revenue Recognition

Revenues are recognized as received. Payments that are due but not received are booked as accounts receivable at the close of the fiscal year.

Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consisted of small amounts associated with the general operations of the Company and are usually paid within 30 days.

Contract Liabilities

Contract liabilities consist of services provided to franchisees as delineated in each franchise agreement.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. 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 differ from those estimates.

"S" Corporation - Income Tax Status

The Company, with the consent of its shareholder, has elected under the Internal Revenue Code to be classified as a Chapter S corporation. In lieu of corporate income taxes, the shareholders of a Chapter S corporation are taxed on their proportionate share of the Company's taxable income. Therefore, no provision or liability for income taxes has been included in the financial statements.

SPIDERSMART, INC.
VIENNA, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ending December 31, 2023 (Continued)

NOTE 3 - Concentration of Credit Risk

The Company maintained all of its cash accounts with one commercial bank. Non-interest bearing accounts were insured to their full balance by the FDIC. As of December 31, 2023, the Company held no funds in excess of covered limits.

NOTE 4 - Related Party Transactions

The shareholder of the Company is also the sole member of Reading & Writing Center, LLC that is utilizing all of the materials and resources of the Company at minimal direct cost to the LLC.

Reading and Writing Center, LLC operates one location under the name SpiderSmart Learning Center (See Note 6).

NOTE 5 - Property and Equipment

	Beginning Balance	Additions	Disposals	Total
Furniture & Equipment	\$ 1,288	\$ -	\$ -	\$ 1,288
Accumulated Depreciation	(1,204)	-	-	(1,204)
Net Assets	\$ 84	\$ -	\$ -	\$ 84

NOTE 6 – Commitments

The Company has no lease obligations and rents the space on an as-needed basis from the Reading and Writing Center. The Company had no rent expense in 2023. The Company maintains an office at the shareholder's home.

NOTE 7 – Franchising

The Company executes franchise and license agreements that set the terms of its arrangement with each franchisee. The franchise and license agreements require the franchisee to pay an initial, non-refundable fee ranging from \$30,000 and continuing monthly fees. The term of the agreement is five years and is thereafter renewable for additional five-year terms.

There were 19 franchise locations open and operating as of December 31, 2023 and 2022, as well.

SPIDERSMART, INC.
VIENNA, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ending December 31, 2023 (Continued)

NOTE 8 - Subsequent Events

In preparing these financial statements, the Company has evaluated events and transactions for potential recognition or disclosure through March 8, 2024, the date the financial statements were available to be issued.

UNAUDITED FINANCIAL STATEMENTS

THESE FINANCIAL STATEMENTS HAVE BEEN PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED AN OPINION WITH REGARD TO THEIR CONTENT OR FORM.

SpiderSmart, INC

Balance Sheet

As of February 28, 2025

	TOTAL
ASSETS	
Current Assets	
Bank Accounts	
CD 3091	0.00
CD 7755 - 3	0.00
Truist 4265	84,604.49
Truist 4820	30,870.54
Total Bank Accounts	\$115,475.03
Accounts Receivable	
Accounts Receivable	-9,650.00
Total Accounts Receivable	\$ -9,650.00
Other Current Assets	
Payments to deposit	-5,974.41
Total Other Current Assets	\$ -5,974.41
Total Current Assets	\$99,850.62
Fixed Assets	
Accumulated Depreciation - Computer	-1,204.12
Computer	1,288.37
Total Fixed Assets	\$84.25
TOTAL ASSETS	\$99,934.87
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	
Credit Cards	
Chase CC - 7678	0.00
Total Credit Cards	\$0.00
Total Current Liabilities	\$0.00
Total Liabilities	\$0.00
Equity	
Capital Stock	30,100.00
Opening balance equity	74,362.22
Retained Earnings	98,200.77
Shareholder Distributions	-101,441.46
Net Income	-1,286.66
Total Equity	\$99,934.87
TOTAL LIABILITIES AND EQUITY	\$99,934.87

SpiderSmart, INC

Profit and Loss

January - December 2025

	TOTAL
Income	
Franchise Fee	41,450.00
Total Income	\$41,450.00
GROSS PROFIT	\$41,450.00
Expenses	
Contract labor	13,500.00
General business expenses	
Bank fees & service charges	257.50
Total General business expenses	257.50
Legal & accounting services	11,122.51
Office expenses	
Software & apps	2,105.79
Total Office expenses	2,105.79
Software Development	15,000.00
Web Hosting Costs	824.62
Total Expenses	\$42,810.42
NET OPERATING INCOME	\$ -1,360.42
Other Income	
Interest earned	73.76
Total Other Income	\$73.76
NET OTHER INCOME	\$73.76
NET INCOME	\$ -1,286.66

SpiderSmart, INC

Statement of Cash Flows

January - February, 2025

	TOTAL
OPERATING ACTIVITIES	
Net Income	7,863.34
Adjustments to reconcile Net Income to Net Cash provided by operations:	
Accounts Receivable	-9,150.00
Total Adjustments to reconcile Net Income to Net Cash provided by operations:	-9,150.00
Net cash provided by operating activities	\$ -1,286.66
NET CASH INCREASE FOR PERIOD	\$ -1,286.66
Cash at beginning of period	110,787.28
CASH AT END OF PERIOD	\$109,500.62

EXHIBIT B

PRELIMINARY AGREEMENT

EXHIBIT B



SpiderSmart, Inc.

PRELIMINARY AGREEMENT

PRELIMINARY AGREEMENT

THIS PRELIMINARY AGREEMENT (the “**Agreement**”) is made and entered into on _____ (the “**Effective Date**”), by and between SpiderSmart, Inc., a Virginia corporation, with offices at 8401 Maryland Drive, Suite S, Richmond, Virginia 23294 (“**SpiderSmart**”), and _____ (“**Applicant**”).

WHEREAS, Applicant has contacted SpiderSmart to assist in identifying, analyzing, and locating, a site (the “**Prospective Site**”) for the development of a franchised tutoring business operating under SpiderSmart’s trademark “SpiderSmart Learning Centers” and its business methods (the “**Business**”), because Applicant intends to become a SpiderSmart franchisee within _____ (each a “**Developed Area**”); and

WHEREAS, Applicant wishes to obtain SpiderSmart’s assistance in identifying, analyzing, and locating a Prospective Site within the Developed Area before executing a Franchise Agreement with SpiderSmart; and

WHEREAS, SpiderSmart has received certain financial and other information provided by Applicant indicating his financial capacity to develop and operate the Business, and SpiderSmart is relying upon that information in entering into this Agreement with Applicant.

NOW THEREFORE, in consideration of the mutual benefits contained herein, the parties agree as follows:

1. LOCATING A SITE FOR THE BUSINESS.

Applicant may search for Prospective Sites that the Applicant intends to use for the Business within the following designated and agreed upon geographical area(s) (the “Designated Area”):

The zip code(s) _____ with the _____.

SpiderSmart represents that neither it nor its affiliates have secured real estate (either through a lease or purchase agreement) to open a SpiderSmart Learning Center in the Designated Area, nor have they authorized any third party to operate a SpiderSmart Learning Center in the Designated Area. Applicant promises to seek a Prospective Site within the Designated Area that is acceptable to SpiderSmart for the development and operation of the Business. To operate a SpiderSmart Business at the Prospective Site, it must be accepted by SpiderSmart in writing pursuant to the terms described in Section 6 of this Agreement, prior to Applicant entering into a lease or a purchase agreement for the Prospective Site. Notwithstanding anything to the contrary contained herein, SpiderSmart’s acceptance of the Prospective Site shall be at its sole discretion.

2. FEE

In consideration of SpiderSmart entering into this Agreement, Applicant has paid to SpiderSmart the sum of **Five Thousand Dollars (\$5,000.00)** (the “**Fee**”). The Fee is fully earned upon its receipt by SpiderSmart, and is non-refundable, except as otherwise specifically set forth in Section 7 below.

3. TERM OF AGREEMENT

This Agreement shall be for a term of one hundred twenty (120) days commencing on the Effective Date first written above (the “**Term**”). In the event that the Applicant does not execute a lease or purchase agreement for a Prospective Site and sign a franchise agreement with SpiderSmart within the Term, this Agreement shall expire absent a written extension agreement signed by Applicant and Franchisor. Neither party shall have any obligation to extend the Term.

4. EXCLUSIVE RIGHTS AND DUTIES

During the Term, neither SpiderSmart nor its affiliates may enter into any agreement with a third party authorizing it to operate a SpiderSmart Learning Center in the Designated Area, or enter into a lease or purchase agreement to operate a SpiderSmart Learning Center within the Designated Territory. During the Term, Applicant promises not to sign a lease or purchase contract for real estate in which to open a tutoring business, except in conjunction with signing a franchise agreement with SpiderSmart.

5. SITE LOCATION ASSISTANCE BY SPIDERSMART.

In consideration of the Fee paid by Applicant under this Agreement, SpiderSmart will provide the following assistance in Applicant’s efforts to identify Prospective Sites for the Business as follows:

- 5.1. SpiderSmart will review Prospective Sites proposed by the Applicant for the Business in accordance with SpiderSmart’s current screening criteria and relevant demographic and other information;
- 5.2. SpiderSmart may refer Applicant to one (1) or more real estate brokers/agents to assist Applicant in Applicant’s search for a Prospective Site;
- 5.3. SpiderSmart will consult with Applicant, and at the request of the Applicant, may consult with real estate brokers/agents, landlords and/or developers, in connection with the Applicant’s efforts of identifying, analyzing, and procuring a Prospective Site;
- 5.4. SpiderSmart will physically inspect, at SpiderSmart’s discretion, Prospective Sites that appear to meet SpiderSmart’s general requirements after SpiderSmart’s initial screening of such Prospective Sites have been completed; and
- 5.5. SpiderSmart will assist Applicant in its efforts to obtain a lease or purchase agreement for a Prospective Site that is accepted both by Applicant and SpiderSmart, and will review such agreements prior to Applicant’s execution to determine if they include provisions required by SpiderSmart.

6. ACCEPTANCE OF PROSPECTIVE SITE BY SPIDERSMART.

- 6.1. Prior to obtaining SpiderSmart’s acceptance of a Prospective Site, Applicant must submit to SpiderSmart, the following:

- 6.1.1. A written proposal consisting of a description of the Prospective Site; and
 - 6.1.2. A non-binding letter of intent that sets forth all pertinent business terms for a lease or purchase agreement to be entered into by the Applicant for a Prospective Site; and
 - 6.1.3. A draft lease containing SpiderSmart's required clauses as specified in Section 6.3 herein; and
 - 6.1.4. Updated financial information for Applicant as requested by SpiderSmart.
- 6.2. Applicant shall only propose to SpiderSmart Prospective Sites that Applicant reasonably believes conform to SpiderSmart's site selection criteria. SpiderSmart will provide Applicant with written notice of its acceptance or non-acceptance of a Prospective Site proposed by Applicant within thirty (30) days after receiving from Applicant all items set forth in 6.1 hereof. Applicant must receive SpiderSmart's prior acceptance of a Prospective Site, before entering into a lease or purchase agreement for such Prospective Site. SpiderSmart's acceptance of a Prospective Site will be made on the basis that the Prospective Site meets the standards and criteria established by SpiderSmart, which SpiderSmart may modify as it deems appropriate and in its sole discretion
- 6.3. SpiderSmart may condition its approval of a proposed lease on it containing, either within the body of the lease or in an addendum substantially in the form attached hereto as Exhibit B-1, the option for SpiderSmart to, upon default, termination or expiration of the franchise agreement or upon default, termination or expiration of the lease, and upon notice to lessor, assume all of Applicant's rights and obligations under the lease term, including the right to assign or sublease to a new franchisee.
- 6.4. Applicant hereby acknowledges that the lease or land purchase agreement for any Prospective Site approved by SpiderSmart is likely to be subject to contingencies such as zoning and/or community approvals, financing and/or a building permit. The obligation to satisfy such contingencies is solely the responsibility of Applicant, landlord, and/or seller, and SpiderSmart is not responsible or liable for any failure to satisfy any or all of such contingencies.

7. TERMINATION, EXPIRATION AND RETURN OF THE FEE

- 7.1. In the event this Agreement expires pursuant to Section 3 hereof, SpiderSmart will refund a portion of the Fee in an amount that is equal to the sum of Two Thousand Five Hundred Dollars (\$2,500.00), if Applicant requests such refund between the 121st and 240th day after paying the deposit.
- 7.2. Notwithstanding anything to the contrary herein, SpiderSmart has the right to terminate this Agreement for any reason before the end of the Term by providing written notice to Applicant at any time before Applicant executes a lease or purchase agreement for a Prospective Site. Upon such termination, SpiderSmart will refund to Applicant one hundred percent (100%) of the Fee and upon receipt

of same by the Applicant, SpiderSmart will not be obligated to Applicant in any manner, under this Agreement or otherwise.

8. APPLICANT'S INFORMATION; FRANCHISE AGREEMENT

- 8.1. Applicant shall immediately notify SpiderSmart of any material change in the information provided to SpiderSmart in Applicant's preliminary questionnaire or any other application materials and provide SpiderSmart with updated personal financial information and a detailed written explanation of the change.
- 8.2. If, in SpiderSmart's reasonable discretion, there have been no material adverse changes in Applicant's information pursuant to Section 8.1 above, Applicant shall have the right, without the obligation, to execute SpiderSmart's then current Franchise Agreement concurrently with its execution of a lease or land purchase agreement for a SpiderSmart, Inc. site accepted by SpiderSmart pursuant to this Agreement.
- 8.3. Upon execution of the Franchise Agreement, one hundred percent (100%) of the Fee will be applied toward Applicant's Initial Franchise Fees (as defined in the Franchise Agreement).

9. LIMITATION OF LIABILITY

In the event Applicant files a complaint or lawsuit, alleges a cause of action and/or makes a claim of any kind against SpiderSmart or one or more of its officer, directors, employees or affiliates (the "SpiderSmart Parties") in a court or tribunal or before an administrative agency, regarding, arising from or relating to this Agreement or SpiderSmart's actions thereunder, irrespective of the outcome of the complaint or lawsuit, the liability of the SpiderSmart Parties and each of them to Applicant shall be limited to a refund of the actual funds paid to SpiderSmart by Applicant pursuant to this Agreement and the SpiderSmart Parties and each of them shall have no other liability whatsoever to Applicant regardless of Applicant's allegations. **SUBJECT TO SECTION 16 HEREIN, BOTH PARTIES HEREBY WAIVE THEIR RIGHTS TO COLLECT AND WILL HAVE NO AUTHORITY TO COLLECT PUNITIVE, EXEMPLARY, OR CONSEQUENTIAL DAMAGES.**

10. NON-ASSIGNMENT

This Agreement is personal to Applicant and may not be assigned, sold or otherwise transferred by Applicant to any other person or entity without SpiderSmart's prior written consent, which SpiderSmart may withhold at its sole and absolute discretion. This Agreement is fully assignable by SpiderSmart.

11. APPLICABLE LAW/CONSENT TO FORUM

- 11.1. This Agreement and all of its provisions will be governed, interpreted and construed pursuant to the law of the Commonwealth of Virginia, which law will prevail in the event of any conflict of law; and the law of Virginia shall be used to enforce any and all rights and duties conferred by and which arise under this Agreement,

provided, however, that if any of the provisions of this Agreement would not be enforceable under the laws of the Commonwealth of Virginia, those provisions will be interpreted and construed under the laws of the state of Applicant's principal address as set forth in the initial paragraph of this Agreement. The parties further acknowledge and agree that this Agreement and the relationship created by this Agreement will not be subject to the provisions of the Virginia Retail Franchising Act and unless the Business is located in Virginia.

11.2. The parties agree that any cause of action by either party against the other must be filed in the United States District Court for the Eastern District of Virginia, the District Court of the Commonwealth of Virginia for Fairfax County, or the Circuit Court of Fairfax County, Commonwealth of Virginia, and the parties do hereby waive all questions of personal and subject matter jurisdiction or venue for the purpose of carrying out this provision; provided, however, if SpiderSmart moves its corporate offices to another state, the United States District Court for the judicial district to which the corporate offices are moved, and the state court in the county to which the corporate officers are moved, shall replace the United States District Court for the Eastern District of Virginia and the Circuit Court of Fairfax County for purposes of this Section 11.2. SpiderSmart may apply for injunctive relief in any court of competent jurisdiction against threatened or actual conduct by Applicant that will cause it loss or damages, under the usual equity rules, including the applicable rules for restraining orders and preliminary injunctions.

12. NOTICES.

Any and all notices, demands, and requests required or permitted under this Agreement will be in writing and will be personally delivered with a receipt or mailed by United States certified or registered mail, return receipt requested, postage paid, or sent by a nationally recognized overnight courier service which provides evidence of receipt, to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other party:

Notices to SpiderSmart, Inc.: SpiderSmart, Inc.
 8401 Maryland Drive, Suite S
 Richmond, Virginia 23294
 ATTN: _____

Notices to Applicant: _____

All notices delivered in the foregoing manner will be deemed to have been given at the time the return receipt is executed, and, in any event, no more than five (5) business days after the notice is mailed if Applicant's address, as stated above, changes during the term of this Agreement, Applicant shall immediately notify SpiderSmart of that change in writing.

13. ENTIRE AGREEMENT.

This Agreement, and the attachments to this Agreement, constitute the entire, full and complete Agreement between SpiderSmart and Applicant concerning the subject matter of this Agreement and supersede all prior agreements. No other representation has induced Applicant to execute this Agreement, and there are no representations, inducements, promises or agreements, oral or otherwise, between the parties not in this Agreement, which are of any force or effect with reference to this Agreement or otherwise. Except for those permitted to be made unilaterally by SpiderSmart under this Agreement, no amendment, change or variance from this Agreement will be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing. Nothing in this Agreement is intended to disclaim the representations SpiderSmart made in the Franchise Disclosure Document that SpiderSmart furnished to Applicant.

14. SEVERABILITY AND CONSTRUCTION

- 14.1. Except as expressly provided to the contrary in this Agreement, each portion, section, part, term and/or provision of this Agreement will be considered severable; and if for any reason a portion, section, part, term and/or provision in this Agreement is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid jurisdiction, that will not impair the operation of, or have any other effect upon, the other portions, sections, parts, terms and/or provisions of this Agreement as may remain otherwise intelligible; and the latter will continue to be given full force and effect and bind the parties of this Agreement; and the invalid portions, sections, parts and/or provisions will be deemed not to be a part of this Agreement.
- 14.2. Nothing in this Agreement is intended, nor will be deemed, to confer any rights or remedies upon any person or legal entity other than SpiderSmart or Applicant.
- 14.3. Applicant expressly agrees to be bound by any promise or covenant imposing the maximum duty permitted by law which is contained within the terms of any provision of this Agreement, as though it were separately articulated in and made a part of this Agreement, that may result from striking from any of the provisions of this Agreement any portion or portions which a court may hold to be unreasonable and unenforceable in a final decision to which SpiderSmart is a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court order.
- 14.4. All captions in this Agreement are intended solely for the convenience of the parties, and none will be deemed to affect the meaning or construction of any provision of this Agreement.
- 14.5. All references in this Agreement to the masculine, neuter or singular will be construed to include the masculine, feminine, neuter, or plural, where applicable; and all acknowledgments, promises, covenants, agreements, and obligations in this

Agreement made or undertaken by Applicant will be deemed jointly and severally undertaken by all those executing this Agreement on behalf of Applicant.

