FRANCHISE DISCLOSURE DOCUMENT

STEMTREE FRANCHISING, LLC
A Virginia Limited Liability Company
220 Maple Avenue West, Vienna, Virginia 22180
1-877-200-STEM (7836)
info@Stemtree.com
www.STEMTREE.com

The STEMTREE franchise model offers in-person education services that focus on the core curricula of science, technology, engineering, and mathematics. STEMTREE's programs nurture each student's inner scientist through innovative, engaging, and hands-on learning experience, built upon a solid foundation of scientific curricula, giving each student the edge for success in today's schools and the world. Whether achieving higher grades in the classroom, helping students become successful science professionals or engineers, or simply instilling and cultivating an appreciation and a deep understanding of science and technology, STEMTREE offers after-school programs, with or without student pick-ups, one-on-one tutoring, educational camps, home-school study programs, and even birthday parties and event-based programs.

The total investment necessary to begin operations of a STEMTREE franchise is $90,700 - $195,300. This includes $44,500 that must be paid to the franchisor or affiliate.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Dr. Abdelghani Bellaachia at Stemtree Franchising LLC 220 Maple Avenue West, Vienna, Virginia 22180; 1-877-200-STEM (7836).

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-FTCHELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 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: April 18, 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 Exhibits C and D.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the 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 G 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 STEMTREE business in the 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 STEMTREE franchisee?	Item 20 or Exhibit C and D 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 A.

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 arbitration and/or litigation only in Virginia. Out-of-state arbitration or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to arbitrate or litigate with the franchisor in Virginia than in your own state.

2. **Financial Condition**. The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.

3. **Mandatory Minimum Payments**. You must make minimum royalty payments regardless of your sales levels. Your inability to make these payments may result in termination of your franchise and loss of your investment.

4. **Turnover Rate**. During the last year, a high percentage of franchised outlets (33%) were not renewed or ceased operations for other reasons. This franchise could be a higher risk investment than a franchise in a system with a lower turnover rate.

5. **Unopened Franchises**. The franchisor has signed a significant number of franchise agreements with franchisees who have not yet opened their outlets. If other franchisees are experiencing delays in opening their outlets, you also may experience delays in opening your own outlet.

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

MICHIGAN ADDENDUM
TO THE DISCLOSURE DOCUMENT

THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU:

(a) A prohibition on the right of a franchisee to join an association of franchisees.

(b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.

(c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.

(d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) The term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logo type, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.

(e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

(f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

(g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to: (i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards; (ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor; (iii) The unwillingness of the proposed transferee to agree in writing

to comply with all lawful obligations; (iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

(h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).

(i) A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligation to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE ATTORNEY GENERAL.

Any questions regarding this notice should be directed to Department of the Attorney General's Office, Consumer Protection Division, Franchise Section, G. Mennen Williams Building, 525 W. Ottawa Street, Lansing, Michigan 48913; telephone number (517) 373-7117.

THIS MICHIGAN NOTICE APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF MICHIGAN OR LOCATE THEIR FRANCHISES IN MICHIGAN.

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EXHIBITS

A. List of Agencies/Agents for Service of Process
B. Franchise Agreement
   Attachment 1. Ownership Information
   Attachment 2. Nondisclosure and Non-Competition Agreement
   Attachment 3. Unlimited Guaranty and Assumption of Obligation
   Attachment 4. Rider to Lease Agreement
   Attachment 5. ADA Certification
   Attachment 6. State Specific Addenda to the Franchise Agreement
C. List of Franchisees
D. Former Franchisees
E. Table of Contents of Operations Manual
F. General Release (Sample Form)
G. Financial Statements
H. Franchise Disclosure Questionnaire

I. State Specific Addenda to the Disclosure Document
J. State Effective Dates
K. Receipts

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

In this disclosure document, "we," "us," or "our" refers to STEMTREE FRANCHISING, LLC. "You" means the person to whom we grant a franchise. If you are a corporation, limited liability company, or other entity, each owner of the franchise entity must sign our Guaranty attached to our Franchise Agreement (Exhibit B), which means that all of the Franchise Agreement's provisions also will apply to your owners.

The Franchisor and Any Parents, Predecessors, and Affiliates

We are a Virginia limited liability company formed on September 25, 2015, and do not have any parents or predecessors.

Our principal business address is 220 Maple Avenue West, Vienna, Virginia 22180.

We do business under our company name and the trademark "STEMTREE."

Exhibit A contains our agents for service of process.

Our affiliate, Stemtree Education Center LLC ("SEC"), shares our principal business address. Our affiliate, SEC, has never offered franchises in this or any line of business and does not supply products or services to our franchisees.

We have offered franchises providing the type of business the franchisee will operate since October 2015. We do not operate a business of the type being franchised but SEC has, since October 2014, operated one location of the type of business being franchised. We have not offered franchises in any other line of business.

The Franchise Offered

We grant franchises for an education services business providing services to students in grades Kindergarten and up. These programs are offered on an individual basis per session or on a membership basis.

Each franchised business operates according to our proprietary business format and system ("System"), which includes a distinctive exterior and interior layout, design and color scheme; distinctive signage, decorations, furnishings and materials; the STEMTREE Confidential Operations Manual ("Confidential Operations Manual"); our proprietary items, including record keeping and reporting, sales promotion and advertising. We may change the System periodically.

The franchised business will operate under the "STEMTREE" service marks, and associated logos, commercial symbols, indicia of origin, and other trade names, service marks and trademarks that we have designated and may in the future designate as part of the System ("Marks") which we license to you according to the terms of our Franchise Agreement (see Exhibit B).

Market and Competition

The franchised business will offer its services to students in grades Kindergarten and up and will compete with other local education-based businesses as well as local, regional, and national chains which offer specialized tutoring or education services to children.

Industry-Specific Regulation

Certain states may consider your business to be a "school" or "after-school program" and you may be subject to state or local licensing, permit, and ordinance laws applicable to schools. These requirements may require you to have a teaching license or certificate, separate bathrooms for boys and girls, water fountains, special exit doors equipped with panic bars, and accommodations for disabled persons. You are also subject to local zoning rules because they may limit where you can locate your Franchised Business and may affect design features, including the building facade and signs.

Some jurisdictions require, and we strongly recommend, that you conduct background checks on any employee that will be in contact with children during the operation of the franchised business. You must comply with the Fair Credit Reporting Act when conducting background checks. You should investigate application of these laws further.

Item 2
BUSINESS EXPERIENCE

Abdelghani Bellaachia, Ph.D.: Founder and CEO

Dr. Abdelghani Bellaachia has been our Founder and our CEO since September 2015. He also has been the Curriculum Director for grades K-12 for our affiliate, Stemtree Education Center LLC, since September 2010. He has also served as an Adjunct Professor at George Washington University in Washington, D.C. since 2016. Dr. Bell also is the founder and has been the President of International Bell Systems (IBS) in Vienna, Virginia since 2000.

Michelle Kang: Director of Operations

Michelle Kang has been our Director of Operations since September 2015. She also has been the Director of Operations for our affiliate, Stemtree Education Center LLC, since September 2013. She has been on the Board of Directors at the Shepherd's Center of Oakton-Vienna in Vienna, Virginia since May 2015.

Suneeta Rana: Director of Business Development

Suneeta Rana has been our Director of Business Development since September 2015. She also has been the Director of Business Development for our affiliate, Stemtree Education Center LLC, since November 2015.

Claudia Hall: Franchise Operations Coordinator

Claudia Hall has served as our Franchise Operations Coordinator since January 2020. From November 2019 to January 2020, Ms. Hall served as a Tutor for Huntington Learning Center in South Riding, VA. From September 2018 to October 2019, Ms. Hall served as an Army Parent Liaison for Child Care Aware of America in Arlington, VA.

Ransom Cain: Curriculum and Systems Coordinator

Ransom Cain has served as our Curriculum and Systems Coordinator since December 2019.

Henry Raparaoelina: STEM Curriculum Developer

Henry Raparaoelina has served as our STEM Curriculum Developer since May 2022. From March 2019 to July 2021, Henry Raparaoelina served as a Consultant for World Bank Group in Washington, D.C.

Item 3
LITIGATION

No litigation is required to be disclosed in this Item.