- 14.6. This Agreement may be executed in several parts, and each copy so executed will be deemed an original.

15. ACKNOWLEDGMENTS.

- 15.1. Applicant acknowledges and agrees that this Agreement is not a franchise agreement and does not grant to Applicant any right to use the Marks in any manner.
- 15.2. Applicant hereby acknowledges and agrees that SpiderSmart's acceptance of a Prospective Site does not constitute an assurance, representation, or warranty of any kind, express or implied, as to the suitability of the Prospective Site for the Business or for any other purpose. SpiderSmart's approval of a Prospective Site indicates only that SpiderSmart believes the Prospective Site complies with acceptable minimum criteria established by SpiderSmart solely for its purposes as of the time of the evaluation. Both Applicant and SpiderSmart acknowledge that application of criteria that may have been effective with respect to other sites and premises may not be predictive of potential for all sites and that, subsequent to SpiderSmart's approval of a Prospective Site, demographic and/or economic factors, such as competition from other similar businesses, included in or excluded from SpiderSmart's criteria could change, thereby altering the potential of a Prospective Site, lease, or purchase agreement. Such factors are unpredictable and are beyond SpiderSmart's control. SpiderSmart shall not be responsible for the failure of a Prospective Site approved by Applicant to meet Applicant's expectations as to revenue or operational criteria. Applicant further acknowledges and agrees that its acceptance of a Prospective Site for the operation of the Business at the site is based on its own independent investigation of the suitability of the Prospective Site.
- 15.3. Applicant hereby acknowledges and agrees that SpiderSmart's review and/or acceptance of a lease or purchase agreement for a Prospective Site is solely for the determination by SpiderSmart of whether such lease or purchase agreement contains the required provisions to protect SpiderSmart's interests. Applicant further acknowledges and agrees that SpiderSmart's review and/or acceptance of a lease or purchase agreement does not constitute an assurance, representation, legal advice, or warranty of any kind, express or implied, as to such document and/or the contents therein.

16. ATTORNEYS' FEES

In the event that either party institutes a legal action that arises out of or relates to this Agreement, the prevailing party shall have the right to collect from the other party all attorney's fees and costs incurred in enforcing this Agreement and/or defending such an action.

17. SURVIVAL

Sections 9, 11 and 16, and any other provisions of this Agreement that by their terms extend beyond termination or expiration of this Agreement shall continue in full force and effect subsequent to and notwithstanding the termination or expiration of this Agreement.

IN WITNESS WHEREOF, the parties to this Agreement have duly executed and delivered this Agreement, under seal, on the day and year first above written.

SPIDERSMART, INC.

APPLICANT

By: _____

Printed Name: _____

Title: _____

Date: _____

By: _____

Printed Name: _____

Title: _____

Date: _____

Exhibit B - 1

OPTION FOR ASSIGNMENT OF LEASE

This Agreement is made and entered into this _____ day of _____, 20____, by and between _____, with its principal office at _____ (hereinafter referred to as “Lessor”); and _____, with its principal offices at _____ (hereinafter referred to as “Lessee”). SpiderSmart, Inc., a Virginia corporation, is a third-party beneficiary of this Agreement.

WITNESSETH:

WHEREAS, Lessor has agreed to lease to Lessee premises located at _____ for use by Lessee as a SpiderSmart Learning Center to be operated pursuant to SSI’s System and Marks in connection with a written Franchise Agreement dated _____, 20____ and _____, 20____, by and between SSI and the Lessee herein as Franchisee;

WHEREAS, according to Section 2.b.i of the said Franchise Agreement between SSI and Lessee as Franchisee, all right, title and interest in and to the lease agreement may be assigned to SSI upon an occurrence of default or termination of the Lease referred to herein or default or termination of the said Franchise Agreement; and

WHEREAS, it is the intent of the parties hereto to provide SSI with the opportunity to preserve the leased premises as a SpiderSmart Learning Center in the event of any default or termination of the said Lease or Franchise Agreement and to assure Lessor that in the event SSI exercises its rights herein contained, any defaults of Lessee under the Lease will be cured by SSI before it takes possession of the leased premises.

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein and for other good and valuable consideration, the receipt of which is hereby acknowledged, it is agreed as follows:

1. Default of Lessee Under Lease. Lessor shall mail to SSI copies of any notice of default or termination it gives to Lessee concurrently with giving such notices to Lessee. If Lessee fails to cure any default within the period provided in the Lease, Lessor shall give SSI immediate written notice of such failure to cure and Lessor shall thereupon offer to SSI and SSI shall have the right to accept an assignment of the Lease or a new lease containing the same terms and conditions of the Lease, whichever SSI elects. If SSI elects to continue the use of the premises under an assignment of the Lease or a new lease, it shall so notify Lessor in writing within thirty (30) days after it has received written notice from Lessor specifying the defaults Lessee has failed to cure within the period specified in the Lease. Upon receipt of such notice from SSI, Lessor shall promptly execute and deliver to SSI an assignment of the Lease or new lease, whichever SSI requests, and shall deliver to SSI possession of the premises, free and clear of any rights of Lessee or any third

party. SSI, before taking possession of the premises, shall promptly cure the defaults specified by Lessor in its notice to SSI and shall execute and deliver to Lessor its acceptance of the assignment of Lease or of the new lease, as the case may be.

2. Termination of Franchise Agreement. If the Franchise Agreement between SSI and Lessee is terminated for any reason during the term of the Lease or any extension thereof, Lessee, upon the written request of SSI, shall assign to SSI all of its right, title and interest in and to the Lease. If SSI elects to accept the assignment of the Lease from Lessee, it shall give Lessee and Lessor written notice of its election to acquire the leasehold interest. Lessor hereby consents to the assignment of the Lease from Lessee to SSI, subject to Lessee's and/or SSI's curing any defaults of Lessee under the Lease before SSI takes possession of the premises. Alternatively, in the event of a termination of the Franchise Agreement, SSI may elect to enter into a new lease with Lessor containing the same terms and conditions as the Lease. Upon Lessor's receipt of written notice from SSI advising Lessor that SSI elects to enter into a new lease, Lessor shall execute and deliver such new lease to SSI for its acceptance. Lessor and Lessee shall deliver possession of the premises to SSI, free and clear of all rights of Lessee or third parties, subject to SSI's curing any defaults of Lessee, under the Lease and executing an acceptance of the assignment of Lease or the new lease, as the case may be.
3. Waiver. Failure of SSI to enforce or exercise any of its rights hereunder shall not constitute a waiver of the rights hereunder or a waiver of any subsequent enforcement or exercise of its rights hereunder.
4. Execution of Documents. The parties hereto agree to execute any and all documents or agreements and to take all action as may be necessary or desirable to effectuate the terms, covenants and conditions of this Agreement.
5. Amendment of Lease. Lessor and Lessee agree not to amend the Lease in any respect except with the prior written consent of SSI, unless the Franchise Agreement has been terminated and SSI has not elected to assume the lease pursuant to Section 2 herein.
6. Amendment of Agreement. This Agreement may be amended only in writing signed by all parties hereto.
7. Lessee's Agreement to Vacate the Premises. Lessee agrees to peaceably and promptly vacate the premises and to remove its personal property therefrom should SSI exercise its options to take assignment of the Lease or the Premises pursuant hereto. Any property not so removed shall be deemed abandoned.
8. Delivery of Possession. If it becomes necessary for Lessor to pursue legal action to evict Lessee in order to deliver to SSI possession of the premises, SSI shall, at the written request of Lessor, pay into an interest-bearing escrow amounts necessary to cure the default, pending delivery of the premises to SSI. If Lessor is

unable to deliver the premises to SSI within 6 months from the date SSI notifies Lessor of its election to acquire a leasehold interest in the premises, all amounts deposited by SSI in escrow, together with interest earned thereon, shall be returned to SSI forthwith. SSI shall not be required to cure defaults and/or begin paying rent until delivery of possession of the premises, free and clear of any of Lessee's rights or the rights of any third parties.

9. Lessee's Liability. Lessee shall remain liable for all of its obligations under the Lease notwithstanding the assignment thereof to SSI or the execution of a new lease between SSI and Lessor, and SSI shall be entitled to recover from Lessee all amounts it has paid to Lessor to cure Lessee's defaults under the Lease.
10. Notices. All notices hereunder shall be by certified mail, UPS, FedEx or any other nationally recognized carrier (with signature required by the addressee) to the addresses herein described or to such other addresses as the parties hereto may, by written notice, designate.
11. Binding Effect. This Agreement shall be binding upon the parties hereto, their heirs, executors, successors, assigns and legal representatives.
12. Severability. If any provision of this Agreement or any part thereof is declared invalid by any court of competent jurisdiction, such act shall not affect the validity of this Agreement and the remainder of this Agreement shall remain in full force and effect according to the terms of the remaining provisions or part of provisions hereof.
13. Remedies. The rights and remedies created herein shall be deemed cumulative and no one of such rights or remedies shall be exclusive at law or in equity of the rights and remedies which SSI may have under this or any other Agreement to which SSI and Lessee are parties.
14. Attorney's Fees. If any action is instituted by any party to enforce any provision of this Agreement, the prevailing party shall be entitled to recover all of its reasonable attorney's fees and costs incurred in connection therewith from the non-prevailing party.
15. Construction. This Agreement shall be governed by and construed in accordance with the laws of the state in which the premises are located.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties hereto have caused this Option for Assignment of Lease to be executed the day and year first above written.

WITNESS:

LESSOR

LESSEE

EXHIBIT C

FRANCHISE AGREEMENT



SPIDERSMART, INC.

FRANCHISE AGREEMENT

BETWEEN

SpiderSmart, Inc.

AND

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SPIDERSMART, INC.

FRANCHISE AGREEMENT

This Franchise Agreement (the “**Agreement**”) is by and between SpiderSmart, Inc., a Virginia corporation, located at 8401 Maryland Dr, Ste S, Richmond, Virginia 23294 (“**SSI**”), and _____, (“**Franchisee**”), residing at _____, effective on the date when both SSI and Franchisee have signed the Agreement (the “**Effective Date**”).

WHEREAS, SSI has established a method of opening, operating and promoting learning centers (individually, a “**Center**”) for the purpose of providing personalized, subject-specific tutoring services to children ages 5 through 18 (the “**Services**”) under the name “SpiderSmart Learning Centers” using SSI’s proprietary curriculum materials, Internet-based Reading & Writing Program software, and other equipment, supplies, methods, procedures, knowledge and quality standards as specified in SSI’s Manual (as defined below), as amended from time to time either through written or electronic form (the “**System**”);

WHEREAS, the System is identified by certain trade names, trademarks, service marks, logos, emblems, insignia and signs developed for use, including the name “SpiderSmart” and the design service mark shown on the cover page of this Agreement, which are owned by SSI, which has the exclusive right to sub-license and now designates and may hereafter designate in connection with the System, and any modifications and substitutions thereof (collectively, the “**Marks**”);

WHEREAS, Franchisee recognizes the potential value and benefits to be derived from utilizing the System and desires to own and operate the Business (as defined below) in a manner that is consistent with, and will promote, SSI’s standards of quality and goodwill as developed from time to time, and SSI, in reliance on the representations made by Franchisee, is willing to provide certain training and supporting materials relating to the System and to grant Franchisee the right to operate a Business under the terms and conditions hereinafter set forth, which terms are acceptable to Franchisee and are acknowledged by the parties to be material and reasonable.

NOW, THEREFORE, for and in consideration of the foregoing premises and the covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, SSI and Franchisee hereby agree as follows:

1. Definitions.

For purposes of this Agreement, when any of the following words or phrases begins with a capital letter, it has the meaning set forth in this Section 1:

- a. **Business.** “Business” means the right which is granted to Franchisee to operate a Franchise providing tutoring services to student in-person from an Authorized Site, as set forth in this Agreement.
- b. **Confidential Information.** “Confidential Information” means all information disclosed by SSI to the Franchisee in the course of preparing to perform or performing under this Agreement, including, but not limited to, the System, any Trade Secret, related documentation, specifications, and training materials, all other methods for establishing, operating and promoting the Business pursuant to SSI’s distinctive business format, plans,

methods, data, processes, supply systems, marketing systems, formulas, techniques, designs, layouts, operating procedures, the Manual, customer lists and data, ideas, research and development, and such other information as may be further developed periodically by the SSI or identified to Franchisee by SSI as confidential. Notwithstanding the foregoing, “Confidential Information” also includes all Customer Data. Except with regard to Customer Data and similar information regarding customers disclosed by SSI to the Franchisee, “Confidential Information” shall not include information that the Franchisee can establish, by competent proof, (i) was known to the public prior to its disclosure to the Franchisee, or has become known to the public through no fault of the Franchisee; or (ii) was, prior to disclosure by SSI, disclosed to the Franchisee by a third party having a lawful right to make such disclosure without limitation on disclosure.

- c. **Copyrighted Works.** “Copyrighted Works” means any copyrighted or copyrightable name, item, material, book, electronic book, software or other thing that SSI or Affiliates of SSI own or may develop from time to time and that SSI authorizes Franchisee to use in the Business, which may include the Manual, forms, reports, certain advertising and promotional materials, books, electronic books, posters, signs, computer software and any translation or paraphrasing of any of these items.
- d. **Customer Data.** “Customer Data” means all data collected at or through the Business regarding actual or potential customers of SSI and/or Franchisee, including, but not limited to, names of students or their parents, addresses, phone numbers, email addresses, dates of birth, payment information, and any other factors specific to the physical, physiological, genetic, mental, economic, cultural or social identity of any student, parent or guardian, as well as the records regarding services provided to such students.
- e. **Designated Owner.** “Designated Owner” means Franchisee if Franchisee is an individual, or if Franchisee is a business entity, one of Franchisee’s owners who is responsible for the day-to-day operation of the Business and who SSI has approved in writing.
- f. **E-Curricula.** “E-Curricula” means SSI’s proprietary curriculum materials, Internet-based Reading & Writing Program software, and other electronic-based or electronically-delivered curricula that SSI owns or licenses from third parties that SSI may, in its sole discretion, introduce into the System.
- g. **E-Problem.** “E-Problem” means any problem, malfunction, failure of operation or transmission, or inappropriate operation of any duration and severity that may occur with the E-Curricula and supporting utilities, SSI’s extranet site(s) or online application(s), any software SSI provides or recommends, or any computer system or program that Franchisee uses, including any computer with which such software or technology is, or may be, operating at any location, including the Business. Such problem, malfunction, failure of operation or transmission, or inappropriate operation may be due to any reason, including email, approved or unapproved application software, third party software or other interaction, insufficient computer memory or other capacity-related issues, computer viruses and worms, computer and software infections and corruptions, security threats, spyware, malware, scams, identity theft, user or administrator error, browser or software hijacking, hacker access, malicious activity, computer and technology breakdowns, power and communication line disruptions and failures, Internet and Internet access disruptions and failures, Internet content disruptions and failures, data-related problems, and attacks and disruptions by intruders.

- h. Franchise.** “Franchise” means the license to use the Marks and the System to provide the Services in accordance with the terms of this Agreement and the Operations Manual.
- i. Inflation.** “Inflation” means the increase in the Consumer Price Index, [U.S. City Average, all items, 1982-84=100], as published by the United States Department of Labor, Bureau of Labor Statistics [“CPI-U”], or a comparable replacement U.S. governmental price index.
- j. Manual.** “Manual” means the written policies, procedures, specifications and recommendations that SSI will lend or communicate to Franchisee, or authorize Franchisee to use, during the term of this Agreement and that contains information, forms and requirements for the establishment and operation of the Business and for use of the Marks and the System. Any amendment by SSI to the information, forms and requirements for the establishment and operation of the Business and for use of the Marks and the System, either through written or electronic form, shall be automatically incorporated into the Manual.
- k. Permanent Disability.** “Permanent Disability” means a condition causing Franchisee or Franchisee’s Designated Owner to be unable to actively and meaningfully participate in the operation and management of the Business for any reason for a continuous period of at least three (3) months. The phrase “Permanently Disabled” shall be interpreted in accordance with this definition.
- l. Related Party.** “Related Party” or “Related Parties” means people and companies affiliated with SSI or Franchisee, as the context indicates, including: owners, general partners, limited partners, shareholders, members or agents, owning a Substantial Interest in SSI or in Franchisee.
- m. Substantial Interest.** “Substantial Interest” means the right to twenty-five percent (25%) or more of the capital or earnings of a partnership or limited liability company or, alternatively, ownership of twenty-five percent (25%) or more of the voting stock of a corporation.
- n. Trade Secret.** “Trade Secret” means information including but not limited to technical or non-technical data, compilations, programs, methods, techniques, processes, financial data, financial plans or lists of actual or potential customers which derives economic value, actual or potential, from not being generally known to, and not readily ascertainable by proper means by, other persons or entities who can obtain economic value from its disclosure or use.
- o. Transfer.** “Transfer” means any sale, gift, or other change in ownership of all or any part of the rights and obligations: (i) of this Agreement, (ii) of the Business, or (iii) of an ownership interest in Franchisee of a magnitude at least as great as that described in this paragraph. If Franchisee is a partnership or limited liability company, then one or more transactions (regardless of whether or not they are related) in which there is a cumulative change in the rights to a Substantial Interest of Franchisee’s capital or profits will be considered to be a Transfer; if Franchisee is a corporation, then one or more transactions (regardless of whether or not they are related) in which there is a cumulative change in beneficial ownership of a Substantial Interest of Franchisee’s voting stock will be considered to be a Transfer.

p. **Website.** “Website” means SSI’s website, www.spidersmart.com.

2. **Grant of Franchise.**

- a. **Granting Clause.** During the term of this Agreement, SSI hereby grants to Franchisee the non-exclusive right and license, and Franchisee accepts such license, to develop and operate the Business and to use solely in connection therewith, the Marks and the System in accordance with the terms and conditions of this Agreement, throughout the Initial Term (as defined below) unless otherwise terminated by either party as permitted by this Agreement. Franchisee may offer only Services under the Marks and the System. All tutoring and instruction programs must be conducted in accordance with SSI’s standards and specifications as set forth in the Manual.
- b. **Authorized Site.** Unless Franchisee has secured a site acceptable to SSI prior to the Effective Date, Franchisee must secure, within one hundred twenty (120) days from the Effective Date, a location within the Protected Territory that is approved by SSI for the conduct of the Business. SSI may in its sole discretion extend such period if it determines that Franchisee has consistently applied reasonably diligent efforts to find a location.
 - i. The proposed site must meet SSI’s general criteria for facilities. Without limiting the foregoing, in the event that Franchisee will operate from a proposed site pursuant to a lease agreement, SSI may condition its approval on the lease containing the option for SSI to, upon default, termination or expiration of this Agreement or upon default, termination or expiration of the lease, and upon notice to lessor, assume all of Franchisee’s rights and obligations under the lease term, including the right to assign or sublease, pursuant to the Option for Assignment of Lease, substantially in the form attached hereto as Exhibit C-2.
 - ii. SSI will inform Franchisee within thirty (30) days of receiving all necessary information as to whether the proposed site will be approved. SSI may withhold any approval under this Section 2.b.ii. in its reasonable business judgment.
 - iii. Upon SSI’s approval of the proposed site, such address shall be listed in Exhibit C-1 to this Agreement (the “**Authorized Site**”), and Franchisee will conduct all management and administration of the Business solely at the Authorized Site; however, Franchisee may permit its clients and customers of the System to periodically access any Internet-based software from remote locations for limited supplemental tasks, so long as the Services are primarily provided at the Authorized Site.
 - iv. All records relating to the operation of the Business must be maintained at the Authorized Site throughout the term of this Agreement.
 - v. Franchisee may not relocate the Authorized Site without SSI’s prior written consent and approval that the proposed relocation meets SSI’s general criteria for facilities in accordance with Section 2.b.i of this Agreement, which SSI may withhold in its reasonable business judgment.
 - vi. SSI’s review and approval of any proposed site will not be deemed an implication or guarantee that Franchisee will be successful operating from that location.

- c. **Protected Territory.** Franchisee is granted and assigned the territory specified in Exhibit C-1 (the “**Protected Territory**”).
- i. For so long as this Agreement is in effect, SSI will not: (1) grant any franchises, licenses or other rights to operate a Business within the Protected Territory; (2) itself operate, or permit any of its Related Parties to operate a Business within the Protected Territory; or (3) permit any of its Related Parties or any other franchisee of SSI to advertise, market or solicit prospective customers for Services within the Protected Territory. The foregoing provision notwithstanding, Franchisee acknowledges that: (1) the Website may be accessible within the Protected Territory, and that the contact information for SSI’s Related Parties and other SpiderSmart franchisees may be published on the Website and made accessible to prospective customers located within the Protected Territory; (2) SSI may use the Marks and the System to sell any equipment or services, or supplies similar to those which you will sell, through any alternative channels of distribution within or outside of the Protected Territory; and (3) SSI may be purchased by, or merge or combine with, any business, including a business that competes directly with your Franchise, wherever located.
 - ii. Franchisee may not directly advertise, market or solicit prospective customers for Services outside of the Protected Territory.
- d. **Remote or Virtual Tutoring Services.** SSI may provide tutoring through video conference technology (such as Zoom®, Microsoft Teams® or Skype®) and/or engage in Internet-based distribution channels for its E-Curricula, including SSI’s reading and writing curriculum, math or other subjects, to students located anywhere on Earth, even if the student is located or resides in the Protected Territory, without any compensation or benefit owed to Franchisee; In addition, Franchisee shall have the non-exclusive right to provide tutoring through video conference technology (such as Zoom®, Microsoft Teams® or Skype®) in accordance with requirements and rules provided by SSI in its Manual or otherwise and subject to approval by SSI; for remote services provided to students, the student must have a reasonable connection to the Business and Franchisee and SSI must have approved Franchisee to provide such services, provided that Franchisee inputs all customer data concerning the student and the tutoring session into SSI’s software system as if the session were held within the Center.
- e. **Breaching Solicitations or Service Provision.** If Franchisee breaches any requirements relating to the solicitation or providing remote services as stated in Section 2.d or otherwise, Franchisee must immediately transfer all information obtained from or concerning that client to SSI. SSI has the right to require Franchisee to cease providing services to the client and cease all communications with the client except as necessary to comply with this Section. In addition, Franchisee must pay SSI all revenue paid by the student for each unauthorized remote service. These provisions do not limit SSI’s available remedies for Franchisee’s material breach of this Agreement.
- f. **Rights Reserved.** SSI and its Related Parties reserve all rights in the Marks, the System and all such related property not expressly granted to Franchisee under this Agreement.

3. **Term and Successor Agreements.**

- a. **Initial Term.** The term of the franchise will begin on the Effective Date and will continue for a period of ten (10) years (the “**Initial Term**”).
- b. **Successor Agreement.** Franchisee will have the right to continue the franchise for one additional successive ten (10) year term provided that the following conditions are fulfilled prior to the expiration of the then-current term of the franchise:
 - i. Franchisee has notified SSI in writing of Franchisee’s desire to renew at least six (6), but not more than twelve (12), months prior to the expiration of the then-current term;
 - ii. Franchisee will continue to occupy, during the new 10-year term, either the Authorized Site or a replacement facility approved by SSI in accordance with Section 2.b.i of this Agreement.
 - iii. Franchisee and Franchisee’s Related Parties are not in default of this Agreement, when notice is given, and do not become in default prior to the expiration of the then-current term, and have not in any way violated any provision of this Agreement or any other agreement with SSI or its Related Party, and Franchisee has faithfully performed Franchisee’s obligations under this Agreement and all other agreements throughout their terms;
 - iv. Not less than thirty (30) days before the expiration of this Agreement, Franchisee and each of its then-current Related Parties have signed SSI’s then-current form of franchise agreement that it then offers to new franchisees or, if SSI has ceased offering new franchises, that SSI offers to renewing franchisees. However, the successor franchise agreement shall be modified as necessary to reflect the fact that the agreement is for an existing Center. Such successor agreement will supersede the then-current franchise agreement between Franchisee and SSI, and may include terms that are materially different from those contained in this Agreement;
 - v. Franchisee and any of Franchisee’s Related Parties that are parties to the expiring franchise agreement between Franchisee and SSI (including any exhibits thereto) have signed a general release, to the extent permitted by applicable law and in a form satisfactory to SSI, with respect to all claims or potential claims against SSI or its Related Parties arising prior to the date of renewal, the current form of which is attached to this Agreement as Exhibit C-4; and
 - vi. Franchisee has paid the then-current renewal fee.

Franchisee will have no right to continue to operate the Business after expiration of this Agreement unless Franchisee has entered into a successor agreement as described in Section 3.b. herein.

4. **Payments by Franchisee; Late Payment.**

- a. **Initial Franchise Fee.** Franchisee agrees to pay SSI an initial franchise fee in the amount of Thirty Thousand Dollars (\$30,000) (the “**Initial Franchise Fee**”). The Initial Franchise

Fee is due when this Agreement is executed. The Initial Franchise Fee will not be refunded under any circumstances.

- b. **Continuing Franchise Fee.** A user access fee will be payable by Franchisee to SSI starting at the beginning of the seventh (7th) month after the date of opening the center for business. The amount of this fee is the greater of five percent (5%) of Gross Revenue or One Thousand Five Hundred Dollars (\$1,500) per month. The payment is due to SSI on due date specified by SSI. SSI may increase this fee to account for inflation as provided in Section 4.m.
- c. **Advertising Expenditure.** Each month, Franchisee agrees to spend not less than Two Hundred Dollars (\$200) on advertising within the Protected Territory, subject to approval by SSI in its sole discretion (the “Local Advertising Costs”). SSI shall have the right to increase this minimum expenditure to account for inflation as provided in Section 4.m. SSI may require Franchisee to pay this minimum amount into a regional advertising cooperative pursuant to Article 10 of this Agreement. If SSI establishes an advertising cooperative, your payments into such a cooperative will be credited towards satisfaction of the minimum advertising expenditures required by this provision.
- d. **IT Fee.** For each month, Franchisee must pay SSI a non-refundable IT fee in the amount SSI designates (the “IT Fee”). Upon notice to Franchisee, SSI may increase the IT Fee.
- e. **Brand Building Fund Fee.** For each month, Franchisee must pay SSI a non-refundable brand building fund fee (the “Brand Building Fund Fee”) in the amount designated by SSI.
- f. **Gross Sales Definition.** As used in this Agreement, “Gross Revenue” means the aggregate amount of all revenues generated from the sale of all products and services sold and all other income of every kind related to the Business, whether for cash or credit (and regardless of collection in the case of credit). Franchisee may not reduce Gross Revenue by the amount of any discounts. Gross Revenue does not include sales taxes or other taxes collected from customers for transmittal to the appropriate taxing authority, proceeds from the sale of gift cards or stored value cards, and customer refunds made in good faith. SSI reserves the right to modify its policies consistent with industry practices regarding revenue recognition, revenue reporting, and the inclusion in or exclusion of certain revenue from Gross Revenue as circumstances, business practices, and technology change.
- g. **Late Reporting Fee.** By January 31 of each year, Franchisee must provide SSI with a written report of Franchisee’s gross revenues, total payroll expense (excluding payment to owners or general managers) and rent paid during the calendar year just ended. If Franchisee fails to provide this report by the due date, then SSI may charge Franchisee a fee of Two Thousand Five Hundred Dollars (\$2,500).
- h. **Failure to Input Customer Data Fee.** If Franchisee fails to input all Customer Data into SSI’s software system then SSI may charge Franchisee a fee of One Thousand Dollars (\$1,000) per month.
- i. **Automated Bank Draft.** Franchisee must pay all monthly or regular periodic fees by or through an electronic depository transfer account. Franchisee must comply with SSI’s payment instructions and to execute such documents as SSI may request from time to time to provide Franchisee’s unconditional and irrevocable authority and direction to its bank, authorizing and directing Franchisee’s bank to pay and deposit directly to the

account designated by SSI all monthly or periodic fees due hereunder. Franchisee shall make deposits to the account and maintain sufficient balance in such account to cover amounts owed to SSI when such amounts are due. Franchisee shall not close the account from which automated bank drafts are being withdrawn without SSI's consent.

- j. **Returned Check or NSF Fee.** In the event that any check written by Franchisee to the order of SSI is returned NSF, or Franchisee's account balance is insufficient to cover an AUTODRAFT funds transfer, Franchisee shall pay SSI a fee of One Hundred Dollars (\$100). Failure to have sufficient funds available on three (3) or more occasions within any twelve-month period shall be grounds for termination of this Agreement.
- k. **Interest on Late Payments.** Unless as otherwise provided in an applicable promissory note, all overdue payments for Continuing Franchise Fees and other fees required to be paid hereunder will bear interest from the date due until the date actually received by SSI at the rate of one and a half percent (1.5%) per month, or the highest rate permitted by law, whichever is less. Interest will accrue on all late payments regardless of whether SSI or Franchisee exercises its right to terminate this Agreement as provided for herein.
- l. **Application of Payments.** Notwithstanding designation by Franchisee to the contrary, any payments made by Franchisee hereunder may be applied by SSI at its discretion to any of Franchisee's past due indebtedness.
- m. **Adjustment for Inflation.** SSI may adjust all fees specified in this Agreement as a specific dollar amount (versus a percentage of another amount) as it is increased from time to time from the Effective Date.

5. Records and Reports.

- a. **Registration of Students and Tutoring Revenues Received.** Franchisee must register all students who receive tutoring services through SSI's registration system, including providing the contact information of the student and/or guardians and documenting all amounts paid and payable by the student and/or guardians to Franchisee.
- b. **Bookkeeping and Accounting Records.** Franchisee must establish and maintain bookkeeping, accounting, customer lists and data, and financial records for the Business conforming to such requirements as are prescribed by SSI in the Manual from time to time (the "**Accounting Records**"). Franchisee must maintain all information and data relating to the operation of the Business in a secure database throughout the term of this Agreement and permit SSI to access such records in person or by computer from a remote location. By no later than January 31 of each calendar year, Franchisee also must provide SSI with an annual statement of Franchisee's gross revenue received and expenses incurred for payroll and rent during the year, described in monthly terms. Franchisee acknowledges and agrees that if SSI is required or permitted by statute, rule, regulation, or any other legal authority to disclose any information regarding Franchisee or the financial performance of the Business, including, without limitation, earnings or other financial information, SSI will be entitled to disclose such information. In addition, Franchisee hereby expressly permits SSI to disclose any such information to potential purchasers (and their employees, agents, and representatives) of SSI, Franchisee or the Business, as they request in considering purchase of any equity interests or assets of SSI, Franchisee or the Business.**Training and Assistance.**

a. Training Program.

- i. Within sixty (60) days of the execution of this Agreement, or any other time as may be mutually agreed upon by SSI and Franchisee, SSI will conduct an initial training program lasting about twenty (20) hours and covering the key aspects of developing, opening, operating and promoting the Business (the “**Initial Training Program**”). The Initial Training Program will be delivered virtually through video conferencing technology. The number of hours of training per subject during the Initial Training Program may vary based upon the backgrounds and learning needs of those in attendance.
 - ii. Franchisee or its Designated Owner must attend and successfully complete the Initial Training Program to SSI’s reasonable satisfaction before commencing operation of the Business.
 - iii. Once Franchisee or its Designated Owner has completed the Initial Training Program to SSI’s satisfaction, and the Business is open, SSI will provide, and Franchisee may complete, additional monthly virtual training sessions generally up to two (2) hours in length over the course of the first year of franchise operation.
- b. Pricing.** SSI may, in its sole discretion, (i) recommend prices for services and (ii) in metropolitan areas with more than one (1) franchisee, establish maximum prices and minimum prices to the extent permitted by applicable law.
- c. Advisory Services.** SSI will endeavor to offer Franchisee a reasonable amount of continuing advisory services by telephone and electronic mail during normal business hours. Such advisory services will include, upon Franchisee’s request, the handling of any student questions or complaints that Franchisee is unable to handle adequately.
- d. Standards for Teachers.** Notwithstanding anything to the contrary herein, SSI reserves the right to set reasonable proficiency standards for any teachers or staff employed or contracted by Franchisee.
- e. Online Curriculum.** SSI will use commercially reasonable efforts to correct substantial defects in its curriculum materials (including e-Curricula) that substantially and adversely affect the performance or operations of the Business.
- f. Periodic Services.** SSI may, in its sole discretion and for no additional fees, provide periodic mentoring and advisory training, particularly once the Business grows in number of students. Such training will be focused to assist directors in managing flow of students, overseeing lessons to ensure quality control and any other objective designated by SSI in its sole discretion.

7. Manual.Error! Bookmark not defined.

- a.** During the term of this Agreement, SSI will provide Franchisee with electronic access to the Manual. The Manual may consist of printed manuals, computerized documents or software, information provided on the Internet or an extranet, audio or video recordings, or any other media SSI adopts periodically and designates as part of the Manual. The Manual will contain information and specifications concerning the mandatory standards and specifications for the development and operation of the Business, and may include any

other information and advice that SSI periodically provides. SSI may update the Manual periodically to reflect changes in the System and the operating requirements applicable to the Business, and Franchisee must comply with each requirement within such reasonable time as SSI may require; or if no time is specified, within thirty (30) days after receiving notification of the requirement. Franchisee must exclusively bear the costs for implementing changes, updates or modifications to the System.

- b. Franchisee must keep secure all passwords necessary to access the Manual and SSI's proprietary curriculum, and take all reasonable steps to prevent unauthorized disclosure or copying of the information contained in any Manual. Franchisee must restrict any employee and Related Party access to the Manual on a need-to-know basis. Franchisee must not print or download the entire Manual at any time. If Franchisee needs to print or download a portion of the Manual to fulfill any particular function in operating the Business, then Franchisee must securely dispose of any such printed or downloaded pages as soon as it has fulfilled the function for which it printed or downloaded that portion of the Manual.

8. Intellectual Property.

- a. **Ownership of the Marks.** Franchisee acknowledges and agrees that SSI is the owner of the Marks and that nothing herein contained will under any circumstances give Franchisee any right, title or interest in or to the Marks other than the non-exclusive right to use the Marks in connection with the operation of the Business under the System and in strict accordance with the terms of this Agreement. Franchisee also acknowledges and agrees that the Marks, and all goodwill now or in the future pertaining to the same, are the sole and exclusive property of SSI. Franchisee will not raise or cause to be raised any questions concerning, or objections to, the validity or ownership of the Marks on any grounds whatsoever. Franchisee will not seek to register, reregister or assert claim to or ownership of, or otherwise appropriate to itself, any of the Marks or any marks or names confusingly similar to the Marks, or the goodwill symbolized by the Marks, except insofar as such action inures to the benefit of and has the prior written approval of SSI. **Use of Marks.** In order to protect the Marks, the System, and the goodwill associated therewith, Franchisee must:
 - i. Only use the Marks designated by SSI, and only in the manner authorized and permitted by SSI. Franchisee may not make any changes or substitutions whatsoever in or to the use of the Marks unless directed by SSI in writing. Franchisee's right to use the Marks is limited to such uses as are authorized under this Agreement, and only for the offer and sale of Services. Any unauthorized use of the Marks constitutes an infringement of SSI's rights and a breach of this Agreement.
 - ii. Only use the Marks for the operation of the Business or in advertising or promoting the Business. Franchisee may not use any of the Marks in any part of any domain name or electronic address or to advertise or promote any services other than the Services.
 - iii. Operate and advertise the Business under the name "SpiderSmart Learning Centers" without prefix or suffix except to describe the Protected Territory or Authorized Site location, and under no other names.