Item 4
BANKRUPTCY

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

Item 5
INITIAL FEES

Initial Franchise Fee

An initial lump sum franchise fee of $44,500 is due when you sign the Franchise Agreement for your initial location and a franchise fee of $29,500 is due when you sign an additional Franchise Agreement for any

additional subsequent location. We offer a 10% discount on the franchise fee to an honorably discharged U.S. Veteran. The initial franchise fee is fully earned when paid and is non-refundable.

Item 6
OTHER FEES

Type of Fee[1]	Amount	Due Date	Remarks
Royalty Fee[2]	8% of Gross Revenue or $325 (the "Minimum Royalty Fee"), whichever is greater.	20th day of the following month	Royalty is based on a percentage of Gross Revenue generated through your franchised business. Franchise Agreement.
Additional Service Fees	Currently, none. We reserve the right to offer, at a later date, new products/programs and services to you in exchange for additional fees not to exceed $400 per month.	Monthly	
Late Fees	The lower of 1.5% per month or the highest rate allowed by the state where the franchised business is located.	On the amounts that are not received within five (5) days after the due date	Applies to all overdue fees you owe us.
Non-compliance fee	We may charge you $250 for any non-compliance with our System specifications or the Franchise Agreement. If such non-compliance is ongoing, we may charge you $250 per day until you cease such non-compliance.	Upon occurrence	This fee is in addition to all of our other rights and remedies.
IT Fee	$110/ month	20th day of the following month	The IT fee is a monthly fee to operate the customer relationship manager that allows access to curriculum and manage information about the parents and students to whom you provide services.
Conference Fee	$350 per year for first 2 attendees; $150 for each additional attendee	At time of conference	

Additional Assistance with Respect to Grand Opening or Continued Operation	Then-current standard rates, plus expenses	Upon occurrence	Additional assistance, beyond the initial charge-free four days at the Grand Opening.
Certification Costs	Varies	Ongoing	You are responsible for ensuring that you and your instructors meet the certification requirements established by local, state, and federal agencies.
Modification of the System[3]	Actual amount of expense subject to caps in Note 3 below.	On demand	Franchisor has the right to change or modify the System from time to time including, without limitation, the adoption and use of new or modified Marks or copyrighted materials, and computer hardware, software, equipment, inventory, supplies or sales and marketing techniques.
Local Advertising Requirement	3% of Monthly Gross Revenue	Monthly	You must invest 3% of your previous month's Gross Revenue in local advertising and media. This will be based on our direction and advice, but will be paid to third parties to market your franchised business.
Marketing and Brand Development Fund Contribution	2% of your Gross Revenue.	20th day of the following month	The Marketing Fund Contribution covers maintenance of the website, creation of marketing materials, graphic design, and advertising.

Audit or Inspection Costs	Amount of any underpayment to us plus interest from the date such amount was due until paid at the 18% per annum (or the highest rate allowed by the law of the state where you are located, whichever is lower). If the underpayment is of 3% or more of the amount due, you must, in addition, reimburse us for any and all costs and expenses connected with the inspection (including, without limitation, travel expenses and reasonable accounting and attorney fees).	At time of audit or inspection	We or our designee have the right, during normal business hours, to examine, copy and audit your Franchised Business's books, records, and tax returns.
Alternate Supplier Approval Fee	The actual expenses we incur	At time of approval	
Appearance of the Franchised Business	Varies	Ongoing	You must maintain the Approved Location, equipment, and signage in "like new" condition.
Customer Satisfaction Reimbursement	If we take action to satisfy a customer of yours, you must reimburse us for our related costs.	Upon occurrence	
General Advice and Guidance fee	No charge unless you utilize this service too frequently or in unintended manner	Upon our determination	
Insurance Reimbursement	Actual cost incurred	At time of expense.	You must reimburse us if you fail to purchase required insurance and we purchase insurance on your behalf.
Management Fee	$200 per day	Upon occurrence	If we step in to run your franchised business, we have the right to charge you this fee.
Transfer Fee	$10,000	Upon sale or transfer of your interest in the franchised business	This fee is paid to us when you transfer the franchised business to new ownership or sell the franchised business to another owner.

Indemnification	Actual costs, losses, or damages incurred.	On demand	Our costs and losses from any legal action related to the operation of your Franchise.
Cost of Enforcement	Our actual costs	On demand	Our costs, including court fees, accounting and attorneys' fees, in connection with any involvement in judicial, arbitration, or any other proceeding to enforce this Agreement.
Legal costs	Our actual costs	On demand	Our attorney fees, court costs, and other expenses of a legal proceeding, if we are the prevailing party.

Note 1: Except as otherwise noted in this Item 6, all fees are imposed and collected by, and payable to, us. Unless otherwise noted, fees are not refundable and are uniformly imposed.

Note 2: "Gross Revenue" means the aggregate of all revenue collected from all sources in connection with the Franchised Business, including, without limitation, all proceeds from any business interruption insurance and any sales or grant money collected from or through any third party such as a county, state, or the federal government; but excluding (a) any revenue franchisee remits to a customer or property owner or collection agency that franchisee is contractually obligated to remit, (b) any chargeback fees franchisee pays to a collection agency, (c) any sales and equivalent taxes that are collected by Franchisee for or on behalf of any governmental taxing authority and paid thereto, and (d) any rebate received by Franchisee from a manufacturer or supplier.

Note 3: Franchisee shall not be required to implement or conform to any such changes, additions or modifications if the cost to do so would exceed (a) $5 during the first (1st) year of the term of this Agreement; (b) $20,000 in the aggregate during the initial term of this Agreement (which amounts may be increased consistent with increases to 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 (c) $5 during the final year of the term of this Agreement if Franchisee provides written notice of its intention not to renew the Franchise.

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Item 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Category of Investment	Amount		Method of Payment	When Due	To Whom Paid
Franchise Fee[1]	$44,500	$44,500	Check or wire transfer	Signing of Franchise Agreement	Us
Training Expenses[2]	$1,500	$2,500	Check or Charge	During Training	Airlines, Hotels, Restaurants
Real Property[3]	$3,000	$8,000	Check or electronic funds transfer ("EFT")	Before Beginning Operations	Landlord
Property Improvements[4]	$0	$80,000	Check or Charge	Before Beginning Operations	Approved Contractor
Curriculum Related Materials[5]	$6,000	8,000	Charge	Before Beginning Operations	Third-party vendors
Administrative Supplies[6]	$1,000	$2,000	Check or Charge	Before Beginning Operations	Third-party vendors
Signage[7]	$3,000	$7,000	Check or Charge	Before Beginning Operations	Approved Vendor
Furniture and Equipment[8]	$2,500	$4,000	Check or Charge	Before Beginning Operations	Approved Vendor
Utilities[9]	$100	$300	Check, Charge, or EFT	Before Beginning Operations	Utility Provider
Market Introduction[10]	$6,000	$8,000	Check or Charge	Before Beginning Operations	Approved Provider
Insurance[11]	$1,400	$2,500	Check or Charge	Before Beginning Operations	Insurance Agent
Licenses and Permits[12]	$100	$500	Check or Charge	Before Beginning Operations	Governmental Agencies

Legal and Accounting[13]	$1,500	$2,500	Check or Charge	Before Beginning Operations	Accountants, Lawyers
Dues and Subscriptions[14]	$100	$500	Check or Charge	Before Beginning Operations	Associations and Networking Groups
Additional Funds (3 months)[15]	$20,000	$ 25,000	Check, Charge, or EFT	Upon Beginning Operations	Third parties
Total16, 17	$90,700	$195,300			

Notes:

1. Franchise Fee: The initial franchise fee is $44,500 for your first territory and $29,500 if you buy an additional territory. We offer a 10% discount on the franchise fee to an honorably discharged U.S. Veteran. We do not finance any portion of your initial investment.

2. Training Expenses. The cost of initial training is included in the franchise fee, but you are responsible for the expenses of transportation, meals, and lodging while attending training.

3. Real Property. We recommend the unit for a STEMTREE Franchise to be 1,600 square feet and up in size. It is difficult to estimate lease acquisition costs because of the wide variation in these costs between locations. Lease costs will vary based upon square footage and cost per square foot. Estimated rental costs for three months are included with the category "Additional Funds".

4. Property Improvements. The low end of the range in the initial outlay assumes that the landlord provides a partial build out allowance. The high end of the range reflects the cash outlay by a franchisee that does not receive a build-out allowance.