- iv. Not use the Marks or any derivation thereof, or any name that is confusingly similar to the Marks, as part of Franchisee's corporate or business entity name. However, Franchisee must file a trade name or d/b/a registration with Franchisee's state identifying the Business as "SpiderSmart Learning Center of [the city or town where the Premises are located]" and identifying Franchisee as the owner.
 - v. Display the symbol TM, SM or ®, or such other symbols or words as SSI may designate to protect the Marks, on all items and materials where the Marks appear. Franchisee must use the Marks on all materials representing the Business, including, without limitation, business cards, stationary, e-mail correspondence, Yellow Pages advertising, apparel, checks, proposals, contracts, signage, and marketing and promotional materials. Franchisee must ensure that all such materials: (1) accurately depict the Marks; (2) include a statement indicating that the business is independently owned and operated by Franchisee and, for all checks, proposals and contracts, also identify Franchisee's name; (3) do not use the Marks in connection with any other trademarks, trade names or service marks unless specifically approved by SSI in writing. Franchisee must make available to SSI, upon its request, a copy of any materials depicting the Marks.
- c. Copyright in Curriculum.** Franchisee may use the Copyrighted Works in connection with the Business only according to this Agreement, the Manual or as provided in writing from time to time by SSI. Franchisee must ensure that all Copyrighted Works bear the copyright and other notices SSI designates that specify SSI's ownership of the copyrights therein. If SSI authorizes Franchisee in writing to prepare any adaptation, translation or work derived from the Copyrighted Works, or if Franchisee or the Regional Advertising Cooperative established pursuant to Section 11 herein prepare any Copyrighted Works, such as advertisements, posters, forms, reports, software, books, electronic books or marketing or promotional materials, Franchisee agrees that such adaptation, translation, derivative work or Copyrighted Work shall be SSI's sole and exclusive property and Franchisee hereby assigns all of its right, title and interest therein to SSI. Franchisee agrees to submit all such adaptations, translations, derivative works and Copyrighted Works to SSI for SSI's prior approval before any use by Franchisee; and Franchisee agrees that it shall not use any such item without SSI's prior written approval. Franchisee's unauthorized use of any of the Copyrighted Works is a material breach of this Agreement and infringes on the Copyrighted Works.
- d. Infringement.**
- i. Franchisee must promptly inform SSI in writing of any known or suspected infringement or imitations of any Marks, the Services, any Copyrighted Works, the System, or any known or suspected act of unfair competition against SSI or Franchisee (each an "**IP Claim**"). Franchisee will not make any demand or serve any notice, orally or in writing, or institute any legal action or negotiate, compromise or settle any controversy with respect to any such IP Claim without first obtaining SSI's written consent. SSI has the exclusive right to institute, negotiate, compromise, settle, dismiss, appeal or otherwise handle any such action; to take such steps as SSI may deem advisable to prevent any such action; and to join Franchisee and any other franchisees as parties to any such action in which Franchisee is or would be a necessary or proper party, provided that nothing herein will be construed to obligate SSI to seek recovery of costs or damages of any kind in any such litigation, the assertion or waiver of such claims being within the sole

discretion of SSI. SSI will pay the costs of any such action that SSI brings or defends against, and any recovery obtained from an IP Claim will be paid exclusively to SSI.

- ii. Franchisee must execute any and all instruments and documents, render such assistance, and do such acts and things as may, in the opinion of SSI's counsel, be necessary or advisable to protect and maintain SSI's interests in any such litigation or other proceeding or to otherwise protect and maintain SSI's interest in connection with an IP Claim. Provided Franchisee complies with the provisions of this Section 8.d., SSI will reimburse Franchisee for all expenses reasonably incurred in any legal proceeding disputing Franchisee's authorized use of any Mark(s), including any judgment for damages or settlements paid, unless Franchisee's breach of this Agreement or failure to abide by a mandatory specification of the Manual is a proximate cause of the infringement claim. However, such reimbursement will not include Franchisee's expenses for removing signage, discontinuing use of any Mark(s) or adopting new Marks, and SSI will not reimburse Franchisee in any dispute where SSI challenges Franchisee's use of a Mark.

- e. **Substitute Marks and Copyrighted Works.** If SSI decides to change, add or discontinue use of any Mark or Copyrighted Works, or to introduce additional or substitute Marks or Copyrighted Works, Franchisee, within a reasonable period of time after receipt of written notice thereof, must take such action, at its sole expense, as is necessary to comply with such change, alteration, discontinuation, addition or substitution. SSI will not have any liability for any loss of revenue or goodwill due to implementation of any new Marks or Copyrighted Works or discontinuation or modification of any Marks or Copyrighted Works.

9. Website and Email.

SSI will maintain a page on the Website with contact information for the Business. SSI will make all reasonable efforts to ensure that the Website is operational and accessible at all times; however, Franchisee acknowledges that certain circumstances beyond SSI's control may affect the operation and accessibility of the Website, and SSI will under no circumstances be liable to Franchisee for any losses or damages incurred as the result of any defect in or inaccessibility of the Website. Limitations on Franchisee's rights to promote the Business through the Internet are described in Section 12.f.v. herein.

SSI will provide Franchisee an email address to use for all communications related to the Business. Franchisee must pay all fees and costs associated with that email address. The email address must be used for all communications related to the Business, including communication with SSI, customers, staff, vendors, and all other related parties.

10. Brand Building Fund.

Franchisor may establish and administer the Brand Building Fund for the enhancement, promotion and protection of the System and the Marks, and for the development of advertising, marketing, and public relations programs and materials as SSI deems appropriate. SSI has the sole right to direct all advertising, media placement, marketing and public relations programs and activities financed by the Brand Building Fund, with final discretion over the strategic direction, creative concepts, materials and endorsements used and the geographic, market and media placement and allocation. SSI may use monies in the Brand Building Fund to pay reasonable salaries and expenses of our and our affiliates' employees who work on advertising,

marketing, public relations materials, programs, activities or promotions prepared, planned or undertaken on behalf of the Brand Building Fund and professional fees and administrative costs and overhead that SSI or any affiliates incur in activities reasonably related to the administration and activities of the Brand Building Fund (including accounting fees, legal fees, and interest on monies borrowed by the Brand Building Fund). Franchisee agrees to participate in all advertising, marketing, promotions, research and public relations programs instituted by the Brand Building Fund. SSI requires Franchisee to pay the Brand Building Fund Fee stated in Section 4.e. SSI is not obligated, in administering the Brand Building Fund, to make expenditures for Franchisee which are equivalent or proportional to any fee, or to ensure that any particular franchisee benefits directly or pro rata from expenditures by the Brand Building Fund. Nothing in this Agreement will be construed to create a trust or fiduciary relationship of any kind or nature whatsoever among the parties as it relates to the Brand Building Fund. SSI will prepare an annual, unaudited statement of Brand Building Fund collections and expenses within ninety (90) days after SSI's fiscal year end and, upon written request, will provide a copy of the statement to any franchisee. SSI retains the final authority on all programs financed by the Brand Building Fund. SSI have the right to change or dissolve the Brand Building Fund at any time. If Franchisor disbands the Brand Building Fund, SSI will spend all monies in the fund for any above-described activities or distribute all unspent monies to contributors in proportion to their respective Brand Building Fund Fees during the preceding twelve (12) month period.

11. Regional Advertising Cooperative.

- a. Establishment; Participation.** SSI may, in its sole discretion, require Franchisee to participate in a regional advertising cooperative if there is more than one franchisee in Franchisee's Metropolitan Statistical Area ("MSA"), as defined by the United States Office of Management and Budget. If required, each franchisee of SSI within the MSA, including any Center operated by SSI, will be a member of the cooperative, and will be entitled to one (1) vote per Center owned.
- b. Funding.** If a regional advertising cooperative is established, SSI will require each Center in the MSA to pay into the cooperative, on a monthly basis, the minimum advertising expenditure mandated by Section 4.c. of this Agreement. Higher contribution requirements may be approved by a vote constituting at least eighty percent (80%) of all votes entitled to be cast. Any such payment will be in lieu of any required expenditure under Section 4.c of this Agreement.
- c. Approval of Materials.** All advertising and promotional materials must be approved by SSI, and the budget for spending the cooperative's funds will be determined by a vote constituting at least fifty one (51%) of all votes entitled to be cast; provided that, prior to the approval of any and all budgets, the cooperative shall present the budget, in writing, to SSI and receive SSI's feedback within fifteen (15) days.
- d. Governance.** If SSI requires the formation of a regional advertising cooperative, Franchisee and each required member of the cooperative will sign a written agreement concerning the governance and management of the cooperative, including, but not limited to, the terms specified above. In addition to other terms and provisions, the agreement will include methods for determining who oversees and manages the cooperative's funds; the members' entitlement to financial statements regarding the use of those funds; and other rights and remedies of the cooperative members with regard to the use of those funds.
- e. Merger.** SSI, in its sole discretion, will have the ability to merge any regional cooperatives into larger regions. However, the dissolution of a cooperative or dividing a cooperative

into smaller regions will require the approval of at least two-thirds (2/3s) of all votes entitled to be cast.

12. Franchisee's Obligations.

- a. **Opening.** Franchisee may not open the Business without SSI's prior written consent, which will not be unreasonably withheld.
- b. **Authorized Services.** Franchisee must offer and sell in connection with the Marks only Services, including SSI's curriculum. Franchisee may customize the curriculum by selecting from a list of over 2,500 book titles that SSI has approved. If Franchisee desires to deviate from the Services, including the curriculum or book titles, Franchisee must obtain SSI's prior consent, not to be unreasonably withheld; provided that Franchisee must allow SSI and all other franchisees to utilize approved changes and additions in all operating Businesses, without any compensation to Franchisee. Notwithstanding anything to the contrary, SSI reserves the right to disapprove any previously approved modification or deviation. SSI may charge Franchisee the then current fees for any curriculum, textbooks, or merchandise (such as backpacks, totes, tablet covers, water bottles, etc.) that SSI requires or approves as optional for use or sale in the operation of the Business.
- c. **Management.** The Business must be under the full-time management and supervision of the Designated Owner. If Franchisee's approved Designated Owner dies or becomes Permanently Disabled, Franchisee must obtain approval from SSI of a new Designated Owner in accordance with Section 12.c. Franchisee may, at Franchisee's option, hire third-party instructors who satisfy SSI's minimum professional criteria or proficiency standards as identified in writing from time to time.
- d. **Compliance with Operating Standards.** Franchisee must operate the Business in strict compliance with all standards and specifications stated in the Manual, and revisions thereto, as provided in Section 7.a. herein.
- e. **Compliance with Laws.** Franchisee will be solely responsible for obtaining and maintaining all permits and licenses required to operate the Business in compliance with applicable laws and regulations. Franchisee is solely responsible for ensuring the Business's strict compliance with all laws, ordinances and regulations applicable to the Business. Franchisee must pay promptly when due all taxes and debts that Franchisee incurs in the operation of the Business.
- f. **Computer System.**
 - i. Franchisee must have at least one office computer that is dedicated for the use in the Business and can efficiently access and utilize SSI's Internet-based software. All customers of the Business must be registered through such software.
 - ii. Franchisee must have an adequate amount of computer devices, organized as workstations, which customers of the Business can utilize during the provision of the Services. The computer system must meet SSI's minimum specifications as set forth in the Manual.
 - iii. SSI will have the right to independently access the information generated and stored on Franchisee's computer system relating to the Business, and Franchisee

agrees to provide SSI with the information needed to allow SSI remote access to such data. There are no contractual limitations on SSI's right to access this information, which may include, by way of example only, gross revenue information; payroll and other expenses; federal, state and local tax information; and client records.

- iv. Information accessible through SSI's Internet-based software is backed-up by an independent third-party vendor for Franchisee at SSI's headquarters; however, Franchisee is solely responsible for installing, configuring and maintaining reasonable systems to verify that any person or entity utilizing the computer equipment is reasonably protected. Such systems may include establishing firewalls, access code protection and anti-virus systems, subject to modification or specification by SSI, in its sole discretion.
- v. Franchisee may not, without SSI's prior written approval which it may withhold in its sole discretion, establish, create, or operate an Internet site, the center's own website or Internet-based software or develop software for use in connection with the Business.
- g. **Book Purchases.** Franchisee may order any book listed in SSI's curriculum to take advantage of any applicable discount offered to SSI or SSI's experience in ascertaining the best-value for such books. SSI may require Franchisee to purchase books through SSI or another approved supplier and Franchisee must pay the price charged plus any service fee specified by SSI. Currently, Franchisee is not required to purchase any books through us; however, we may in the future require such purchases and charge you for the books. You must adhere to SSI's list of approved titles unless you receive our approval for modification as described above.
- h. **Signage.** Franchisee must secure a sign for the Authorized Site, advertising the Business consistent with the use of the Marks as required in this Agreement. Any vendor for such sign must first be approved by SSI, such approval not to be unreasonably withheld.
- i. **Insurance.**
 - i. Prior to the opening of the Business and during the term of this Agreement, Franchisee must, at a minimum, obtain and maintain (i) in the event Franchisee has employees, workers' compensation and employer's liability insurance in the greater of Five Hundred Thousand Dollars (\$500,000) or the minimum amounts prescribed by law in the Protected Territory; (ii) comprehensive general liability insurance coverage, including contractual liability insurance coverage, in such amounts and upon such terms as may from time to time be customary for a tutoring business located in the Protected Territory, but not less than One Million Dollars (\$1,000,000) for any single occurrence and Two Million Dollars (\$2,000,000) in the aggregate, insuring both Franchisee and SSI against all claims, suits, obligations, liabilities and damage, including attorneys' fees, based upon or arising out of the operation, use or condition of the Business; (iii) property and casualty damage insurance in an amount not less than twice the original cost of all tangible personal property and leasehold improvements; (iv) an umbrella insurance policy; and (v) such additional insurance as may be required by the terms of any lease or mortgage to which Franchisee is party. Upon request, Franchisee must provide evidence reasonably satisfactory to SSI of such insurance coverage.

- ii. If Franchisee at any time fails or refuses to maintain any insurance coverage required by SSI or to furnish satisfactory evidence thereof, SSI, at its option and in addition to its other rights and remedies hereunder, may, but need not, obtain such insurance coverage on behalf of Franchisee, and Franchisee must pay to SSI on demand all costs incurred by SSI in connection with the securing or acquiring of such insurance.
- j. **Development or Improvements by Franchisee.** If Franchisee develops any new modification, concept, process, improvement or slogan in providing Services or otherwise in the operation or promotion of the Business, SSI owns the improvement and the same will be deemed a work made for hire, and Franchisee must promptly notify SSI of, and provide SSI with, all necessary information regarding such modification, concept, process, improvement or slogan. Franchisee acknowledges that SSI may use or allow other franchisees to use the same in connection with the System without compensating Franchisee, it being Franchisee's countervailing right to benefit from such improvement made by other System franchisees.
- k. **Client Satisfaction; Staff Controls.** SSI may conduct satisfaction inquiries and reviews of the customers of the Business with or without prior notice to Franchisee. Franchisee must promptly correct any deficiencies in Franchisee's provision of the Services of which SSI advises Franchisee. Franchisee agrees to use its best efforts to ensure that Franchisee's employees and staff (including Franchisee, if an individual, and the Designated Owner) maintain a neat and clean appearance, render competent, sober and courteous service to all customers of the Business, and treat the owners and employees of the locations where Services are provided with courtesy and respect.
- l. **Notice of Complaints.** Franchisee agrees to notify SSI promptly of Franchisee's receipt of service of process in any legal proceeding that is in any way related to the Business. Franchisee agrees to notify SSI promptly if Franchisee becomes aware that Franchisee is the subject of any complaint to or investigation by any governmental licensing authority or consumer protection agency.
- m. **Compliance with Privacy Laws.** Franchisee agrees to abide by all applicable laws pertaining to the privacy of consumer, employee, and transactional information ("**Privacy Laws**"), including, but not limited to, abiding by Privacy Laws in the protection of Customer Data. In addition, Franchisee agrees to comply with any standards and policies issued by SSI pertaining to Privacy Laws. If there is a conflict between SSI's standards and policies pertaining to Privacy Laws and actual applicable law, Franchisee shall: (i) comply with the requirements of applicable law; (ii) immediately give SSI written notice of said conflict; and (iii) promptly and fully cooperate with SSI and its counsel in determining the most effective way, if possible, to meet SSI standards and policies pertaining to Privacy Laws within the bounds of applicable law.
- n. **Credit Card Processing and Other Payment Methods.** SSI may require that Franchisee maintain credit-card relationships with the credit- and debit-card issuers or sponsors, check or credit verification services, financial-center services, and electronic-funds-transfer systems that SSI designates as mandatory, and that Franchisee must not use any such services or providers that SSI has not approved in writing or for which SSI has revoked its approval. SSI has the right to modify its requirements (if any) and designate additional approved or required methods of payment and vendors for processing such payments, and to revoke its approval of any service provider. Whether or not SSI designates approved

suppliers of these services, Franchisee must comply with the Payment Card Industry Data Security Standards (“**PCI DSS**”) as they may be revised and modified by the Payment Card Industry Security Standards Council (see www.pcisecuritystandards.org), or such successor or replacement organization and/or in accordance with other standards as SSI may specify in the Manual. SSI may receive payments from any vendor or supplier for the System and SSI may use such payments in any manner in its sole discretion.

- o. Advertising Materials.** SSI may periodically provide Franchisee with print and advertising templates for Franchisee to adapt and use locally or other advertising materials, subject to acceptable standards and practices that are designed to ensure the uniform and non-defamatory presentation of the Marks. SSI may charge you for advertising templates and materials. If Franchisee wishes to develop advertising materials, Franchisee must submit the proposed advertising material to SSI at least fifteen (15) days in advance of publication or use, and Franchisee shall not use any such advertising copy or materials that SSI disapproved in writing. Franchisee agrees and acknowledges that the copyright for any advertising or other materials that Franchisee develops for the Business shall belong to SSI without any further action required by the parties.

13. The Parties’ Relationship; Confidentiality and Non-Competition; Customer Data.

a. Independent Status.

- i.** Franchisee is an independent legal entity and the parties agree that this Franchise Agreement does not create a fiduciary relationship between them, and that neither party has a special relationship with each other beyond being a licensor and licensee of the trademarks and business system and know-how. Franchisee agrees to make this fact clear in Franchisee’s dealings with suppliers, lessors, government agencies, employees, independent contractors, customers and all other entities and individuals. Franchisee will rely on Franchisee’s own knowledge and judgment in making business decisions, subject only to the requirements of this Agreement and the Manual. Franchisee will not expressly or implicitly hold out itself as an employee, partner, shareholder, member, joint venturer or representative of SSI or any of its Related Parties. All business cards, stationery, purchase order forms, invoices, leases, and other documents that Franchisee uses in its business dealings with clients, suppliers, lessors, government agencies, employees and independent contractors must clearly identify Franchisee as an independent legal entity. Further, Franchisee will not expressly or implicitly state or suggest that Franchisee has the right or power to bind SSI or its Related Parties or to incur any liability on their behalf.
- ii.** The parties agree that, as an independent contractor and as the developer and operator of the Business, Franchisee is undertaking operation of a business that involves substantial financial and monetary risks to Franchisee and its Designated Owner. Franchisor is a licensor of intellectual property and a provider of certain support services, and Franchisee is responsible for the day to day operation of the Business and therefore primarily responsible for the level of financial success of the Business.

b. Indemnification.

- i. Franchisee must indemnify and hold SSI and its Related Parties harmless from all expenses and liabilities of any kind arising from or in any way connected to the Business or Franchisee's acts or omissions, except as otherwise provided in the following paragraph. If SSI is made a party to any legal proceeding in connection with Franchisee's acts or omissions, SSI may hire counsel to protect its interests and bill Franchisee for all costs and expenses incurred by SSI in connection therewith. Franchisee agrees to promptly reimburse SSI for all such costs and expenses.
- ii. SSI must indemnify and hold Franchisee harmless from all expenses and liabilities arising from or in any way connected to a third party's claim that Franchisee's operation of the Business under this Agreement infringes upon the intellectual property of the third party claimant, unless Franchisee's breach of the Franchise Agreement or failure to abide by a mandatory specification of the Manual is a proximate cause of the infringement claim, or the alleged infringement is caused by Franchisee's use of the System with equipment, data or programming not supplied by SSI. If Franchisee is made a party to any legal proceeding in connection with any infringement claim subject to indemnification under this Section 13.b.ii., SSI agrees to hire counsel to protect Franchisee's interests. Franchisee agrees to cooperate fully with SSI and its counsel in any such action.

c. Confidentiality.

- i. **Confidential Information.** Franchisee acknowledges and agrees that all Confidential Information is exclusively owned by SSI as its intellectual property. Franchisee shall retain the Confidential Information of SSI in confidence, shall not use any such Confidential Information for its own benefit (except in performance of this Agreement) or for the benefit of any third party, and shall not disclose any such Confidential Information to any third party (except as expressly provided in the Agreement). Notwithstanding the above, Confidential Information which qualifies as a Trade Secret shall be maintained in confidence for the period of time specified by the applicable law therefore. Moreover, the customer list and data associated with the Business is a joint asset of the parties, but solely for the use by Franchisee under a franchise agreement with SSI or transfer by Franchisee to an approved assignee of the Business.
- ii. **Spouse, Employee and Agent Confidentiality and Non-Compete Agreements.** Franchisee will obtain a written confidentiality and non-compete agreement, the current form of which is attached as Exhibit C-3 to this Agreement, in a form satisfactory to SSI from each of Franchisee's owners, owners' spouses, employees, independent contractors and other agents within ten (10) days after each assumes such status with Franchisee. Franchisee will provide SSI a copy of each such agreement immediately following its execution.

d. Non-competition and Other Restrictions

- i. **Non-competition.** During the term of this Agreement and for a period of two (2) years immediately following the expiration or termination of this Agreement, neither Franchisee nor any of its Related Parties may compete with the SSI or any of its franchisees by directly or indirectly taking any of the following actions in any capacity whatsoever within fifteen (15) miles radius of either the Protected

Territory, the principal place of business of the SSI or that of any other franchise of SSI existing as of the date of expiration or termination: (a) owning, managing, operating, joining, or controlling (or participating in the ownership, management, operation, or control of) any corporation, association, partnership, limited liability company, sole proprietorship, or other business entity or enterprise that offers personalized academic enrichment, test preparation, or early education, or engages in any other business substantially similar to that of SSI or its franchisees or (b) serving as an employee, consultant, agent, or representative of any such entity or enterprise described in (a) above.

- ii. **Other Restrictions.** Franchisee covenants that during the term of this Agreement and for a period of two (2) years immediately following the expiration or termination of this Agreement, and unless otherwise approved in writing by SSI, Franchisee will not, either directly or indirectly, for itself or through, on behalf of or in conjunction with any person, persons, partners, or corporation: divert or attempt to divert any business or customer of the Business to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with SSI's Marks and the System.
- iii. **General Provisions.** The parties acknowledge that the covenants contained in this Section 13.d. are based on the reason and understanding that Franchisee and its Related Parties will possess knowledge of SSI's business and operating methods and confidential information, disclosure and use of which would prejudice the interests of SSI and the System. Franchisee further understands and acknowledges the difficulty of ascertaining monetary damages and the irreparable harm that would result from breach of these covenants, and agrees that, in the event of the actual or threatened breach of this Section 13.d. by Franchisee or any other Related Party, SSI will be entitled to an injunction restraining such person from any such actual or threatened breach, in addition to any other relief to which SSI may be entitled in law or equity. If any part of this restriction is found to be unreasonable in time or geographic scope, such time or scope may be reduced by appropriate order of any court with proper jurisdiction to that deemed reasonable. Franchisee further acknowledges and agrees that the provisions of this Section 13.d. shall be tolled during any default under this Section 13.d.
- e. **Customer Data.** Franchisee agrees that all Customer Data is deemed to be owned exclusively by SSI, and Franchisee also agrees to provide the Customer Data to SSI at any time that SSI requests. Franchisee has the right to use Customer Data while this Agreement or a successor or renewal Franchise Agreement is in effect, but only in connection with operating the Business and only in accordance with the policies that SSI establishes from time to time. Franchisee may not sell, transfer or use Customer Data for any purpose other than operating the Business and marketing "SpiderSmart brand" products and services. However, if Franchisee Transfers the Franchise (as provided in Section 15 below), as part of the Transfer, Franchisee must also Transfer use of the Customer Data to the buyer as part of the total purchase price paid for the Franchise.

14. Transfer by SSI.

SSI may sell, transfer or assign this Agreement or any rights or obligations created hereunder at any time and for any reason without Franchisee's consent, provided that the assignee expressly agrees in

writing to assume SSI's obligations under this Agreement. In the event of a sale, transfer or assignment by SSI of this Agreement or any interest herein, to the extent that the purchaser, transferee or assignee assumes the covenants and obligations of SSI under this Agreement, SSI will thereupon and without further agreement, be freed and relieved of all liability with respect to such covenants and obligations.

15. Transfer by Franchisee.

- a. Purpose of Conditions of Approval of Transfer.** SSI's grant of this Franchise is made in reliance upon the integrity, ability, experience and financial resources of Franchisee, or, if Franchisee is an entity, of Franchisee's owners. Accordingly, neither the Franchise, this Agreement, the Business operated under this Agreement, nor a Substantial Interest in Franchisee may be Transferred unless Franchisee has first obtained SSI's written consent. SSI will not unreasonably deny or delay its consent to a Transfer; however, to ensure that no Transfer jeopardizes the Marks, the Franchise Network or SSI's interest in the successful operation of the Business, SSI must consent to a Transfer only if Franchisee complies with all provisions of this Section 15.
- b. Conditions for Consent to Transfer.** To obtain SSI's consent for a proposed Transfer, Franchisee and the proposed transferee must satisfy the following nonexclusive conditions. SSI may further condition approval of any proposed transfer based upon any additional considerations that SSI reasonably deems material to its decision whether to approve or disapprove a proposed Transfer (all requirements imposed by this Section 15.b. are collectively referred to as "**Conditions of Transfer**").

 - i. The proposed transferee must meet all of the criteria of character, business experience, financial responsibility, net worth and other standards that SSI customarily applies to new franchisees;
 - ii. Franchisee must pay all outstanding debts to SSI and its Related Parties;
 - iii. Franchisee must cure all defaults under this Agreement, any other agreement(s) between SSI or its Related Parties and Franchisee, and the Operations Manual;
 - iv. The proposed transferee must execute SSI's then-current form of franchise agreement, appropriately amended in light of the fact that the business is already operational;
 - v. The proposed transferee or its Designated Owner must successfully complete the Initial Training Program and any other required training programs to SSI's reasonable satisfaction;
 - vi. Franchisee must execute a general release, the current form of which is attached as Exhibit C-4 to this Agreement, under which Franchisee and Franchisee's Related Parties release SSI and its Related Parties from all claims existing as of the date of Transfer;
 - vii. Franchisee or the proposed transferee must pay SSI a transfer fee in the amount equal to Five Thousand Dollars (\$5,000) (the "**Transfer Fee**"); and
 - viii. Franchisee must fully comply with SSI's right of first refusal as set forth in Section 15.c., below.

- c. **SSI's Right of First Refusal.** If during the term of this Agreement, Franchisee or any Related Party enters into an agreement to sell any Substantial Interest in Franchisee or the Business (whether by sale of assets, sale of equity interest, merger, consolidation or otherwise or the Franchisee's rights under this Agreement), before completing such a sale, Franchisee or such Related Party must offer the same to SSI in writing at the same price and on the same terms or the monetary equivalent, which offer SSI may accept at any time within twenty-one (21) days after receipt thereof or determination of the monetary equivalent, and after receiving all information requested from the prospective purchaser pursuant to Section 15.b.i. above, whichever is later. If the parties cannot agree on a reasonable monetary equivalent, the monetary equivalent will be determined by three independent, certified business appraisers chosen in the following manner: each party must promptly select one appraiser, and the two appraisers so chosen will promptly select a third appraiser. The decision of the majority of the appraisers so chosen will be conclusive. Each party will be responsible for the costs and expenses of the appraiser it selects and the cost of the third appraiser will be shared equally by the parties. If SSI declines or does not within such 21-day period accept such offer, then Franchisee or such Related Party may make such Transfer to such purchaser provided SSI approves of such purchaser in accordance with Sections 15.a. and 15.b. hereof, but not at a lower price nor on more favorable terms than have been offered to SSI. If Franchisee fails to complete such Transfer within ninety (90) days following the refusal or failure to act by SSI, or if there is any material change in the terms of the agreement, then this right of first refusal by SSI will again be applicable as in the case of an initial agreement.
- d. **Transfer from Individual to Entity.** As used in this Agreement, the term "Transfer" does not mean an assignment to any business entity Franchisee forms to operate the Business if Franchisee owns all interests in that business entity. If Franchisee chooses to form a business entity to use in operating the Business, Franchisee must promptly submit to SSI: (i) proof that the business entity has been registered in Franchisee's state, and (ii) a statement of the address where corporate records are maintained. SSI and Franchisee will then execute an assignment of Franchisee's obligations under this Agreement to the new entity; **provided, however, that no such assignment will relieve the original party of any of its obligations under this Agreement.**
- e. **Assignment Upon Death or Permanent Disability.** If Franchisee or Franchisee's Designated Owner dies or suffers a Permanent Disability within the term of this Agreement (a "**Triggering Event**"), Franchisee's or its Designated Owner's heirs or beneficiaries, as applicable, will have one hundred twenty (120) days from the Triggering Event within which to demonstrate to SSI's satisfaction that they meet all of the criteria of character, business experience, financial responsibility, net worth and other standards that SSI requires of new franchisees at that time. If SSI approves Franchisee's or its Designated Owner's heirs or beneficiaries as assignees of the Business (or as the replacement Designated Owner of Franchisee) and such individuals meet all other Conditions of Transfer, SSI will waive the Transfer Fee in connection with an assignment of the franchise to such individuals. If SSI advises Franchisee's or its Designated Owner's heirs or beneficiaries in writing that SSI will not approve them as transferees of the franchise or as the replacement Designated Owner, or if SSI fails to approve or disapprove such an assignment within one hundred twenty (120) days following the date of the Triggering Event, Franchisee's or its Designated Owner's heirs or beneficiaries will then have one hundred twenty (120) days from the date of disapproval of the assignment or the end of the original one hundred twenty (120)-day period, whichever is first, within which to find and notify SSI of a proposed Transfer to a qualified buyer in conformity with all of the

Conditions of Transfer. If Franchisee's or its Designated Owner's heirs or beneficiaries do not advise SSI of a qualified buyer within the specified period, the Franchise and this Agreement will automatically terminate at the end of such period unless SSI has granted a written extension of time.

- f. If a Designated Owner approved under Section 12.c. hereof is not operating the Business, SSI may send one (1) of its representatives to operate the Business during the period between the Designated Owner's absence and the transfer or termination of this Agreement pursuant to Section 15.e. In addition to Royalty Fees (including Minimum Monthly Royalties), SSI will be entitled to a reasonable management fee for the services provided by its representative, not to exceed Two Hundred Dollars (\$200) per day, plus expenses. Under no circumstances will SSI incur any liability whatsoever to Franchisee, its heirs, beneficiaries or assigns, arising from acts or omissions undertaken by SSI's representatives in operating the Business pursuant to this Section 15.e.

16. Termination by SSI.

- a. **Defaults with 20-Day Opportunity to Cure.** SSI may terminate this Agreement if Franchisee fails to cure any of the following defaults within twenty (20) days of receiving notice of default from SSI:
 - i. Failure or refusal to submit any required data or information concerning the Business when required by SSI under this Agreement, in the Manual, or otherwise;
 - ii. Failure to operate the Business in compliance with the Manual; or
 - iii. Nonconformance with any applicable law, ordinance or regulation that, in the operation of the Business, except if such non-conformance materially jeopardizes human health or safety, in which case Franchisee must cure in forty-eight (48) hours.
- b. **Defaults with No Opportunity to Cure.** SSI may terminate this Agreement immediately upon providing notice of default to Franchisee for any of the following defaults:
 - i. Franchisee or a Related Party has made any material misrepresentation in connection with the acquisition of the franchise or the Business, or has induced SSI to enter into this Agreement;
 - ii. Franchisee has failed to make any payment due under this Agreement and such payment is ten (10) days overdue;
 - iii. Franchisee or its Designated Owner fails to satisfactorily complete the Initial Training Program;
 - iv. Franchisee fails to begin operations of the Business within the earlier of: nine (9) months of signing this Agreement or six (6) months of signing the lease for the approved site;
 - v. Franchisee becomes insolvent, is adjudicated bankrupt, or files or has filed against it a petition in bankruptcy, reorganization or similar proceeding;

- vi. Franchisee makes a general assignment for the benefit of its creditors;
- vii. If Franchisee is a business entity of any type, Franchisee is dissolved either voluntarily or involuntarily;
- viii. Franchisee or its Designated Owner is convicted of or pleads no contest to a felony, a crime involving moral turpitude or any other crime or offense that is likely to adversely affect the reputation of the SSI, the System or the goodwill associated with the Marks;
- ix. Franchisee or its Designated Owner commits any act which can be reasonably expected to materially impair or detrimentally impact the goodwill associated with the Marks;
- x. Franchisee knowingly maintains false books or records or fails to register customers through the software or Franchisee submits one or more materially false reports to SSI, or Franchisee denies SSI's authorized representatives access to Franchisee's books and records during an audit or inspection;
- xi. Franchisee fails to maintain the operation of the Business under the direct supervision of the Designated Owner or an approved trained instructor;
- xii. Franchisee fails to timely cure any default under any other agreement with SSI or any Related Party;
- xiii. Franchisee makes or attempts to make any unauthorized transfer of this Agreement, the Business, or an interest in Franchisee;
- xiv. Franchisee ceases to operate the Business for more than seven (7) calendar days without SSI's prior written consent, unless operations are suspended for a period of no more than one hundred eighty (180) days and the suspension is caused by fire, natural disaster, or other force majeure; or
- xv. Franchisee substantially misuses the Marks or the System, or Franchisee uses in connection with the operation of the Business any names, marks, systems, logotypes or symbols that SSI has not authorized in writing.

17. Rights and Obligations After Termination

Upon expiration or termination of this Agreement for any reason, SSI and Franchisee will have the following rights and obligations:

- a.** SSI will have no further obligations under this Agreement.
- b.** Franchisee must immediately and permanently stop using the Marks and any confusingly similar marks; the System; Customer Data; and any advertising, signs, stationery, or forms that bear identifying marks or colors that might give others the impression that Franchisee is operating a Business or otherwise remains affiliated with SSI.
- c.** Franchisee must give SSI a final accounting for the Business and pay SSI and its Related Parties within thirty (30) days of Termination all payments due, including, without

limitation, outstanding Royalty Fees. Franchisee will maintain all records required by SSI under this Agreement for a period of not less than three (3) years after final payment of any amounts Franchisee owes to SSI or its Related Parties on the date of Termination of this Agreement.

- d. Franchisee must return to SSI and cease using, and permanently destroy all electronic copies of the Manual, including any revisions thereto, and any other property belonging to SSI or its Related Parties.
- e. Franchisee must promptly sign any and all documents and take any steps that, in the judgment of SSI, are necessary to: (i) delete Franchisee's listings for the Business from print and on-line classified telephone directories, or assign them to SSI at SSI's option; (ii) at SSI's option, assign the telephone numbers used in connection with the operation of the Business to SSI; and (iii) terminate all other references that indicate Franchisee is or was affiliated with SSI. By signing this Agreement, Franchisee irrevocably appoints SSI as Franchisee's attorney-in-fact to take the actions described in this paragraph if Franchisee does not do take such actions on its own behalf within seven (7) days after Termination of this Agreement. Franchisee must execute the Telephone Assignment Agreement attached as Exhibit C-5 currently with the execution hereof for the purpose of facilitating enforcement of SSI's rights under this Section 17.e.
- f. Franchisee must fully comply with the post-termination non-competition contained in Sections 13.d. of this Agreement and the confidentiality obligations in Section 13.c.i. hereof.
- g. **Liquidated Damages.** If SSI terminates the franchise or this Agreement based upon Franchisee's default under this Agreement, Franchisee will be immediately liable to SSI for liquidated damages in an amount that is the greater of (a) Thirty Three Thousand Dollars (\$33,000), or (b) twenty four (24) times the Continuing Franchise Fee that Franchisee was obligated to pay for the month prior to the termination date. Franchisee acknowledges that this provides a reasonable estimate of the damages that SSI will sustain in the event the franchise or this Agreement is terminated based upon Franchisee's default.
- h. **SSI's Option to Assume Lease.** Except in the case of a renewal under Section 3.b., if this Agreement expires or is terminated or canceled for any reason, SSI will have the option to assume Franchisee's leasehold interest in and to any real estate upon which the Business is located, pursuant to the Option for Assignment of Lease, substantially in the form attached hereto as Exhibit C-2, and Franchisee irrevocably assigns to SSI the exclusive right, title and interest in Franchisee's customer list developed in connection with the Business.

18. No Limitation of Remedies After Termination

If the Franchise granted in this Agreement is terminated because of Franchisee's default, the rights of SSI described in Section 17 will not constitute SSI's exclusive remedies, but will instead supplement any other equitable or legal remedies available to SSI. Except as otherwise expressly provided in this Agreement, termination of this Agreement will not extinguish any obligation of either party that accrued prior to termination, including, without limitation, Franchisee's obligation to pay Royalty Fees and Minimum Monthly Royalties. All obligations of the parties, which by their terms or by reasonable implication are to be performed in whole or in part after termination of this Agreement, will survive termination of this Agreement.

19. Mediation.

As a condition precedent to proceeding with litigation under Section 20 hereof, except as stated below, the parties to this Agreement must first submit all controversies, disputes or claims between SSI or its Related Parties and Franchisee or its Related Parties arising out of or related to: (i) this Agreement or any other agreement between SSI or its Related Parties and Franchisee or its Related Parties; (ii) the relationship of SSI and Franchisee; or, (iii) the validity of this Agreement or any other agreement between SSI or its Related Parties and Franchisee or its Related Parties, or any provision of such agreements, to non-binding mediation in the county and state in which SSI then maintains its principal place of business. The mediator will be any mediator approved by the state trial court of general jurisdiction in the county and state in which SSI then maintains its principal place of business (currently the Circuit Court for Fairfax County, Virginia), and mutually agreed to by the parties. All costs of mediation will be equally borne by the parties. The Designated Owner and SSI's chief executive each must personally appear at mediation. While compliance with this Section 19 is a condition precedent for either party to proceed further with litigation, this Section 19 will not delay any petition for equitable relief such as for an injunction or restraining order. This Section mandating non-binding mediation will not apply with respect to any claim or dispute arising under this Agreement or any other agreement between the parties that concerns: (i) the failure to pay Twenty Thousand Dollars (\$20,000) or less of fees or other monetary obligation(s) of either party under said agreement(s); or (ii) unauthorized use of the Marks or the Copyrighted Works, the enforcement of covenants not to compete, or temporary injunctive relief. If either party fails or refuses to cooperate with the scheduling or proceeding of the mediation in a timely manner, the other party may proceed with litigation pursuant to Section 20 of this Agreement.