5. Curriculum Related Materials. This is an initial investment for Curriculum Related Materials: The materials needed to complete the Science, Coding, Robotics, Electricity & Electronics, and Mathematics workouts. This includes iPads, Chromebooks, Robotics kits, software, and more. We provide a list of the required materials, as well as recommendations on the quantity you should initially order.

6. Administrative Supplies. You must purchase general office supplies including stationery, business cards printers, a security system and other office equipment. You must also purchase any software we require to complete administrative tasks. Factors that may affect your cost of office equipment and supplies include local market conditions, and competition among suppliers.

7. Signage. The range of costs represents the outright purchase of all signage on the franchised locations. Signage is subject to all local ordinances. These costs vary widely.

8. Furniture and Equipment. You must purchase all or substantially all of the equipment needed to set up your STEMTREE franchised business from our approved vendor. The amount of furniture required, and therefore the costs, will vary based on the size of the center.

9. Utilities. A utility deposit will typically be required only if the franchisee is a new customer of the utility company. The indicated amount in the table one the low end is one month estimated utility expense and on the high end three months' estimated expense.

10. Market Introduction. The Initial Marketing Program will be managed and operated by us. You will pay the entire amount to a third party vendor or media sources and we will provide direction to the marketing program. The size of the marketing program will depend on your territory and how much advertising you choose to do.

11. Insurance. You must purchase insurance as we specify, with the current requirements stated in Item 8 below. A 20% down payment of the annual premium for general liability insurance and workers' compensation insurance costs is included in the low-end estimate, and the full annual premium of some of the insurances is included in the high estimate.

Factors that may affect your cost of insurance include the size and location of the franchised business, equipment, inventory, and number of employees.

12. Licenses & Permits. State and local government agencies typically charge fees for occupancy permits, operating licenses and permits to make improvements to your operating location and area. Due to the unique nature of the business and in working with children through a specialized STEMTREE based education model, you may have special licenses or permits required in your area. You should research this prior to investing in the franchised business.

13. Legal and Accounting. You will need to employ an attorney, an accountant and other consultants to assist you in establishing your franchised business. These fees may vary from location to location depending on the prevailing rates of local attorneys, accountants and consultants and your existing relationships.

14. Dues and Subscriptions. You must invest in dues and subscription fees related to associations, networking groups and related education service industry groups in your market. These groups will provide exposure for your business and services in your market in addition to allowing you to interact with other professionals and business owners in your industry.

15. Additional Funds. We recommend that you have a minimum amount of money available to cover operating expenses for the first three months after the franchised business is open. The lower end represents estimated expenses to maintain minimal operations without any sales for three months. The high end is a more conservative working capital estimate.

16. Total. In compiling this chart, we relied on our and our affiliates' industry knowledge and experience in the business of the type being franchised. The amounts shown are estimates only and may vary for many reasons, including the condition of your facility, the capabilities of your management team, where you locate your franchised business and your business experience and acumen. You should review these estimates carefully with an accountant or other business advisor before making any decision to buy a franchise.

17. Refundability of Fees. None of the fees shown in Item 7 that are paid to us are refundable. Whether such fees paid to third parties are refundable would depend upon the policies of the third parties.

Item 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

The Goods or Services Required to be Purchased or Leased

Advertising Material.

You must either use advertising templates which we make available or specify or obtain our approval before placing any advertising.

Computer Hardware and Software.

You must purchase the computer hardware and software that we specify.

You must use the Customer Relationship Management (CRM) system that we specify.

Furniture, Fixtures, and Equipment

You must purchase furniture, fixtures, and equipment, pursuant to our specifications. You must purchase your initial furniture, fixtures and equipment package through our approved suppliers and vendors.

Instructional Material.

You are required to purchase instructional materials pursuant to our specifications, which may include a vendor designation.

Insurance.

You must purchase insurance in the types and amounts of coverage that we specify and we reserve the right to specify designated broker(s) or insurance carrier(s). At present, we specify the following types and amounts of insurance: (1) "all risk" property insurance; (2) workers' compensation insurance and employer liability coverage with a minimum limit of $100,000 or higher if your state law requires; (3) comprehensive general liability insurance with a minimum liability coverage of $1,000,000 per occurrence, and $2,000,000 aggregate or higher if your state law requires; (4) Hired and Non-owned Auto Liability insurance with a minimum liability coverage of $1,000,000; (5) Abuse and Molestation insurance with a minimum liability coverage of $1,000,000; and (6) Professional Liability insurance with a minimum liability coverage of $2,000,000.

Lease and Leasehold Improvement.

You may lease from any landlord but your site selection is subject to our approval. You must build out your premises pursuant to our standards.

Signage.

You must install signage pursuant to our specifications.

Whether We or Our Affiliates Are Approved Suppliers

We are an approved supplier of advertising material but not the only approved supplier of such material. Our affiliate, SEC, is not a supplier of products or services to franchisees.

Officer Interests in Suppliers

Our Chief Executive Officer, Dr. Abdelghani Bellaachia, owns an interest in us.

Approval of Alternate Suppliers

We have not yet developed standard criteria for approving suppliers. You will be permitted to contract with alternative suppliers once they are designated by us as an Approved Supplier. You must reimburse us the actual expenses we incur in determining whether we shall approve a supplier. We will notify you of our approval or disapproval within a reasonable time (usually 30 days) after we receive all requested information and materials related to the proposed supplier. We may revoke our approval of an Approved Supplier at any time by notifying you and/or the supplier.

Specifications

We issue and modify specifications to franchisees. We issue and modify the specifications by updating the Operations Manual or through other information bulletins.

Revenue from franchisee purchases

In our last fiscal year ending December 31, 2024, neither we nor our affiliate derived revenue from required purchases by franchisees.

Required Purchases and Leases as a Proportion of Costs

We estimate your required purchases and leases will represent 50-70% of your overall purchases and leases in establishing the Franchised Business and 20-40% of your costs in operating the Franchised Business.

Supplier Payments to Us

In our last fiscal year ending December 31, 2024, neither we nor our affiliate received payments from suppliers based on franchisee purchases from such suppliers, but we reserve the right to enter into such arrangements.

Cooperatives

We do not have any purchasing or distribution cooperatives.

Purchase Arrangements

We may negotiate purchase price arrangements with suppliers, including price terms, for the benefit of franchisees.

Material benefits

We do not provide material benefits to you based on your use of a particular supplier. However, in order to renew your franchise agreement, you must be in compliance with it, including supplier standards, and we can terminate your franchise agreement if you breach it.

Item 9
FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the Franchise Agreement 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	Item In Disclosure Document
a.	Site selection and acquisition/lease	2 and 5	7, 8, and 11
b.	Pre-opening purchases/leases	5, 12, 13, and 15	7 and 8
c.	Site development and other pre-opening requirements	5 and 8	11
d.	Initial and ongoing training	8	6, 7 and 11
e.	Opening	5 and 8	11
f.	Fees	3, 5, 10, 11, 12, 13, 14, 15, 16, 18, 21, 22 and 23	5, 6 and 7
g.	Compliance with standards and policies/Operating Manual	6, 7, 9, 10, 12 and 13	8, 14 and 16
h.	Trademarks and proprietary information	6, 7 and 9	13 and 14
i.	Restrictions on programs/services offered	6 and 13	8 and 16
j.	Warranty and customer service requirements	13	16
k.	Territorial development and sales quotas	2	12
l.	Ongoing product/service purchases	13	8 and 11
m.	Maintenance, appearance, and remodeling requirements	5, 10 and 13	6, 7 and 8
n.	Insurance	15	6, 7 and 8
o.	Advertising	11	6, 7 and 11
p.	Indemnification	21	17
q.	Owner's participation/ management/ staffing	13	15
r.	Records and reports	12	11
s.	Inspections and audits	6 and 12	6, 11 and 13
t.	Transfer	18	6 and 17
u.	Renewal	4	17
v.	Post-termination obligations	17	17
w.	Non-competition covenants	7 and 17	17 and 22

x.	Dispute resolution	23	17
y.	Guaranty	22.5	17 and 22

Item 10
FINANCING

We do not offer direct or indirect financing arrangements. We do not guarantee your note, lease or other obligations.

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

Except as listed below, Stemtree Franchising, LLC is not required to provide you with any assistance.

Before you open the franchised business, we will:

1. We will advise you regarding potential locations. (Section 5.1)

2. We will specify the initial equipment package for your STEMTREE franchised business. (Section 5.4(B))

3. We will provide an initial training program for your one Designated Manager and up to one assistant. This training is described in detail later in this Item 11. (Section 8.1)

4. We will provide you with guidance in connection with your grand opening. (Section 8.2)

5. We will provide you a list of our specifications and approved suppliers for equipment, opening inventory, and supplies necessary to open your franchised business. (Section 13.1). We do not provide these items directly; we only provide the names of approved suppliers. We do not deliver or install these items.

Site Selection and Opening (Section 5).

You may begin operations in your territory and be considered open for business by either running an approved "Out Center" program or programs within your "In Center" location. An "Out Center" program can only be run within your territory. The "Out-Center" program can be run at a school, recreation center, or another approved location. You may run an approved Out Center program so long as you have completed initial training and signed a lease for your future In Center location.

If your site is not already known and approved by us when you sign your Franchise Agreement, then we and you will specify in your franchise agreement the area in which you must select a site. We do not select your site, and we do not own the premises of any franchised location.

Your site is subject to our approval. To obtain our approval, you must submit a completed site approval request form and provide all information and documents about the site that we require. The factors we consider in approving sites are general location and neighborhood, competition, trade area demographics, traffic patterns, parking, size, physical characteristics of existing buildings, and lease terms.

We will approve or disapprove your proposed site within a reasonable period of time (usually 30 days). If we and you cannot agree on a site within the timeframe provided in the Franchise Agreement, unless we agree to extend the deadline, you will be in default and we may, at our option, terminate your Franchise Agreement.

We are not obligated to assist you in conforming the premises of your site to local ordinances and building codes and obtaining any required permits. This will be your sole responsibility.

We estimate that the typical length of time between the signing of the Franchise Agreement and the opening of the STEMTREE franchise is three to six months. Factors that may affect your beginning operations

include ability to secure permits, seasonality for what time of year you start the franchised business, finding a suitable location, zoning and local ordinances, weather conditions and delays in installation of equipment and fixtures.

During your operation of the franchised business, we will:

1. We will authorize the programs and services for sale or use in your franchised business. (Section 13.1)

2. We will make available to you ongoing training as we think necessary and may require you to attend. (Section 8.5)

3. We will provide you with modifications to the Operations Manual. (Section 9.2) We have the right to change or modify the System and will notify you of any changes. (Section 10.2)

4. We will prescribe a standard format for the accounting system in the Operations Manual. (Section 12.1)

5. We will be available to render advice, discuss problems and offer general guidance to you by telephone, e-mail, facsimile, newsletters, and other methods with respect to general operating problems. (Section 14.1)

6. We will also make periodic visits to the franchised business, as we deem appropriate, to provide you with consultation, assistance and guidance in various aspects of the operation and management of the franchised business. (Section 14.2)

Advertising

Currently, we are not obligated to conduct any advertising, however we do provide an Internet website to provide information about the STEMTREE System. (Section 11.5)

You may develop your own advertising and marketing materials, at your own expense, subject to our prior written approval. We must approve all of your promotional and marketing materials before you may use them. To obtain approval, you must submit to us samples of the proposed materials and notify us of the intended media. We will use good faith efforts to approve or disapprove your materials within 20 days from the date we receive them. (Section 11.2.2)

Market Introduction and Local Advertising

Prior to, and/or during a period of approximately three (3) months following the initial opening of the Franchised Business, you agree to spend $6,000 - $8,000 as we specify on local advertisement and promotion of the initial opening ("Market Introduction Advertising"). (Section 11.1)

You must also spend 3% of your Gross Revenue monthly on local advertising, pursuant to our guidelines. (Section 11.2)

Marketing Fund (Section 11.3)

The Marketing Fund is maintained and administered by us. We may elect to utilize various local, regional, and/or national media campaigns, including radio, television, magazine, newspaper, and Internet advertising campaigns. Our advertising materials may be created in-house and, in our discretion, with the help of an appointed outside agency.

You are obligated to contribute 2% of your Gross Monthly Sales to the Marketing Fund based on your previous month's Gross Revenue. Company-owned or affiliated-owned outlets will also contribute monthly to the Marketing Fund on the same basis.

We will have an unaudited accounting of the Marketing Fund prepared each year and we will provide you with a copy upon receipt of your reasonable request. We are not obligated to spend any amount on advertising in the area where your franchised business is located or to ensure that your franchised business

will benefit directly from the Marketing Fund monies. Any amounts contributed to the Marketing Fund at are not spent in the year they are collected will remain in the Marketing Fund for use during the next year. We will not use the Marketing Fund monies to principally solicit new franchise sales; however, we may include in all advertising prepared using Marketing Fund monies (including Internet advertising) information concerning franchise opportunities, and a portion of Marketing Fund monies may be used to create and maintain one or more pages on our web site devoted to advertising franchise opportunities and identifying and screening inquiries and applications submitted by franchise candidates.

In our last fiscal year ended December 31, 2024, we received Marketing Fund monies in the amount of $39,551.49 and spent $15,128.46 (38%) on Media Placement and $20,581 (52%) on administrative expenses. We carried the surplus over to spend in future years.

Advertising Council and Advertising Cooperative(s)

No advertising council has been established for the franchise System. (Section 11.4)

Advertising Cooperative

At present, there are no advertising cooperatives for the System. Although we are not obligated to do so, we may, from time-to-tine, establish an advertising cooperative program for the benefit of all STEMTREE businesses located in a particular region. Once established, we will have the right to collect and designate all or a portion of your local advertising obligation for cooperative advertising. We will determine the geographic territory and market areas for each cooperative advertising program. You must participate in any cooperative advertising program established in your region. (Section 11.4)

Computer System (Section 12.5)

We do not currently require you to buy any particular point-of-sale system. However, we do require you to have a computer, printer, word processing and spreadsheet applications, email, accounting software, and credit card processing system. Although we currently do not require any particular point-of-sale system, computer system, or software, we have the right to require you to purchase and use particular systems and software in the future. The approximate cost of the hardware and software for a franchise location is $3,000.

We are not obligated to provide ongoing maintenance, repairs, upgrades, or updates to your computer system. We do not require you to enter into any ongoing maintenance or support agreements for the maintenance of a computer system, but you may find it advantageous to do so.

You may periodically be required to update or upgrade computer hardware and software, if we believe it is necessary. We have the right to introduce new requirements for computer systems or modify specifications and requirements during the term of the franchise. There are no limits on our right to do so.

We have the right to independently access all information you collect or compile at any time without first notifying you. There are no contractual limitations on our right to this access.

Operations Manual

We will provide to you, on loan, one copy of the STEMTREE Operations Manual or provide you with access to an electronic copy of the Operations Manual. The Table of Contents of the Operations Manual along with number of pages devoted to each section, is included as Exhibit E to this disclosure document. The Operations Manual contains a total of 366 pages.

Training (Section 8)

Training classes will be scheduled in accordance with the needs of new franchisees. We anticipate holding training class once per month. You must complete the initial training program to our satisfaction at least 30 days before the opening of the franchised business.

We do not charge for initial training; however, you must pay for all travel costs and living expenses for you and any of your attendees. Your Designated Manager must complete the initial training program to our

satisfaction before we will approve an opening date for the franchised business. Up to one other attendee of your choosing may also attend (for a total of two people).

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Introduction to the Curriculum - Programming - Overview of Brand - Value Proposition - Who We are	5	0	Vienna, VA headquarters
Marketing the Education Services - Generating Awareness - Competition - Advertising - Selling the Services - Sales Scripts	6	5	Vienna, VA headquarters
Management and Operations - Technology - Staffing - Payroll - Operations - Working with Customers - Managing the Relationship - Driving Repeat Business - Administrative	8	6	Vienna, VA headquarters
Total Hours	**19**	**11**	

Training is conducted by Dr. Abdelghani Bellaachia, PhD, Michelle Kang, and Claudia Hall. We describe the nature of the Instructors' experience in Item 2 above.

We set forth the length of the Instructors' experience in the industry and with the franchisor below:

Instructor	**Years of Experience in the Field**	**Years of Experience with the Franchisor***
Dr. Abdelghani Bellaachia, PhD	24	10
Michelle Kang	12	10
Claudia Hall	6	5

*Includes years of experience with any of our affiliates.