20. Litigation.

All controversies, disputes and claims required to be submitted to mediation under Section 19 that are not resolved through the mediation process must be submitted to litigation, subject to the general applicability of Section 21 below.

21. General Dispute Resolution Provisions.

- a. Waiver of Jury Trial.** BOTH PARTIES WAIVE ANY RIGHTS THEY MAY HAVE TO DEMAND TRIAL, INCLUDING TRIAL BY JURY, WITH REGARD TO ANY DISPUTE ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE RELATIONSHIP ESTABLISHED HEREUNDER.
- b. Injunctive Relief.** Franchisee recognizes that Franchisee is a member of a network of franchises and that Franchisee's acts and omissions may have a positive or negative effect on the success of other businesses operating under and in association with the Marks. Failure on the part of a single franchisee to comply with the terms of its franchise agreement is likely to cause irreparable damage to SSI and to some or all of the other franchisees of SSI. For these reasons, Franchisee agrees that if SSI can demonstrate to a court of competent jurisdiction that there is a substantial likelihood of Franchisee's breach or threatened breach of any of the terms of this Agreement, SSI will be entitled to an injunction restraining the breach or to a decree of specific performance, without showing or proving any actual damage, until a final determination is made by an arbitrator or court of competent jurisdiction.
- c. Waiver of Punitive Damages.** SSI and Franchisee waive, to the greatest extent permitted by law, all rights to seek or be awarded punitive or exemplary damages by any court of competent jurisdiction, except that SSI may seek and obtain an award against Franchisee

of trebled damages for trademark infringement should Franchisee knowingly infringe upon SSI's rights in the Marks and/or continue to use the Marks after Termination of this Agreement.

- d. **Individual Dispute Resolution.** Any litigation or other dispute resolution proceedings between or among the parties to this Agreement and any of their Related Parties will be conducted on an individual basis and not on a consolidated or class-wide basis.
- e. **Choice of Venue, Consent to Jurisdiction.** Franchisee and SSI have negotiated regarding a forum in which to resolve any disputes which may arise between them and have agreed to select a forum in order to promote stability in their relationship. Therefore, if a claim is asserted in any legal proceeding involving Franchisee or its Related Parties and SSI or its Related Parties, the venue for any judicial proceedings will be in the federal courts hearing cases in the state and county in which SSI then maintains its principal place of business, unless such courts do not have subject matter jurisdiction over such dispute, in which case the court to hear the dispute will be the state court of general jurisdiction located in the county in which SSI maintains its principal place of business. Each party waives any objection they may have to the personal jurisdiction of or venue in such federal or state court, as applicable.
- f. **Costs and Attorneys' Fees.** If SSI or Franchisee prevails in any judicial proceeding to enforce any provision of this Agreement, such prevailing party will be entitled to reimbursement of its costs, including reasonable accounting and attorneys' fees, incurred in connection with such proceeding.

22. Miscellaneous Provisions.

- a. **Notices.** The parties to this Agreement should direct any notices to the other party at the address of such party as identified in this Agreement or at another address if advised in writing that a party's address has been changed. Notice may be delivery overnight mail or first class mail. Notice by overnight mail, upon delivery; and by first class mail, three (3) days after posting.
- b. **Governing Law.** This Agreement will be governed by and interpreted under the laws of that Commonwealth, except that the Virginia Retail Franchising Act will not apply unless Franchisee operates the Business in Virginia. Moreover, to the extent that Virginia law does not permit enforcement of a provision of this Agreement (including the covenant not to compete) but the law of the state where the Site is located (the "Site State") permits enforcement of such provision, either as written or as equitably reformed, any such provision shall be governed by and construed in accordance with the law of the Site State.
- c. **Construction.** Section headings in this Agreement are for reference purposes and will not in any way modify the statements contained in any section of this Agreement. Each word in this Agreement may be considered to include any number or gender that the context requires. If there is any conflict between this Agreement and the Manual, this Agreement will control.
- d. **Amendments.** This Agreement may be amended only by a document signed by all of the parties to this Agreement or by their authorized agents.

- e. **Waiver.** No waiver of any condition or covenant contained in this Agreement or failure to exercise a right or remedy by SSI or Franchisee will be considered to imply or constitute a further waiver by either of the same or any other condition, covenant, right, or remedy.
- f. **Integration.** This Agreement and any exhibits or attachments hereto constitute the entire agreement between the parties concerning the franchise granted herein. Any other agreements and representations made between the parties with respect to the franchise granted herein are hereby superseded by this Agreement, except that SSI does not disclaim any of the representations made in the Franchise Disclosure Document provided to Franchisee in connection with the grant of this franchise. No officer, employee, or other servant or agent of SSI or Franchisee is authorized to make any warranty or other promise not contained in this Agreement. No change, termination, or attempted waiver or cancellation of any provision of this Agreement will bind SSI or Franchisee unless in writing and signed by SSI and Franchisee or by their authorized agents.
- g. **Severability.** Each provision of this Agreement will be considered severable. If, for any reason, any provision of this Agreement is determined to be invalid or in conflict with any existing or future law or regulation, that provision will not impair the operation of the remaining provisions and the invalid provisions will be considered not to be a part of this Agreement. If SSI determines that the finding of illegality adversely affects the basic consideration for its performance under this Agreement, SSI may terminate this Agreement.
- h. **Disclaimer of Representations.**
 - i. SSI TECHNOLOGY DISCLAIMER: “SSI TECHNOLOGY” SHALL MEAN THE PROPRIETARY CURRICULUM MATERIALS AND INTERNET-BASED PROGRAM SOFTWARE THAT FRANCHISEE LICENSES FROM SSI UNDER THIS AGREEMENT, ANY EMAIL ADDRESS WE PROVIDE YOU UNDER THIS AGREEMENT, ANY SSI EXTRANET, ANY SSI WEBSITE, ANY SSI NETWORKING MEDIA SITE, ANY SSI-RECOMMENDED SOFTWARE OR HARDWARE, ANY SSI-OWNED OR LICENSED TECHNOLOGY FRANCHISEE OR SSI USES, AND CUSTOMER RELATIONSHIP MANAGEMENT SOFTWARE. SSI MAKES NO REPRESENTATIONS OR PROMISES THAT THE SSI TECHNOLOGY OR ANY COMPUTER SYSTEM OR PROGRAM USED BY FRANCHISEE OR ANY COMPUTER IN WHICH SUCH SSI TECHNOLOGY IS OR MAY BE OPERATING WILL BE ERROR FREE OR FREE OF ANY E-PROBLEM. EXCEPT AS STATED IN SECTION 6.E., SSI MAKES NO REPRESENTATION OR WARRANTY OF ANY KIND, WHETHER SUCH WARRANTY BE EXPRESS OR IMPLIED, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR ANY WARRANTY FROM COURSE OF DEALING WITH RESPECT TO ANY OF THE SSI TECHNOLOGY OR ANY RELATED DOCUMENTATION, MATERIAL, TRAINING OR ASSISTANCE. THE SSI TECHNOLOGY AND ANY RELATED DOCUMENTATION, MATERIAL, TRAINING, AND ASSISTANCE ARE PROVIDED “AS IS.” IN NO EVENT SHALL SSI BE LIABLE FOR ANY INDIRECT, SPECIAL, INCIDENTAL, CONSEQUENTIAL OR PUNITIVE DAMAGES, LOSSES OR EXPENSES, INCLUDING LOSS OF USE, LOSS OF PROFITS, LOSS OF DATA, OR LOSS OF GOODWILL RELATING TO FRANCHISEE’S LICENSING OR USE OF THE SSI TECHNOLOGY, EVEN IF SSI OR ITS

SUPPLIERS HAVE BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. SSI'S LIABILITY TO FRANCHISEE FOR ALL DAMAGES OR MONETARY PAYMENTS OF ANY NATURE FOR ALL TIME UNDER THIS AGREEMENT, WHETHER IN CONTRACT, WARRANTY OR TORT, SHALL IN NO EVENT EXCEED FRANCHISEE'S PAYMENTS TO SSI PURSUANT TO SECTIONS 4.a. AND 4.b. OF THIS AGREEMENT.

- ii. GENERAL DISCLAIMER: NO REPRESENTATIONS OR PROMISES OF ANY KIND HAVE BEEN MADE BY SSI TO INDUCE FRANCHISEE TO SIGN THIS AGREEMENT EXCEPT THOSE SPECIFICALLY STATED IN THIS AGREEMENT AND THE FRANCHISE DISCLOSURE DOCUMENT THAT HAS BEEN DELIVERED BY SSI TO FRANCHISEE.

IN WITNESS TO THE PROVISIONS OF THIS AGREEMENT, the undersigned have signed this Agreement on the date set forth below.

SPIDERSMART, INC.

By: Jordan Steinberg

Title: President

Date: _____

FRANCHISEE: _____

By: _____

Title: _____

Date: _____

EXHIBIT C-1 TO THE FRANCHISE AGREEMENT

FRANCHISEE INFORMATION

Designated Owner: The name and contact information for Franchisee's Designated Owner is: _____

Premises: Franchisee's Authorized Site is located at the following address: _____

Territory: Franchisee's Protected Territory is: _____

EXHIBIT C-2 TO THE FRANCHISE AGREEMENT

OPTION FOR ASSIGNMENT OF LEASE

This Agreement is made and entered into this _____ day of _____, 20____, by and between _____, with its principal office at _____ (hereinafter referred to as “**Lessor**”); and _____, with its principal offices at _____ (hereinafter referred to as “**Lessee**”). SpiderSmart, Inc., a Virginia corporation, is a third-party beneficiary of this Agreement.

WITNESSETH:

WHEREAS, Lessor has agreed to lease to Lessee premises located at _____ for use by Lessee as a SpiderSmart Learning Center to be operated pursuant to SSI’s System and Marks in connection with a written Franchise Agreement dated _____, 20____ and _____, 20____, by and between SSI and the Lessee herein as Franchisee;

WHEREAS, according to Section 2.b.i of the said Franchise Agreement between SSI and Lessee as Franchisee, all right, title and interest in and to the lease agreement may be assigned to SSI upon an occurrence of default or termination of the Lease referred to herein or default or termination of the said Franchise Agreement; and

WHEREAS, it is the intent of the parties hereto to provide SSI with the opportunity to preserve the leased premises as a SpiderSmart Learning Center in the event of any default or termination of the said Lease or Franchise Agreement and to assure Lessor that in the event SSI exercises its rights herein contained, any defaults of Lessee under the Lease will be cured by SSI before it takes possession of the leased premises.

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein and for other good and valuable consideration, the receipt of which is hereby acknowledged, it is agreed as follows:

1. **Default of Lessee Under Lease.** Lessor shall mail to SSI copies of any notice of default or termination it gives to Lessee concurrently with giving such notices to Lessee. If Lessee fails to cure any default within the period provided in the Lease, Lessor shall give SSI immediate written notice of such failure to cure and Lessor shall thereupon offer to SSI and SSI shall have the right to accept an assignment of the Lease or a new lease containing the same terms and conditions of the Lease, whichever SSI elects. If SSI elects to continue the use of the premises under an assignment of the Lease or a new lease, it shall so notify Lessor in writing within thirty (30) days after it has received written notice from Lessor specifying the defaults Lessee has failed to cure within the period specified in the Lease. Upon receipt of such notice from SSI, Lessor shall promptly execute and deliver to SSI an assignment of the Lease or new lease, whichever SSI requests, and shall deliver to SSI possession of the premises, free and clear of any rights of Lessee or any third party. SSI, before taking possession of the premises, shall promptly cure the defaults specified by Lessor in its notice to SSI and shall execute and deliver to Lessor its acceptance of the assignment of Lease or of the new lease, as the case may be.

2. Termination of Franchise Agreement. If the Franchise Agreement between SSI and Lessee is terminated for any reason during the term of the Lease or any extension thereof, Lessee, upon the written request of SSI, shall assign to SSI all of its right, title and interest in and to the Lease. If SSI elects to accept the assignment of the Lease from Lessee, it shall give Lessee and Lessor written notice of its election to acquire the leasehold interest. Lessor hereby consents to the assignment of the Lease from Lessee to SSI, subject to Lessee's and/or SSI's curing any defaults of Lessee under the Lease before SSI takes possession of the premises. Alternatively, in the event of a termination of the Franchise Agreement, SSI may elect to enter into a new lease with Lessor containing the same terms and conditions as the Lease. Upon Lessor's receipt of written notice from SSI advising Lessor that SSI elects to enter into a new lease, Lessor shall execute and deliver such new lease to SSI for its acceptance. Lessor and Lessee shall deliver possession of the premises to SSI, free and clear of all rights of Lessee or third parties, subject to SSI's curing any defaults of Lessee, under the Lease and executing an acceptance of the assignment of Lease or the new lease, as the case may be.
3. Waiver. Failure of SSI to enforce or exercise any of its rights hereunder shall not constitute a waiver of the rights hereunder or a waiver of any subsequent enforcement or exercise of its rights hereunder.
4. Execution of Documents. The parties hereto agree to execute any and all documents or agreements and to take all action as may be necessary or desirable to effectuate the terms, covenants and conditions of this Agreement.
5. Amendment of Lease. Lessor and Lessee agree not to amend the Lease in any respect except with the prior written consent of SSI, unless the Franchise Agreement has been terminated and SSI has not elected to assume the lease pursuant to Section 2 herein.
6. Amendment of Agreement. This Agreement may be amended only in writing signed by all parties hereto.
7. Lessee's Agreement to Vacate the Premises. Lessee agrees to peaceably and promptly vacate the premises and to remove its personal property therefrom should SSI exercise its options to take assignment of the Lease or the Premises pursuant hereto. Any property not so removed shall be deemed abandoned.
8. Delivery of Possession. If it becomes necessary for Lessor to pursue legal action to evict Lessee in order to deliver to SSI possession of the premises, SSI shall, at the written request of Lessor, pay into an interest-bearing escrow amounts necessary to cure the default, pending delivery of the premises to SSI. If Lessor is unable to deliver the premises to SSI within 6 months from the date SSI notifies Lessor of its election to acquire a leasehold interest in the premises, all amounts deposited by SSI in escrow, together with interest earned thereon, shall be returned to SSI forthwith. SSI shall not be required to cure defaults and/or begin paying rent until delivery of possession of the premises, free and clear of any of Lessee's rights or the rights of any third parties.
9. Lessee's Liability. Lessee shall remain liable for all of its obligations under the Lease notwithstanding the assignment thereof to SSI or the execution of a new lease between SSI and Lessor, and SSI shall be entitled to recover from Lessee all amounts it has paid to Lessor to cure Lessee's defaults under the Lease.

10. Notices. All notices hereunder shall be by certified mail, UPS, FedEx or any other nationally recognized carrier (with signature required by the addressee) to the addresses herein described or to such other addresses as the parties hereto may, by written notice, designate.
11. Binding Effect. This Agreement shall be binding upon the parties hereto, their heirs, executors, successors, assigns and legal representatives.
12. Severability. If any provision of this Agreement or any part thereof is declared invalid by any court of competent jurisdiction, such act shall not affect the validity of this Agreement and the remainder of this Agreement shall remain in full force and effect according to the terms of the remaining provisions or part of provisions hereof.
13. Remedies. The rights and remedies created herein shall be deemed cumulative and no one of such rights or remedies shall be exclusive at law or in equity of the rights and remedies which SSI may have under this or any other Agreement to which SSI and Lessee are parties.
14. Attorney's Fees. If any action is instituted by any party to enforce any provision of this Agreement, the prevailing party shall be entitled to recover all of its reasonable attorney's fees and costs incurred in connection therewith from the non-prevailing party.
15. Construction. This Agreement shall be governed by and construed in accordance with the laws of the state in which the premises are located.

IN WITNESS WHEREOF, the parties hereto have caused this Option for Assignment of Lease to be executed the day and year first above written.

WITNESS:

LESSOR

LESSEE

EXHIBIT C-3 TO THE FRANCHISE AGREEMENT

CONFIDENTIALITY AND NON-COMPETE AGREEMENT

THIS CONFIDENTIALITY AND NON-COMPETE AGREEMENT, dated as of _____, 20____ (the “**Agreement**”), is entered into by and among SpiderSmart, Inc. (“**SSI**”), _____ (“**Franchisee**”) and _____ (“**Individual**”).

W I T N E S S E T H:

WHEREAS, Franchisee has access to and uses confidential information, including, but limited to, Confidential Information (as defined herein) owned by SSI for use in the operation of a SpiderSmart Learning Center (the “**Business**”); and

WHEREAS, Franchisee is required by the Franchise Agreement by and between Franchisee and SSI to have Individual execute this Agreement prior to providing Individual access to said Confidential Information; and

WHEREAS, Individual agrees not to disclose any such Confidential Information to any other party and/or use such Confidential Information to compete against SSI, Franchisee or any other franchisee of SSI in the same and/or a similar business, (“**Competitive Business**”) now or in the future, as prescribed and limited by this Agreement.

NOW, THEREFORE, in consideration of the mutual promises and undertakings set forth herein, and intending to be legally bound hereby, the parties hereby mutually agree as follows:

AGREEMENT

1. **Non-Compete Covenant.** During the Individual’s business association with Franchisee, and for a period of two (2) years after that association ends (regardless of cause), Individual shall not compete with the SSI, Franchisee or any other franchisees of SSI by directly or indirectly taking any of the following actions in any capacity whatsoever within fifteen (15) miles radius of either the Protected Territory, the principal place of business of the SSI, or the principal place of Business of any other franchise of SSI: (a) owning, managing, operating, joining, or controlling (or participating in the ownership, management, operation, or control of) any corporation, association, partnership, limited liability company, sole proprietorship, or other business entity or enterprise that offers personalized academic enrichment, test preparation, or early education or engages in any other business substantially similar to that operated by the Business or by other franchises of SSI or (b) serving as a manager, consultant, agent, or representative of any such entity or enterprise described in (a) above; provided that the foregoing shall not restrict Individual’s ability to participate lawfully in the business and operations of Franchisee.
2. **Non-Disclosure Covenant.**
 - a. **Definition of Trade Secrets.** As used herein, the term “Trade Secret” means information including but not limited to technical or non-technical data, compilations, programs, methods, techniques, processes, financial data, financial plans or lists of actual or potential customers which derive economic value, actual or potential, from not being generally known to, and not readily ascertainable by proper means, by other persons or entities who can obtain economic value from its disclosure or use.