The training materials include the Operations Manual and related written materials.

Periodically, you, your managers, and/or your employees must attend mandatory refresher-training programs that we designate. This training will be conducted at our headquarters or another location we designate. We do not charge for this mandatory training; however, you are responsible for travel and living expenses of attendees.

We may also hold an Annual Conference or Convention. If we do, you agree to pay a Conference Fee of $250 per year for up to two persons to attend and $100 per person for each additional person to attend. You are also responsible for travel and living expenses of attendees.

Item 12
TERRITORY

The territory will be for a specific geographic region that we define and approve by radius, zip codes, natural, or political boundaries as set forth in the Franchise Agreement.

The minimum territory is based on a population of 2,500 to 3,000 children, ages five to 19 and at least four schools. We will determine the exact area of the Exclusive Territory, depending on your market.

We may approve relocation of the franchised business if we feel that conditions have changed such that a relocation represents a sound business decision.

We would not normally grant to you approval to open an additional outlet within your territory, but may grant you additional franchise territories if we feel you have the time, energy, capital, and management structure to be able to successfully open and operate another territory.

We do not grant you options, rights of first refusal, or similar rights to acquire additional franchises.

You will receive an exclusive territory, meaning a geographic area within which we promise not to establish either a company-owned or franchised outlet selling the same or similar goods or services under the same or similar trademarks or service marks.

Continuation of your territorial rights does not depend on achieving a certain sales volume, market penetration, or other contingency, and we may not alter your franchise territory, even if there is a population increase in your territory.

There are no restrictions on us from soliciting or accepting orders from consumers inside your Exclusive Territory. We reserve the right to use other channels of distribution, such as the internet, catalog sales, telemarketing, or other direct marketing sales, to make sales within your Exclusive Territory using our principal trademarks or using trademarks different from the ones you will use under your franchise agreement. We do not pay any compensation to you for soliciting or accepting orders from inside your Exclusive Territory.

There are no restrictions on you from soliciting or accepting orders from consumers outside of your Exclusive Territory, except that we reserve the right to control all internet-based marketing.

We neither operate nor plan to operate a business under a different trademark that will compete with you within your Exclusive Territory.

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Item 13
TRADEMARKS

Our affiliate, Stemtree Limited Liability Company ("SLLC") has registered the following Mark(s) with the United States Patent and Trademark Office (USPTO) on the Principal Register:

Mark	Registration Number	Registration Date	Register of the USPTO
(Design plus words)	4678370	January 27, 2015	Principal
Stemtree	5137065	November 22, 2016	Principal

We have filed all required affidavits and renewals.

We know of no currently effective material determinations of the United States Patent and Trademark Office, the Trademark Trial and Appeal Board, or any state trademark administrator or court; or any pending infringement, opposition, or cancellation proceedings. We know of no pending material federal or state court litigation regarding SLLC's use or ownership rights in any of the trademarks.

We know of no infringing or prior superior uses that could materially affect the use of the principal trademark.

Under a License Agreement ("License Agreement"), SLLC has licensed to us the right to use the Marks and to sublicense to franchisees. Our agreement with SLLC is perpetual unless otherwise terminated by mutual agreement. We know of no other agreements currently in effect which significantly limit our rights to use or license the use of the Marks in any manner material to you.

There are no other agreements currently in effect which significantly limit our rights to use or license the use of these trademarks, service marks, trade names, logotypes, or other commercial symbols in any manner material to the franchise.

We are not required to protect your right to use the principal trademarks or to protect you against claims of infringement or unfair competition arising out of their use of the trademarks. You must immediately notify us when you learn about any infringement of, or challenge to your use of, any trademark, or any claim by any person of any rights in any trademarks, and you must not communicate with any person other than us and our counsel regarding any infringements, challenges or claims unless you are legally required to do so, however, you may communicate with your own counsel at your own expense. We are not required to take affirmative action when notified of these uses or claims but will take the action we think appropriate.

We have the option to control the defense and settlement of any proceeding related to your use of the trademarks. We will reimburse you for all of your expenses reasonably incurred in any legal proceeding disputing your authorized use of our principal trademark, but only if you notify us of the proceeding in a timely manner and you have complied with our directions with regard to the proceeding and you have not intentionally misused the Mark.

If we require you to modify or discontinue using a trademark, you will be solely responsible for all related expenses up to the cap for system modifications stated in the Franchise Agreement.

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Item 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

There are no patents or patent applications that are material to the franchise.

We own a copyright in all of the material created for use with SEC, comprising of the Operations Manual, our website, our marketing materials, educational material, marketing material, and any other copyrightable items that are part of the System. We have not registered the copyrights with the United States Copyright Office.

There are no current material determinations of the United States Patent and Trademark Office, the United States Copyright Office, or a court regarding any patent or copyright listed in this disclosure document. There are no material proceedings pending in either the United States Patent and Trademark Office or any court. The right to use the copyrighted items is not materially limited by any agreement.

We are not obligated to protect the copyright or to defend you against claims arising from your use of the copyrighted items. We know of no patent or copyright infringement that could materially affect the franchise.

We have developed certain trade secrets and other confidential information, including methods of business management, sales and promotion techniques, and know-how, knowledge of, and experience in, operating a STEMTREE franchised business.

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

You are obligated to directly supervise the franchised business, and you must appoint a designated manager to provide personal on-premises supervision of the franchised business.

If the franchisee is an individual, we may require that the franchisee serve as the designated manager. If the franchisee is a business entity, we do not require that the designated manager own any equity in the franchisee. The designated manager must successfully complete our training program. There are no limits on whom you can appoint as a designated manager except for our right to insist that you fill the role.

Your appointed designated manager will be required to sign nondisclosure and noncompetition agreements in a form the same as or similar to the Nondisclosure and Non-competition Agreement (Attachment 2 to the Franchise Agreement). We will be a third-party beneficiary with the right to enforce those agreements.

You agree to accurately and completely furnish to us the names, contact information, and ownership percent on anyone owning an interest in this franchise on Attachment 1 to the Franchise Agreement. No change to the owners or ownership percentages are permitted without our prior written consent. All such owners must also sign the Unlimited Guaranty and Assumption of Obligation, Attachment 3 to the Franchise Agreement.

You must designate one (1) owner with at least 10% ownership as the "Principal Owner." The Principal Owner is the primary owner responsible for your business and communication with us. The Principal Owner must have authority over all transactions and dealings related to your Franchised Business and must have power to create binding agreements with us.

[remainder of page intentionally left blank]

Item 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You are only permitted to offer the services and programs authorized by us, and you must discontinue offering any services or programs that we may disapprove. You must offer for sale all goods and services that we require.

We may periodically change required or authorized services or programs. There are no limits on our right to do so, except that your investment required to change required or authorized services will not exceed $20,000 during the initial term of the franchise.

We do not restrict your access to solicit customers, except that all sales must be made at or from your location, and we reserve the right to control all internet-based marketing.

Item 17
RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

This table lists certain important provisions of the franchise and related agreements. You should read these provisions in the agreement attached to this disclosure document.

Provision	Section in Franchise Agreement	Summary
a. Length of the franchise term	4.1	5 years.
b. Renewal or extension of the term	4.2	You may renew for another term if you comply with our renewal requirements, by signing a then current franchise agreement, which may contain materially different terms and conditions from those contained in the original franchise agreement.
c. Requirements for franchisee to renew or extend	4.2	You may renew the franchise agreement by entering into a then current form of franchise agreement if you meet the following conditions: (i) Be in good standing under your agreements with us; (ii) Be current in monies owed; (iii) Have made required purchases, upgrades, and updates; (iv) Have the right to maintain possession of the Approved Location; (v) Timely request renewal; (vi) Meet our then-current qualifications for a new franchisee; and (vii) Sign a general release.
d. Termination by franchisee	16.1	You may terminate the Franchise Agreement by selling it pursuant to its terms or not renewing it, or upon any grounds available by applicable state law.
e. Termination by franchisor without	Not Applicable	Not Applicable

Provision	Section in Franchise Agreement	Summary
cause		
f. Termination by franchisor with cause	16.2	See (g) and (h) below.
g. "Cause" defined-curable defaults	16.2.2	You may avoid termination if: (i) You pay amounts owed to us in full within 5 days of notice; (ii) You buy and maintain insurance for your business and send us the proof within 10 days of notice; (iii) You comply with our mandatory specifications within 30 days of notice;
h. "Cause" defined- non-curable defaults	16.2.1	(i) Fail to select a site or open on time; (ii) Fail to pass training; (iii) False application for the franchise; (iv) Damage our reputation; (v) Criminal conviction; (vi) Insolvency; (vii) Breach confidentiality duties; (viii) You transfer your business without our approval; (ix) You violate health, safety, or other laws and fail to comply with such laws after notice; (x) You are in default with any provision of the Franchise Agreement and fail to cure it, if applicable;
i. Franchisee's obligations on termination/non-renewal	17.1	i) Stop operating the Franchised Business; (ii) Stop using trade secrets and confidential information and return to us all confidential materials; (iii) Assign to us any assumed names, your telephone numbers, email addresses, facsimile numbers, and your interest in the franchise location, if applicable; (iv) Pay us all amounts owed; (v) Not compete with us.
j. Assignment of contract by franchisor	18.1	We can assign without your consent.
k. "Transfer" by franchisee-defined	18.2	Selling, assigning, conveying, giving away, pledging, mortgaging, sublicensing, or otherwise transferring any interest in the Franchise Agreement, the Franchise Business, Approved Location, its assets, or any part of the ownership in you.

Provision	Section in Franchise Agreement	Summary
l. Franchisor's approval of transfer by franchisee	18.2	You may not transfer without our prior written approval.
m. Conditions for franchisor approval of transfer	18.2	We will approve a transfer if: (i) We have not exercised our right of first refusal; (ii) You paid us all amounts owed; (iii) You provide us with all agreements related to the transfer; (iv) You or transferee pay us the applicable transfer fee; (v) You execute a general release; (vi) Transferee meets our business and financial standards; (vii) Transferee signs then-current Franchise Agreement; (viii) Transferee has obtained third party consents and approvals; (ix) Transferee passes initial training; and (x) Transferee obtains insurance.
n. Franchisor's right of first refusal to acquire franchisee's business	19	We may match any offer for your Franchised Business or any interest you propose to sell.
o. Franchisor's option to purchase franchisee's franchised business	17.4	After termination or expiration of your Franchise Agreement, we may purchase your personal property, fixtures, equipment, inventory, and supplies for your Business for fair market value. We may not otherwise purchase your business or its assets without your permission.
p. Death or disability of franchisee	18.6	Following your death or disability, you or your representative must transfer the interest in the Franchised Business within 180 days.
q. Non-competition covenants during the term of the franchise	7.3	You may not compete with us during the term. (Subject to applicable state law.)
r. Non-competition covenants after the franchise is terminated or expires	17.2	For 2 years after the termination or expiration of the Franchise Agreement, you may not compete with us within 25 miles of the franchise location or within 25 miles of any other STEMTREE franchised business; or solicit or influence any of our customers or business associates to compete with us or terminate their relationship with us. (Subject to applicable state law.)

Provision	Section in Franchise Agreement	Summary
s. Modification of the agreement	9.2, 22.7 and 22.8	The Franchise Agreement can only be changed in writing by mutual agreement between you and us. However, we may change the Operations Manual without your consent if such change does not alter your fundamental rights.
t. Integration/ merger clause	22.7	Only the terms of the Franchise Agreement are binding. Any representations or promises outside of the Franchise Agreement and this Disclosure Document may not be enforceable. (Subject to applicable state law.)
u. Dispute resolution by arbitration or mediation	23.6	Subject to applicable state law, all disputes are resolved by arbitration (except for injunctive relief).
v. Choice of forum	23.2	Subject to applicable state law, any litigation must be pursued in courts located in the Commonwealth of Virginia.
w. Choice of law	23.1	Subject to applicable state law, Virginia law applies.

Item 18
PUBLIC FIGURES

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

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Item 19
FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in this disclosure document. Financial performance information that differs from that included in this Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet that 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 set forth below historic financial performance representations for our franchised and company owned outlets:

FPR #1-Franchised Outlets

2024

As of December 31, 2024, we had 16 franchised outlets, 8 of which operated the entire year and one of which opened in February 2024, so we include that outlet as well. 7 other outlets opened part way through the year (in April 2024 or later) and 4 outlets closed part way through the year and we exclude earnings information on those outlets.

Gross Sales Achieved by Our Reporting Operational Franchise Outlets that Operated Full-Time in 2024						
Performance Quartile	**Average Gross Sales**	**Median Gross Sales**	**Highest Gross Sales**	**Lowest Gross Sales**	**Number of Outlets**	**Number and % of Outlets That Attained or Surpassed the Stated Result**
Top 25%	$334,764	$334,764	$334,764	$308,834	2	1 outlet or 50%
Mid-High 25%	$193,834	$193,834	$204,662	$183,006	2	1 outlet or 50%
Mid-Low 25%	$170,922	$170,922	$172,405	$169,439	2	1 outlet or 50%
Bottom 25%	$102,045	$115,436	$119,269	$71,431	3	2 outlets or 66%

2023

As of December 31, 2023, we had 12 franchised outlets, nine of which operated the entire year. One outlet opened part way through the year and 2 outlets closed part way through the year and we exclude earnings information on those outlets:

Gross Sales Achieved by Our Reporting Operational Franchise Outlets that Operated Full-Time in 2023						
Performance Quartile	**Average Gross Sales**	**Median Gross Sales**	**Highest Gross Sales**	**Lowest Gross Sales**	**Number of Outlets**	**Number and % of Outlets That Attained or Surpassed the Stated Result**
Top 25%	$263,2432	$284,820	$356,434	$148,476	3	2 outlets or 66%
Mid-High 25%	$131,477	$131,477	$144,787	$118,166	2	1 outlet or 50%
Mid-Low 25%	$131,477	$131,477	$97,576	$77,359	2	1 outlet or 50%
Bottom 25%	$64,057	$64,057	$67,802	$60,311	2	1 outlet or 50%

2022

As of December 31, 2022, we had 13 franchised outlets, 10 of which operated the entire year. Four outlets opened part way through the year and 1 of those 4 outlets that opened part way through the year also closed part way through the year and we exclude earnings information on those outlets:

Gross Sales Achieved by Our Reporting Operational Franchise Outlets that Operated Full-Time in 2022						
Performance Quartile	**Average Gross Sales**	**Median Gross Sales**	**Highest Gross Sales**	**Lowest Gross Sales**	**Number of Outlets**	**Number and % of Outlets That Attained or Surpassed the Stated Result**
Top 25%	$126,059	$126,765	$143,328	$107,376	4	2 outlets or 50%
Mid-High 25%	$90,235	$90,235	$90,356	$90,114	2	1 outlet or 50%
Mid-Low 25%	$77,646	$77,646	$82,803	$72,489	2	1 outlet or 50%
Bottom 25%	$28,737	$28,737	$28,867	$28,608	2	1 outlet or 50%

Notes:

1. "**Gross Revenue**" means the aggregate of all revenue collected from all sources in connection with the Franchised Business, including, without limitation, all proceeds from any business interruption insurance and any sales or grant money collected from or through any third party such as a county, state, or the federal government; but excluding (a) any revenue franchisee remits to a customer or property owner or collection agency that franchisee is contractually obligated to remit, (b) any chargeback fees franchisee pays to a collection agency, (c) any sales and equivalent taxes that are collected by Franchisee for or on behalf of any governmental taxing authority and paid thereto, and (d) any rebate received by Franchisee from a manufacturer or supplier.

2. In a portion of 2021 and 2022, some outlets did not operate for at least 12 months because they experienced mandatory COVID-19 related temporary on-site closures for various periods of time. In response to on-site closure requirements, some of these units offered online classes, while others did not offer any services and closed temporarily.

3. We assigned "Unit 1," Unit 2" etc. based on the order of performance of an outlet. Which franchised outlet has a given Unit number may vary year to year.

FPR #2- Company-Owned Outlet

Presented below are the Gross Revenue and Adjusted Gross Revenue figures for the company owned outlet for the 2024, 2023, and 2022. We have had one company outlet in operation and it has been open since 2014.

There are no material operational differences between the company outlet and the franchised outlets, except the age of the company owned outlet.