- b. **Definition of Confidential Information.** As used herein, the term “Confidential Information” means all information disclosed by the SSI to the Franchisee in the course of preparing to perform or performing under this Agreement, including, but not limited to, the System, any Trade Secret, related documentation, specifications, and training materials, all other methods for establishing, operating and promoting the Business pursuant to the SSI’s distinctive business format, plans, methods, data, processes, supply systems, marketing systems, formulas, techniques, designs, layouts, operating procedures, the Manual, customer lists and data, ideas, research and development, and such other information as may be further developed periodically by the SSI or identified to Franchisee by SSI as confidential. Notwithstanding the foregoing, “Confidential Information” also includes all customer lists and data collected at or through the Business. Except with regard to customer data, “Confidential Information” shall not include information that the Franchisee can establish, by competent proof, (i) was known to the public prior to its disclosure to the Franchisee, or has become known to the public through no fault of the Franchisee; or (ii) was, prior to disclosure by SSI, disclosed to the Franchisee by a third party having a lawful right to make such disclosure without limitation on disclosure.
 - c. **Agreement to Maintain Confidentiality of Proprietary Information.** Individual acknowledges and agrees that all Confidential Information is exclusively owned by SSI as its intellectual property and licensed to Franchisee solely for use in operating the Business. Individual shall retain the Confidential Information of the SSI in confidence, shall not use any such Confidential Information for its own benefit or for the benefit of any third party (except in performance of his or her obligations that may be properly delegated to him or her by Franchisee), and shall not disclose any such Confidential Information to any third party. Notwithstanding the above, Confidential Information which qualifies as a Trade Secret shall be maintained in confidence for the period of time specified by the applicable law therefore.
 - d. **Return of Confidential Information.** Individual will, upon termination of his or her relationship with Franchisee or upon the request of Franchisee and/or SSI, either (i) return to Franchisee and/or SSI all originals and copies of Confidential Information (including backups, analyses, reports and other information derived from such Information), in paper, electronic or other form, then in Individual’s possession or control, or (ii) if so directed by the Franchisee and/or SSI, destroy all such Confidential Information and copies thereof.
 - e. **Nothing contained in this Agreement will be construed as granting or conferring any rights by license or otherwise to any Confidential Information disclosed by the Franchisee and/or SSI.**
3. **No Waiver; Severability.** No failure or delay by the Franchisee or SSI in exercising any right hereunder will operate as a waiver thereof, nor will any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right or power. The provisions of this Agreement will be deemed severable, and the invalidity or unenforceability of any one or more of the provisions hereof will not affect the validity and enforceability of the other provisions hereof. In the event any provision of this Agreement is declared by a court of competent jurisdiction to be unreasonable or unenforceable, such restrictions will be deemed to become and thereafter be the maximum restrictions which the court deems reasonable and enforceable.
4. **Interpretation.** Any capitalized term not specifically defined herein shall have the same meaning ascribed to it under the Franchise Agreement by and between Franchisee and SSI.

5. **Remedies; Injunctive Relief.** Individual acknowledges that the breach or threatened breach of this Agreement may result in irreparable injury to Franchisee and/or SSI and that, in addition to their other remedies, Franchisee and SSI will be entitled to injunctive relief to restrain any threatened or continued breach of this Agreement by Individual. Individual hereby waives any requirement for the posting of a bond or other security in connection with the granting to the Franchisee and/or SSI of such injunctive relief. Individual will reimburse Franchisee and/or SSI for any and all costs and attorney fees incurred by Franchisee and/or SSI to enforce the terms of this Agreement.
6. **No Employment.** Notwithstanding anything to the contrary, Individual acknowledges that he or she is not employed by SSI. Nothing contained in this Agreement shall confer any status of employment of Individual by SSI, or any right or expectation on an Individual to be employed by SSI.
7. **Authorization for Execution.** Each party represents to the other that this Agreement has been duly executed by its duly authorized officers or Individual and constitutes a valid, binding and enforceable obligation of such party.

IN WITNESS WHEREOF, each party hereto has executed or caused this Agreement to be executed under seal on his or its behalf, all on the day and year first above written.

Agreed:
Individual: _____

By: _____
Print Name: _____
Address: _____
Telephone: _____

Agreed:
Franchisee: _____

By: _____
Print Name: _____
Print Title: _____

Agreed:
SPIDERSMART, Inc.

By: _____
Jordan Steinberg, President

EXHIBIT C-4 TO THE FRANCHISE AGREEMENT

GENERAL RELEASE

THIS GENERAL RELEASE is made and given on this ____ day of _____, 20____
by _____, (“**RELEASOR**”) an
[individual/corporation/ limited liability company/partnership] with a principal address of _____
_____, in consideration of:

_____ the execution by SpiderSmart, Inc. (“**RELEASEE**”) of a successor Franchise Agreement or other renewal documents renewing the franchise (the “**Franchise**”) granted to RELEASOR by RELEASEE pursuant to that certain Franchise Agreement (the “**Franchise Agreement**”) between RELEASOR and RELEASEE; or

_____ RELEASEE’S consent to RELEASOR’S assignment of its rights and duties under the Franchise Agreement; or

_____ RELEASEE’S consent to RELEASOR’S assumption of rights and duties under the Franchise Agreement; or

_____ the refund of the Initial Franchise Fee paid or reduction of the Initial Franchise Fee amount pursuant to the Franchise Agreement;

and other good and valuable consideration, and accordingly RELEASOR hereby releases and discharges RELEASEE, RELEASEE’S officers, directors, shareholders and employees (in their corporate and individual capacities), and RELEASEE’S successors and assigns, from any and all causes of action, suits, debts, damages, judgments, executions, claims and demands whatsoever, in law or in equity, that RELEASOR and RELEASOR’S heirs, executors, administrators, successors and assigns had, now have or may have, upon or by reason of any matter, cause or thing whatsoever from the beginning of the world to the date of this RELEASE arising out of or related to the Franchise or the Franchise Agreement, including, without limitation, claims arising under federal, state and local laws, rules and ordinances, to the full extent permitted by any such statutes and laws.

This General Release will not be amended or modified unless such amendment or modification is in writing and is signed by RELEASOR and RELEASEE.

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

RELEASOR: _____

By: _____

Name: _____

Title: _____

EXHIBIT C-5 TO THE FRANCHISE AGREEMENT

TELEPHONE ASSIGNMENT AGREEMENT

THIS TELEPHONE ASSIGNMENT AGREEMENT (the “**Telephone Assignment Agreement**”) is made and entered into as of the _____ day of _____, 20____ (the “**Effective Date**”), by and between SpiderSmart, Inc., a Virginia corporation (“**SSI**”), and _____, _____ (the “**Franchisee**”).

WITNESSETH:

WHEREAS, Franchisee desires to enter into a SpiderSmart, Inc. Franchise Agreement (the “**Franchise Agreement**”) to operate a business providing personalized, subject-specific tutoring services to children ages 5 through 18 (the “**Business**”); and

WHEREAS, SSI 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 Telephone Assignment 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 all of which are hereby acknowledged, the parties hereto agree as follows:

1. DEFINITIONS

All terms used but not otherwise defined in this Telephone Assignment Agreement will have the meanings set forth in the Franchise Agreement.

2. TRANSFER; APPOINTMENT

- 2.1. 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 certain telephone numbers and regular, classified, yellow-page, and other telephone directory listings (collectively, the “**Telephone Numbers and Listings**”) related to the Business or the Marks (all of which right, title, and interest is referred to herein as Franchisee’s “**Interest**”).
- 2.2. Transfer. On Termination of the Franchise Agreement, if SSI directs Franchisee to do so, Franchisee will immediately direct all telephone companies, telephone directory publishers, and telephone directory listing agencies (collectively, the “**Telephone Companies**”) with which Franchisee has Telephone Numbers and Listings: (i) to transfer all Franchisee’s Interest in such Telephone Numbers and Listings to SSI; and (ii) to execute such documents and take such actions as may be necessary to effectuate such transfer. In the event SSI does not desire to accept any or all such Telephone Numbers and Listings, Franchisee will immediately direct the Telephone Companies to terminate such Telephone Numbers and Listings or will take such other actions with respect to the Telephone Numbers and Listings as SSI directs.
- 2.3. Appointment; Power of Attorney. Franchisee hereby constitutes and appoints SSI and any officer or agent of SSI, for SSI’s benefit under the Franchise Agreement and this Telephone Assignment 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, on Termination of the Franchise Agreement, 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 Telephone Assignment 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 SSI and any of its affiliates on the other, are parties, including, without limitation, this Telephone Assignment Agreement. Without limiting the generality of the foregoing, Franchisee hereby grants to SSI the power and right to do the following:

- 2.3.1. Direct the Telephone Companies to transfer all Franchisee's Interest in and to the Telephone Numbers and Listings to SSI;
 - 2.3.2. Direct the Telephone Companies to terminate any or all of the Telephone Numbers and Listings; and
 - 2.3.3. Execute the Telephone Companies' standard assignment forms or other documents in order to affect such transfer or termination of Franchisee's Interest.
- 2.4. Certification of Termination. Franchisee hereby directs the Telephone Companies that they accept, as conclusive proof of Termination of the Franchise Agreement, SSI's written statement, signed by an officer or agent of SSI, that the Franchise Agreement has Terminated.
- 2.5. Cessation of Obligations. After the Telephone Companies have duly transferred all Franchisee's Interest in such Telephone Numbers and Listings to SSI, as between Franchisee and SSI, Franchisee will have no further Interest in, or obligations under, such Telephone Numbers and Listings. Notwithstanding the foregoing, Franchisee will remain liable to each and all of the Telephone Companies for the sums Franchisee is obligated to pay such Telephone Companies for obligations Franchisee incurred before the date SSI duly accepted the transfer of such Interest, or for any other obligations not subject to the Franchise Agreement or this Telephone Assignment Agreement.

3. MISCELLANEOUS

- 3.1. Release. Franchisee hereby releases, remises, acquits, and forever discharges each and all of the 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, assertable in, or in any way related to this Telephone Assignment Agreement.
- 3.2. Indemnification. Franchisee is solely responsible for all costs and expenses related to Franchisee's performance, Franchisee's nonperformance, and SSI's enforcement of this Agreement, which costs and expenses Franchisee will pay SSI in full, without defense or setoff, on demand. Franchisee agrees that it will indemnify, defend, and hold harmless SSI and its affiliates, and the directors, officers, shareholders, partners, members, employees, agents, and attorneys of SSI and its affiliates, and the successors and assigns of any and all of them, from and against, and will reimburse SSI 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 Telephone Assignment Agreement.

- 3.3. No Duty. The powers conferred on SSI under this Telephone Assignment Agreement are solely to protect SSI's interests and will not impose any duty on SSI to exercise any such powers. Franchisee expressly agrees that in no event will SSI be obligated to accept the transfer of any or all of Franchisee's Interest in any or all such Telephone Numbers and Listings.
- 3.4. Further Assurances. Franchisee agrees that at any time after the date hereof, it will perform such acts and execute and deliver such documents as may be necessary to assist in or accomplish the purposes of this Telephone Assignment Agreement.
- 3.5. Successors, Assigns, and Affiliates. All SSI's rights and powers, and all Franchisee's obligations, under this Telephone Assignment Agreement will be binding on Franchisee's successors, assigns, and affiliated persons or entities as if they had duly executed this Telephone Assignment Agreement.
- 3.6. Effect on Other Agreements. Except as otherwise provided in this Telephone Assignment Agreement, all provisions of the Franchise Agreement and exhibits and schedules thereto will remain in effect as set forth therein.
- 3.7. Survival. This Telephone Assignment Agreement will survive the Termination of the Franchise Agreement.
- 3.8. Joint and Several Obligations. All Franchisee's obligations under this Telephone Assignment Agreement will be joint and several.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Telephone Assignment Agreement as of the Effective Date.

SSI:
SpiderSmart, Inc.

By: _____
Name: Jordan Steinberg
Title: President

FRANCHISEE:

If an Individual:

Signature: _____
Printed Name: _____

If an entity:

:

[INSERT ENTITY NAME]

By: _____
Printed Name: _____
Title: _____

EXHIBIT C-6 TO THE FRANCHISE AGREEMENT

GUARANTEE AND ASSUMPTION OF FRANCHISEE'S OBLIGATIONS

In consideration of, and as an inducement to, the execution of the SpiderSmart Franchise Agreement dated as of _____, 20__ (“**Agreement**”) by SpiderSmart, Inc. (“**Franchisor**”), entered into with _____ (“**Franchisee**”), the undersigned (“**Guarantors**”), each of whom is an officer, director, or an Owner, hereby personally and unconditionally agree as follows:

1. Guarantee To Be Bound By Certain Obligations. Guarantors hereby personally and unconditionally guarantee to Franchisor and its successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement or at law or in equity, that each will be personally bound by the covenants and restrictions contained in Section 12 of the Agreement.

2. Guarantee and Assumption of Franchisee's Obligations. Guarantors hereby: (1) guarantee to Franchisor and its successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement or at law or in equity, that Franchisee and any assignee of Franchisee's interest under the Agreement shall: (a) punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement, and (b) punctually pay all other monies owed to Franchisor and/or its affiliates; (2) agree to be personally bound by each and every provision in the Agreement, including, without limitation, the provisions of Section 12; and (3) agree to be personally liable for the breach of each and every provision in the Agreement.

3. General Terms and Conditions. The following general terms and conditions shall apply to this Guarantee:

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 s/he may have to require that an action be brought against Franchisee or any other person as a condition of liability; (5) all rights to payments and claims for reimbursement or subrogation which any of the undersigned may have against Franchisee arising as a result of the execution of and performance under this Guarantee by the undersigned; (6) any law or statute which requires that Franchisor make demand upon, assert claims against or collect from Franchisee or any others, foreclose any security interest, sell collateral, exhaust any remedies or take any other action against Franchisee or any others prior to making any demand upon, collecting from or taking any action against the undersigned with respect to this Guarantee; (7) any and all other notices and legal or equitable defenses to which he may be entitled; and (8) any and all right to have any legal action under this Guarantee decided by a jury.

Each of the undersigned consents and agrees that: (1) her/his direct and immediate liability under this Guarantee shall be joint and several; (2) s/he shall render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so; (3) such liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Franchisee or any other person; (4) such liability shall not be diminished, relieved or otherwise affected by any amendment of the Agreement, any extension of time, credit or other indulgence which 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 Agreement and for so long thereafter as there are monies or obligations owing from Franchisee to Franchisor or its affiliates under the Agreement; and (5) monies received from any source by Franchisor for application toward payment of the obligations under the Agreement and under this Guarantee may be applied in any manner or order deemed appropriate by Franchisor. In addition, if any of the undersigned ceases to be a 10% Owner, an officer or

director of Franchisee or own any interest in Franchisee or the Franchised Business, that person agrees that the obligations under this Guarantee shall continue to remain in force and effect unless Franchisor in its sole discretion, in writing, releases those person(s) from this Guarantee. Notwithstanding the provisions of the previous sentence, unless prohibited by applicable law, the obligations contained in Section 16.B. (Restrictions on Competition) of the Agreement shall remain in force and effect for a period of two (2) years after any such release by Franchisor. A release by Franchisor of any of the undersigned shall not affect the obligations of any other Guarantor.

If Franchisor brings an action to enforce this Guarantee in a judicial proceeding, the prevailing party in such proceeding shall be entitled to reimbursement of its costs and expenses, including, but not limited to, reasonable accountants', attorneys', attorneys' assistants' and expert witness fees, cost of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses, whether incurred prior to, in preparation for or in contemplation of the filing of any such proceeding. In any judicial proceeding, these costs and expenses shall be determined by the court and not by a jury.

If Franchisor utilizes legal counsel (including in-house counsel employed by Franchisor or its affiliates) in connection with any failure by the undersigned to comply with this Guarantee, the undersigned shall reimburse Franchisor for any of the above-listed costs and expenses incurred by it.

If any of the following events occur, a default ("**Default**") under this Guarantee shall exist: (1) failure of timely payment or performance of the obligations under this Guarantee; (2) breach of any agreement or representation contained or referred to in this Guarantee; (3) the dissolution of, termination of existence of, loss of good standing status by, appointment of a receiver for, assignment for the benefit of creditors of, or the commencement of any insolvency or bankruptcy proceeding by or against, any of the undersigned; and/or (4) the entry of any monetary judgment or the assessment against, the filing of any tax lien against, or the issuance of any writ of garnishment or attachment against any property of or debts due any of the undersigned. If a Default occurs, the obligations of the undersigned shall be due immediately and payable without notice. Upon the death of one of the undersigned, the estate shall be bound by this Guarantee for all obligations existing at the time of death. The obligations of the surviving Guarantors shall continue in full force and effect.

This Guarantee shall inure to the benefit of and be binding upon the parties and their respective heirs, legal representatives, successors and assigns. Franchisor's interests in and rights under this Guarantee are freely assignable, in whole or in part, by Franchisor. Any assignment shall not release the undersigned from this Guarantee.

Sections 19-21 of the Agreement is incorporated by reference into this Guarantee and all capitalized terms that are not defined in this Guarantee shall have the meaning given them in the Agreement.

IN WITNESS WHEREOF, each of the undersigned has hereunto affixed his or her signature.

GUARANTORS:

Date: _____

Print Name: _____

Home Address: _____

EXHIBIT D

STATE ADMINISTRATORS

AND

AGENTS FOR SERVICE OF PROCESS

LIST OF STATE ADMINISTRATORS

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

CALIFORNIA Commissioner of Financial Protection and Innovation Department of Financial Protection and Innovation 320 West Fourth Street, Suite 750 Los Angeles, California 90013-2344 (213) 576-7500 / Toll Free: (866) 275-2677 Email: ASK.DFPI@dfpi.ca.gov Website: http://www.dfpi.ca.gov	NEW YORK NYS Department of Law Investor Protection Bureau 28 Liberty St. 21st Fl New York, NY 10005 (212) 416-8222
HAWAII Commissioner of Securities Department of Commerce & Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722	NORTH DAKOTA North Dakota Securities Department State Capitol Department 414 600 East Boulevard Avenue, Fourteenth Floor Bismarck, North Dakota 58505-0510 (701) 328-4712
ILLINOIS Illinois Office of the Attorney General Franchise Bureau 500 South Second Street Springfield, Illinois 62706 (217) 782-4465	RHODE ISLAND Department of Business Regulation Securities Division, Building 69, First Floor John O. Pastore Center 1511 Pontiac Avenue Cranston, Rhode Island 02920 (401) 462-9527
INDIANA Secretary of State Franchise Section 302 West Washington, Room E-111 Indianapolis, Indiana 46204 (317) 232-6681	SOUTH DAKOTA Division of Insurance Securities Regulation 124 South Euclid Avenue, 2 nd Floor Pierre, South Dakota 57501 (605) 773-3563
MARYLAND Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360	VIRGINIA State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, Virginia 23219 (804) 371-9051
MICHIGAN Michigan Attorney General’s Office Corporate Oversight Division, Franchise Section 525 West Ottawa Street G. Mennen Williams Building, 1 st Floor Lansing, Michigan 48913 (517) 335-7567	WASHINGTON Department of Financial Institutions Securities Division P.O. Box 41200 Olympia, Washington 98504-1200 (360) 902-8760
MINNESOTA Minnesota Department of Commerce 85 7 th Place East, Suite 280 St. Paul, Minnesota 55101 (651) 539-1600	WISCONSIN Division of Securities 4822 Madison Yards Way, North Tower Madison, Wisconsin 53705 (608) 266-2139

AGENTS FOR SERVICE OF PROCESS

We intend to register this disclosure document as a “franchise” in some or all of the following states, if required by the applicable state law. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, we will designate the following state offices or officials as our agents for service of process in these states. There may be states in addition to those listed below in which we have appointed an agent for service of process. There may also be additional agents in some of the states listed.