There are material financial differences between the company outlet and the franchised outlets in that the franchised outlets incur royalty fees (8% of Gross Revenues), Marketing Fund Contributions (2% of Gross Revenues), and IT fees ($110/month), and other fees under their respective franchise agreements.

Year	2024
Gross Revenue	$532,573.13
Royalty Fee (8%)	$42,605.85
Marketing Fund Contribution (2%)	$10,651.46
IT Fee ($110/month)	$1,320
Total Expenses that would be incurred if this were a franchised outlet:	$54,577.31
Adjusted Gross Revenue as if a Franchised Outlet	$477,995.82

Year	2023
Gross Revenue	$432,055.59
Royalty Fee (8%)	$34,564.45
Marketing Fund Contribution (2%)	$8,641.11
IT Fee ($110/month)	$1,320
Total Expenses that would be incurred if this were a franchised outlet:	$44,525.56
Adjusted Gross Revenue as if a Franchised Outlet	$387,530.03

Year	2022
Gross Revenue	$399,321.43

Royalty Fee (8%)	$31,945.71
Marketing Fund Contribution (2%)	$7,986.43
IT Fee ($110/month)	$1,320
Total Expenses that would be incurred if this were a franchised outlet:	$41,252.14
Adjusted Gross Revenue as if a Franchised Outlet	$358,069.29

FPR #3-Systemwide Information

Here we present certain systemwide earnings information for 2024, 2023, and 2022:

	2022	2023	2024
Average Gross Revenue	$89,747.10	$178,778.62	$223,774.81
Median Gross Revenue	$90,234.75	$131,476.52	$177,705.26
Average Monthly Gross Revenue	$9,824.19	$14,898.22	$18,647.90
Median Monthly Gross Revenue	$7,529.65	$10,956.38	$14,808.77
Low Gross Revenue	$28,607.57	$60,310.79	$71430.86
High Gross Revenue	$399,321.43	$432,055.59	$532573.13
% Increase with Respect of the previous year	52%	50%	21%
Total Gross Revenue	$897,471.00	1,787,786.23	$2,237,748.11

Notes:

4. **Gross Revenues**- See definition of "Gross Revenues" in Note 1 above.

5. "**Less Expenses that would be incurred if this were a franchised outlet**" refers to royalty fees (8% of Gross Revenues), Marketing Fund Contributions (2% of Gross Revenues), and IT fees ($110/month).

6. "**Adjusted Gross Revenue as if a Franchised Outlet**" refers to **Gross Revenue** minus **Expenses that would be incurred if this were a franchised outlet**.

Written substantiation for this financial performance representation is available to you upon reasonable written request.

Some outlets have earned these amounts. Your individual results may differ. There is no assurance that you will earn as much.

Other than the preceding financial performance representation, Stemtree Franchising, LLC, does not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Dr. Abdelghani Bellaachia, Stemtree Franchising, LLC at 220 Maple Avenue West, Vienna, Virginia 22180 and (877) 200-7836, 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

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2022	10	13	+3
	2023	13	12	-1
	2024	12	16	+4
Company-Owned	2022	1	1	0
	2023	1	1	0
	2024	1	1	0
Total Outlets	2022	11	14	+3
	2023	14	13	-1
	2024	13	17	+4

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
All States	2022	0
	2023	0
	2024	0
Total	2022	0
	2023	0
	2024	0

TABLE NO. 3
Status of Franchised Outlets
For Years 2022 to 2024

State	Year	Outlets At Start Of Year	Outlets Opened	Termina-tions	Non-Renewals	Reacquired By Franchisor	Ceased Operations For Other Reasons	Outlets At End Of Year
California	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	1	0	0	0	0	2
Florida	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	2	0	0	0	0	2
Georgia	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	1	0	0	0
Indiana	2022	1	0	0	0	0	1	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
Massachusetts	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
Maryland	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Ohio	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	1	0	0	1
Oklahoma	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
Tennessee	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
Texas	2022	1	2	0	0	0	0	3
	2023	3	1	0	0	0	0	4
	2024	4	1	0	0	0	0	5
Virginia	2022	4	0	0	0	0	0	4
	2023	4	0	0	1	0	0	3
	2024	3	0	0	2	0	0	1
Washington	2022	1	0	0	0	0	0	1
	2023	1	0	0	1	0	0	0

State	Year	Outlets At Start Of Year	Outlets Opened	Termina-tions	Non-Renewals	Reacquired By Franchisor	Ceased Operations For Other Reasons	Outlets At End Of Year
	2024	0	1	0	0	0	0	1
Total	2022	10	4	0	0	0	1	13
	2023	13	1	0	2	0	0	12
	2024	12	8	0	4	0	0	16

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 the Year
Virginia	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1
Total	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1

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 Next Fiscal Year
Maryland	2	2	0
New York	1	1	0
North Carolina	1	1	0
Rhode Island	1	1	0
Tennessee	1	1	0
Texas	1	1	0
Washington	2	2	0
TOTALS	9	9	0

Exhibit C contains a list of the names of all current franchisees as of our last fiscal year end, and the address and telephone number of each of their outlets.

Exhibit D contains a list of the names, city and state, and current business telephone number, or if unknown, the last known home telephone number of every franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during our 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 buy this franchise, 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.

We are not aware of any trademark-specific franchisee organizations associated with the franchise system being offered.

Item 21
FINANCIAL STATEMENTS

Exhibit G contains our audited balance sheets as of our fiscal years ending December 31, 2024, 2023, and 2022.

Item 22
CONTRACTS

The proposed agreements regarding this franchise offering are included as exhibits to this Disclosure Document as follows:

Exhibit B - Franchise Agreement

- Attachment 1. Ownership Information
- Attachment 2. Nondisclosure and Non-Competition Agreement
- Attachment 3. Unlimited Guaranty and Assumption of Obligation
- Attachment 4. Rider to Lease Agreement
- Attachment 5. ADA Certification
- Attachment 6. State Specific Addenda to the Franchise Agreement

Exhibit F - General Release (Sample Form)

Exhibit H – Franchise Disclosure Questionnaire

Item 23
RECEIPTS

Exhibit K includes detachable documents acknowledging your receipt of this disclosure document. Please sign and date both copies of the Receipt. Keep one signed copy of the Receipt for your file and return to us the other signed copy.

EXHIBIT A

LIST OF AGENCIES/AGENTS FOR SERVICE OF PROCESS

State	State Administrator	Agent for Service of Process
California	Department of Financial Protection and Innovation 320 West 4th Street, Suite 750 Los Angeles, CA 90013	Commissioner of Financial Protection and Innovation Department of Financial Protection and Innovation 320 West 4th Street Los Angeles, CA 90013
Hawaii	Commissioner of Securities of the State of Hawaii Department of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722	
Illinois	Office of Attorney General Franchise Division 500 South Second Street Springfield, IL 62706 (217) 782-4465	Illinois Attorney General Office of Attorney General Franchise Division 500 South Second Street Springfield, IL 62706
Indiana	Secretary of State, Securities Division 302 West Washington Street, Room E-111 Indianapolis, IN 46204 (317) 232-6681	Secretary of State, Securities Division 302 West Washington Street, Room E-111 Indianapolis, IN 46204
Maryland	Office of the Attorney General Securities Commissioner 200 St. Paul Place Baltimore, MD 21202 (410) 576-6360	Maryland Securities Commissioner 200 St. Paul Place Baltimore, MD 21202-2020
Michigan	Department of Attorney General Consumer Protection Division – Franchise Unit 525 W. Ottawa Street G. Mennen Building Lansing, MI 48913 (517) 373-7117	Department of Attorney General 525 W. Ottawa Street G. Mennen Building Lansing, MI 48913
Minnesota	Minnesota Commissioner of Commerce 85 7th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500	
New York	NYS Department of Law Investor Protection Bureau 28 Liberty St. 21st Floor New York, NY 10005	New York Department of State One Commerce Plaza 99 Washington Avenue, 6th Floor Albany, New York 12231-0001