CALIFORNIA Commissioner of Financial Protection and Innovation Department of Financial Protection and Innovation 320 West Fourth Street, Suite 750 Los Angeles, California 90013-2344 (213) 576-7500 / Toll Free: (866) 275-2677 Email: ASK.DFPI@dfpi.ca.gov Website: http://www.dfpi.ca.gov	NEW YORK New York Secretary of State One Commerce Plaza 99 Washington Avenue Albany, NY 12231 (518) 473-2492
HAWAII Commissioner of Securities Department of Commerce & Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722	NORTH DAKOTA North Dakota Securities Commissioner State Capitol Department 414 600 East Boulevard Avenue, Fourteenth Floor Bismarck, North Dakota 58505-0510 (701) 328-4712
ILLINOIS Illinois Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465	RHODE ISLAND Director of Department of Business Regulation Department of Business Regulation Securities Division, Building 69, First Floor John O. Pastore Center 1511 Pontiac Avenue Cranston, Rhode Island 02920 (401) 462-9527
INDIANA Secretary of State Franchise Section 302 West Washington, Room E-111 Indianapolis, Indiana 46204 (317) 232-6681	SOUTH DAKOTA Division of Insurance Director of the Securities Regulation 124 South Euclid Avenue, 2 nd Floor Pierre, South Dakota 57501 (605) 773-3563
MARYLAND Maryland Securities Commissioner 200 St. Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360	VIRGINIA Clerk of the State Corporation Commission 1300 East Main Street, 1 st Floor Richmond, Virginia 23219 (804) 371-9733
MICHIGAN Michigan Attorney General’s Office Corporate Oversight Division, Franchise Section 525 West Ottawa Street G. Mennen Williams Building, 1 st Floor Lansing, Michigan 48913 (517) 335-7567	WASHINGTON Director of Department of Financial Institutions Securities Division – 3 rd Floor 150 Israel Road, Southwest Tumwater, Washington 98501 (360) 902-8760
MINNESOTA Commissioner of Commerce Minnesota Department of Commerce 85 7 th Place East, Suite 280 St. Paul, Minnesota 55101 (651) 539-1600	WISCONSIN Division of Securities 4822 Madison Yards Way, North Tower Madison, Wisconsin 53705 (608) 266-2139

EXHIBIT E

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EXHIBIT E

OPERATIONS MANUAL TABLE OF CONTENTS

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EXHIBIT F

STATE-SPECIFIC ADDENDA

**ADDITIONAL DISCLOSURE DOCUMENT DISCLOSURES
REQUIRED BY THE STATE OF CALIFORNIA**

1. SECTION 31125 OF THE CALIFORNIA CORPORATIONS CODE REQUIRES US TO GIVE YOU A DISCLOSURE DOCUMENT, IN A FORM CONTAINING THE INFORMATION THAT THE COMMISSIONER MAY BY RULE OR ORDER REQUIRE, BEFORE A SOLICITATION OF A PROPOSED MATERIAL MODIFICATION OF AN EXISTING FRANCHISE.

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.

SEE THE COVER PAGE OF THE DISCLOSURE DOCUMENT FOR OUR URL ADDRESS. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENTS OF THIS WEBSITE MAY BE DIRECTED TO THE OF FINANCIAL PROTECTION AND INNOVATION AT WWW.DFPI.CA.GOV.

2. **Item 3, Additional Disclosure.** The following statement is added to Item 3:

Neither we nor any person listed in Item 2 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 parties from membership in such association or exchange.

3. **Item 6, Additional Disclosure.** The following statement is added to Item 6:

The maximum interest rate permitted in California is 10% per annum.

4. **Item 17, Additional Disclosures.** The following statements are added to Item 17:

California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination, transfer or non-renewal of the Franchise. If the franchise agreements contain a provision that is inconsistent with the law, the law will control.

The franchise agreements provide for termination upon bankruptcy. These provisions may not be enforceable under federal bankruptcy law (11 U.S.C.A. § 101, *et seq.*).

The franchise agreements contain a covenant not to compete which extends beyond the termination of the franchise. These provisions may not be enforceable under California law.

provide for the application of the laws of Virginia. This provision may not be enforceable under California law.

The franchise agreements contain a choice of forum provision. This provision may not be enforceable under California law.

The franchise agreements contain a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

You must sign a general release when you execute the franchise agreement and if you transfer your franchise or development rights (if applicable) or execute a renewal franchise agreement. These provisions may not be enforceable under California law. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). Business and Professions Code Section 21000 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

5. **Item 22, Additional Disclosure**. The following statement is added to Item 22:

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 behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

**ADDITIONAL DISCLOSURES
REQUIRED BY THE STATE OF MARYLAND**

1. Item 17, Additional Disclosures. The following statements are added to Item 17:

Any provision requiring you to sign a general release of claims against us as a condition of renewal or transfer, does not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

The Franchise Agreement provides for termination upon bankruptcy. These provisions may not be enforceable under federal bankruptcy law (11 U.S.C.A. § 101, *et seq.*).

2. Item 22, Additional Disclosure. The following statement is added to Item 22:

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 behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

**ADDITIONAL DISCLOSURE DOCUMENT DISCLOSURES
REQUIRED BY THE STATE OF NEW YORK**

1. **State Cover Page.** 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 SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 120 BROADWAY, 23RD FLOOR, NEW YORK, NEW YORK 10271. 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. **Item 3, Additional Disclosure.** The following is added to 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. **Item 4, Additional Disclosure.** The following is added to the end of Item 4:

Neither the Franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the Franchisor held this position in the company or partnership.

4. **Item 5: Initial Fees.** The following is added to the end of Item 5:

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

5. **Item 17: Renewal, Termination, Transfer and Dispute Resolution**

- A. 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.

- B. 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.

- C. The following is added to the end of the “Summary” section of Item 17(j), titled “Assignment of contract by Franchisor”:

However, no assignment will be made except to an assignee who in good faith and judgment of the Franchisor, is willing and financially able to assume the Franchisor’s obligations under the Franchise Agreement.

- D. 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.

Each provision of these Additional Disclosures shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of New York General Business Law, Article 33, Section 680 through 695, and of the Codes, Rules, and Regulations of the State of New York, Title 13, Chapter VII, Section 200.1 through 201.16, are met independently without reference to these Additional Disclosures.

**ADDITIONAL DISCLOSURE DOCUMENT DISCLOSURES
REQUIRED BY THE STATE OF VIRGINIA**

In recognition of the Virginia Retail Franchising Act, the Franchise Disclosure Document for use in the Commonwealth of Virginia shall be amended to include the following:

1. **Item 17, Additional Disclosure.** The following is added to Item 17(h):

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a Franchisor to cancel a franchise without reasonable cause. If any ground for default or termination stated in the franchise agreement does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

2. **Item 22, Additional Disclosure.** The following statement is added to Item 22:

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 behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

This Additional Disclosure shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Virginia Retail Franchising Act are met independently, without reference to this Additional Disclosure.

**ADDENDUM TO THE SPIDERSMART, INC. FRANCHISE AGREEMENT
REQUIRED FOR MARYLAND FRANCHISEES**

This Addendum to the SpiderSmart, Inc. Franchise Agreement dated _____ (“**Franchise Agreement**”) is entered into by and between **SpiderSmart, Inc.**, a Virginia corporation (“**SSI**”, “**we**”, “**us**”, “**our**” or “**Franchisor**”) and _____, a _____ [insert type of organization and delete these brackets] formed in _____ [insert state and delete these brackets] (“**you**”, “**your**” or “**Franchisee**”) as of the Effective Date (which is the date indicated on the signature page of this Addendum).

1. The provisions of this Addendum form an integral part of, and are incorporated into the Franchise Agreement. This Addendum is being executed because: **(A)** the offer or sale of a franchise to Franchisee was made in the State of Maryland; **(B)** Franchisee is a resident of the State of Maryland; and/or **(C)** a learning center will be located or operated in the State of Maryland.

2. The following sentence is added to the end of Sections 3.b.v. and 15.b.vi.:

This release shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

3. The following sentence is added to the end of Section 21.e.:

Notwithstanding the foregoing, Franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

4. The following is added to Section 22.h.:

Representations. Representations in this Agreement 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.

No statement, questionnaire, or acknowledgment 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.

5. Any capitalized term that is not defined in this Addendum shall have the meaning given it in the Franchise Agreement.
6. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.
7. This Addendum may be executed in multiple counterparts, each of which when executed and delivered shall be deemed an original and all of which together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page of this Addendum by electronic transmission (including an electronic signature platform or the transmission of a scanned PDF document) shall be as effective as delivery of a manually executed counterpart of this Addendum.

IN WITNESS TO THE PROVISIONS OF THIS AGREEMENT, the undersigned have signed this Agreement on the date set forth below.

SPIDERSMART, INC.

By: _____

Title: _____

Date: _____

FRANCHISEE: _____

By: _____

Title: _____

Date: _____

**ADDENDUM TO THE SPIDERSMART, INC. FRANCHISE AGREEMENT
REQUIRED FOR NEW YORK FRANCHISEES**

This Addendum to the SpiderSmart, Inc. Franchise Agreement dated _____ (“**Franchise Agreement**”) is entered into by and between SpiderSmart, Inc., a Virginia corporation (“**SSI**”, “**we**”, “**us**”, “**our**” or “**Franchisor**”) and _____, a _____ [insert type of organization and delete these brackets] formed in _____ [insert state and delete these brackets] (“**you**”, “**your**” or “**Franchisee**”) as of the Effective Date (which is the date indicated on the signature page of this Addendum).

1. The provisions of this Addendum form an integral part of, and are incorporated into, the Franchise Agreement. This Addendum is being executed because: **(A)** the offer or sale of a franchise to you was made in the State of New York; **(B)** you are a resident of the State of New York; and/or **(C)** the learning center will be located in the State of New York.
2. Any provision in the Franchise Agreement that is inconsistent with the New York General Business Law, Article 33, Sections 680 – 695, may not be enforceable.
3. The following sentence is added to the end of Sections 3.b.v. and 15.b.vi.:

Any provision in this Agreement requiring you to sign a general release of claims against us does not release any claim you may have under New York General Business Law, Article 33, Sections 680-695.
4. The following sentence is added to Section 14:

We will not assign our rights under this Agreement, except to an assignee who in our good faith and judgment is willing and able to assume our obligations under this Agreement.
5. The following sentence is added to the end of Section 21.b.:

Our right to obtain injunctive relief exists only after proper proofs are made and the appropriate authority has granted such relief.
6. The following sentence is added to the end of Section 21.e.:

Notwithstanding the foregoing, the New York Franchises Law shall govern any claim arising under that law.
7. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.
8. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.
9. This Addendum may be executed in multiple counterparts, each of which when executed and delivered shall be deemed an original and all of which together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page of this Addendum by electronic transmission (including an electronic signature platform or the transmission of a scanned PDF document) shall be as effective as delivery of a manually executed counterpart of this Addendum.

IN WITNESS TO THE PROVISIONS OF THIS AGREEMENT, the undersigned have signed this Agreement on the date set forth below.

SPIDERSMART, INC.

By: _____

Title: _____

Date: _____

FRANCHISEE: _____

By: _____

Title: _____

Date: _____

EXHIBIT G

LISTS OF FRANCHISED LOCATION, FORMER FRANCHISEES FRANCHISE AGREEMENTS SIGNED BUT NOT OPEN

LIST OF FRANCHISED LOCATIONS (as of December 31, 2024)

City	State	Zip	Address	Phone	Franchisee Name
Cupertino	CA	95014	10601 South De Anza Boulevard, Suite 213	408-800-7113	Martha Zhao
Irvine	CA	92620	850 Roosevelt, Suite 200	949-591-3949	Borui “Jerry” Shen
Wilmington	DE	19810	3440 Naamans Road	202-997-7957	Qing Song
Suwanee	GA	30024	1120 Peachtree Industrial Boulevard, Suite 105	770-827-0012	Younsun Lee
Columbia	MD	21045	8900 Columbia 100 Parkway, Suite J	443-864-5070	Helena Oh
Gaithersburg	MD	20878	420 Main Street	301-990-1179	Woorim Jung
Rockville	MD	20852	130 Rollins Avenue, Suite H-1	301-770-3077	Marke Koles
Houston	TX	77036	9730 Town Park Drive, Suite 108	832-623-3788	Yan Hou
Houston	TX	77098	2055 Westheimer Road #115	713-955-1260	Janna Brokhin
Cedar Park	TX	78613	507 Denali Pass Drive	281-639-7664	Haeryoun Chang
Cypress	TX	77429	13611 Skinner Road, Suite 165	281-758-4345	Gouthami Shyamala
Frisco	TX	75035	6549 Coit Road, Suite 122	972-504-3870	Morris Chung
Fulshear	TX	77441	5757 Flewellen Oaks Lane	281-745-3066	Yanli Liu
Katy	TX	77450	579 South Mason Road	281-745-3066	Yanli Liu
Houston	TX	77024	10321 Katy Freeway, Suite E2	713-465-7890	Yan Hou
Sugar Land	TX	77479	4627 Austin Parkway	832-623-3788	Sharon Li
Burke	VA	22015	6501 Sydenstricker Road, Suite A	703-440-8044	Linda Baik
Centreville	VA	20121	13890 Braddoc Road, #203	703-266-6262	Rachel Moon
Vienna	VA	22182	8300 Old Courthouse Road, Suite 140A	703-356-3141	Shiyeon Lee
Burlington	ON	L7L 6A5	Canada: 5100 South Service Road #53	647-907-6446	Ashley Ni
Mississauga	ON	L5L 3T5	Canada: 2624 Dunwin Drive, Unit 5	647-907-6446	Ashley NI
North York	ON	M3B 2T6	Canada: 30 Lesmill Road, Unit 8	647-892-5669	Melissa Wang

LIST OF FRANCHISEES WHO CLOSED, TRANSFERRED OR WHOSE FRANCHISE AGREEMENT WAS NOT RENEWED, TERMINATED OR OTHERWISE CEASED TO DO BUSINESS IN OUR LAST FISCAL YEAR: None

LIST OF US FRANCHISEES WHO HAVE SIGNED A FRANCHISE AGREEMENT BUT HAVE NOT YET OPENED: None

If you become a “SpiderSmart Learning Center” franchisee, your contact information may be disclosed to other buyers when you leave the franchise system.

EXHIBIT H

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:

State	Effective Date
California	PENDING
Maryland	PENDING
New York	PENDING
Virginia	PENDING

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 I

RECEIPT

RECEIPT (FRANCHISEE COPY)

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If SpiderSmart, Inc. offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement or make a payment with 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 SpiderSmart, Inc. does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and State law may have occurred and should be reported to the Federal Trade Commissioner, Washington, D.C. 20580 and the state agency listed on Exhibit D for your state.

The franchisor is SpiderSmart, Inc., located at 8401 Maryland Dr, Ste S, Richmond, Virginia 23294. Its telephone number is (833) 492-0121.

The issuance date of this Franchise Disclosure Document is May 14, 2025.

The franchise seller for this offering is Moonsung "Morris" Chung, Director of Franchise Development, SpiderSmart, Inc., 8401 Maryland Dr, Ste S, Richmond, Virginia 23294, and Phone: (833) 492-0121.

In addition, _____
(Name, address and telephone number of other franchise seller or broker)
introduced me to **SpiderSmart, Inc.**

See Exhibit D for our registered agents authorized to receive service of process.

I have received a disclosure document dated May 14, 2025, that included the following Exhibits:

- | | |
|--|--|
| A Financial Statements | D State Administrators and Agents for Service of Process |
| B Preliminary Agreement | E Manual Table of Contents |
| C Franchise Agreement | F State-Specific Addenda |
| C-1 – Franchisee Information | G State Effective Date |
| C-2 – Option for Assignment of Lease | |
| C-3 – Confidentiality, Non-Compete Agreement | |
| C-4 – Current Form of General Release | |
| C-5 – Telephone Assignment Agreement | |
| C-6 – Personal Guarantee | |

Date: _____

Signature

Printed Name

Address

City

State

Zip

Please sign this copy of the receipt, date your signature, and retain it for your records.

RECEIPT (FRANCHISEE COPY)

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If SpiderSmart, Inc. offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement or make a payment with 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 SpiderSmart, Inc. does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and State law may have occurred and should be reported to the Federal Trade Commissioner, Washington, D.C. 20580 and the state agency listed on Exhibit D for your state.

The franchisor is SpiderSmart, Inc., located at 8401 Maryland Dr, Ste S, Richmond, Virginia 23294. Its telephone number is (833) 492-0121.

The issuance date of this Franchise Disclosure Document is May 14, 2025.

The franchise seller for this offering is Moonsung "Morris" Chung, Director of Franchise Development, SpiderSmart, Inc., 8401 Maryland Dr, Ste S, Richmond, Virginia 23294, and Phone: (833) 492-0121.

In addition, _____
(Name, address and telephone number of other franchise seller or broker)
introduced me to **SpiderSmart, Inc.**

See Exhibit D for our registered agents authorized to receive service of process.

I have received a disclosure document dated May 14, 2025, that included the following Exhibits:

- | | |
|--|--|
| A Financial Statements | D State Administrators and Agents for Service of Process |
| B Preliminary Agreement | E Manual Table of Contents |
| C Franchise Agreement | F State-Specific Addenda |
| C-1 – Franchisee Information | G State Effective Date |
| C-2 – Option for Assignment of Lease | |
| C-3 – Confidentiality, Non-Compete Agreement | |
| C-4 – Current Form of General Release | |
| C-5 – Telephone Assignment Agreement | |
| C-6 – Personal Guarantee | |

Date: _____

Signature

Printed Name

Address

City State Zip

Please sign this copy of the receipt, date your signature, and return it to:

SpiderSmart, Inc. 8401 Maryland Dr, Ste S, Richmond, Virginia 23294