	212-416-8222	(518) 473-2492 Phone
North Dakota	North Dakota Insurance & Securities Department 600 East Boulevard Avenue State Capital, Fourteenth Floor, Dept. 414 Bismarck, ND 58505-0510 (701) 328-2910	
Rhode Island	Department of Business Regulation Securities Division John O. Pastore Complex 1511 Pontiac Avenue, Bldg. 69-1 Cranston, RI 02920 (401) 462-9588	
South Dakota	Division of Insurance Securities Regulation 124 South Euclid, Suite 104 Pierre, SD 57501 (605) 773-773-3563	
Virginia	State Corporation Commission Division of Securities and Retail Franchising, 9th Floor 1300 E. Main Street Richmond, VA 23219 (804) 371-9051	Clerk of the State Corporation Commission 1300 East Main Street, 1st Floor Richmond, VA 23219
Washington	Washington State Department of Financial Institutions Securities Division P.O. Box 41200 Olympia, WA 98504 (360) 902-8760	Securities Administrator Washington State Department of Financial Institutions 150 Israel Road SW Tumwater, WA 98501
Wisconsin	Wisconsin Department of Financial Institutions 345 West Washington Avenue Madison, WI 53703 (608) 266-8557	Wisconsin Department of Financial Institutions 345 West Washington Avenue Madison, WI 53703

EXHIBIT B

FRANCHISE AGREEMENT (WITH ATTACHMENTS)

Stemtree Franchise Agreement

Summary Page

1. Franchisee: _____
2. Effective Date:_____
3. Initial Franchise Fee: _____
4. Program and Training Fee (if applicable): _____
5. Exclusivity Fee (if applicable): _____
6. Designated Area: _____
7. Approved Location: _____
8. Exclusive Territory: _____
9. Opening Deadline: _____
10. Designated Manager: _____
11. Franchisee's Address: _____

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1. Ownership Information
2. Nondisclosure and Non-Competition Agreement
3. Unlimited Guaranty and Assumption of Obligation
4. Rider to Lease Agreement
5. ADA Certification
6. State Specific Addenda to the Franchise Agreement

FRANCHISE AGREEMENT

This Franchise Agreement is by and between STEMTREE FRANCHISING, LLC, a Virginia Limited Liability Company, ("Franchisor"), and the franchisee listed on the Summary Page ("Franchisee") and is for the purpose of establishing a franchise relationship between the parties; whereas Franchisor intends to sell and Franchisee intends to own and operate a Stemtree Franchised Business. Franchisor and Franchisee, intending to be legally bound, agree as follows:

1. Definitions. Whenever used in this Agreement, the following words and terms have the following meanings:

"Affiliate" means any business entity that controls, is controlled by, or is under common control with Franchisor.

"Agreement" means this agreement entitled "Stemtree Franchise Agreement" and all instruments supplemental hereto or in amendment or confirmation hereof.

"Approved Location" means the site for the operation of the Franchised Business selected by Franchisee and approved in writing by Franchisor.

"Competitive Business" means any business that offers or provides (or grants franchises or licenses to others to operate a business that offers or provides) services the same as or similar to those provided by Franchised Businesses or in which Trade Secrets or other Confidential Information could be used to the disadvantage of Franchisor, any Affiliate or its other franchisees; provided, however, that the term "Competitive Business" shall not apply to (a) any business operated by Franchisee under a Franchise Agreement with Franchisor, or (b) any business operated by a publicly-held entity in which Franchisee owns more than a five percent (5%) legal or beneficial interest.

"Confidential Information" means information used in or related to Stemtree Franchised Businesses and not commonly known by or available to the public, including, without limitation, Trade Secrets and any other information identified or labeled as confidential when delivered by Franchisor.

"Designated Manager" means the individual designated by Franchisee as having primary responsibility for managing the daily affairs of the Franchised Business.

"Effective Date" means the date on which Franchisor and Franchisee fully execute this Agreement, thereby commencing its effectiveness and term.

"Franchise" means the right granted to Franchisee by Franchisor to use the System and the Marks.

"Franchised Business" means the Stemtree business to be established and operated by Franchisee pursuant to this Agreement.

"Franchise**"** means the right granted to Franchisee by Franchisor to use the System and the Marks in a complete business model offered to a Franchisee without any existing business in place.

"Gross Revenue" means the aggregate of all revenue collected from all sources in connection with the Franchised Business, including, without limitation, all proceeds from any business interruption insurance and any sales or grant money collected from or through any third party such as a county, state, or the federal government; but excluding (a) any revenue franchisee remits to a customer or property owner or collection agency that franchisee is contractually obligated to remit, (b) any chargeback fees franchisee pays to a collection agency, (c) any sales and equivalent taxes that are collected by Franchisee for or on behalf of any governmental taxing authority and paid thereto, and (d) any rebate received by Franchisee from a manufacturer or supplier.

"Incapacity" means the inability of Franchisee, or any holder of a legal or beneficial interest in Franchisee, to operate or oversee the operation of the Franchised Business on a regular basis by reason of any continuing physical, mental or emotional condition, chemical dependency or other limitation;

"Marks" means the trade name or trademark "Stemtree" and such other trade names, trademarks, service marks, trade dress, designs, graphics, logos, emblems, insignia, fascia, slogans, drawings and other commercial symbols as Franchisor may designate to be used in connection with Stemtree Franchised Businesses;

"Operations Manual" means the Stemtree Operations Manual, whether in paper or electronic form, and any other items as may be provided, added to, changed, modified or otherwise revised by Franchisor from time to time that contain or describe the standards, methods, procedures and specifications of the System, including other operations, administration and managers' manuals and all books, computer programs, password-protected portions of an Internet site, pamphlets, memoranda and other publications prepared by, or on behalf of, Franchisor.

"System" means the uniform standards, methods, procedures and specifications developed by Franchisor and as may be added to, changed, modified, withdrawn or otherwise revised by Franchisor for the operation of Stemtree Businesses; and

"Trade Secrets" means information in any form (including, but not limited to, technical or non-technical data, formulas, patterns, compilations, programs, devices, methods, techniques, drawings, processes, financial data, financial plans, product plans, passwords, lists of actual or potential customers or suppliers) related to or used in Stemtree Franchised Businesses that are not commonly known by or available to the public and that: (a) derives economic value, actual or potential, from not being generally known to, and not being readily ascertained by proper means by, other persons who can obtain economic value from its disclosure or use; and (b) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

2. Grant of Franchise and Approved Location.

2.1 Grant

Franchisor hereby grants to Franchisee, upon the terms and conditions herein contained, a license to operate one Stemtree Franchised Business using the System and Marks solely at the Approved Location. Franchisee hereby accepts such license, and agrees to develop, open and operate a Stemtree Franchised Business at the Approved Location for the entire term of this Agreement.

2.2 Approved Location

The street address (or detailed description of the premises) of the Approved Location for the operation of the Franchised Business is listed on the Summary Page.

2.3 Approved Location Not Determined

If the Approved Location is determined as of the Effective Date, then this Section shall be inapplicable. If the Approved Location is not determined as of the Effective Date, then the geographic area in which the Approved Location is to be located shall be within the Designated Area described on the Summary Page. Franchisee shall select and submit possible sites for Franchisor's evaluation in accordance with Section 5.1. When the Approved Location is determined, its address shall be inserted into Section 2.2, shall be initialed and dated by Franchisee and Franchisor and the Designated Area shall lapse. The failure to insert such address into Section 2.2, shall not automatically affect the enforceability of this Agreement. The Designated Area is delineated for the sole purpose of site selection and does not confer any territorial exclusivity or protection.

2.4 Territory

Franchisee's Exclusive Territory shall be described on the Summary Page. If the Exclusive Territory is not known when this Agreement is executed, then Franchisor shall determine the Exclusive Territory when it approves an Approved Location. The Exclusive Territory shall, at a minimum, contain between 2,500 to 3,000 kids ages 5 – 19 and at least four schools. The territory will be for a specific

geographic region that we define and approve by radius, zip codes, natural, or political boundaries as set forth in the Franchise Agreement.

We do not grant you options, rights of first refusal, or similar rights to acquire additional franchises.

You will receive an exclusive territory, meaning a geographic area within which we promise not to establish either a company-owned or franchised outlet selling the same or similar goods or services under the same or similar trademarks or service marks.

Continuation of your territorial rights does not depend on achieving a certain sales volume, market penetration, or other contingency, and we may not alter your franchise territory, even if there is a population increase in your territory.

There are no restrictions on us from soliciting or accepting orders from consumers inside your Exclusive Territory. We reserve the right to use other channels of distribution, such as the internet, catalog sales, telemarketing, or other direct marketing sales, to make sales within your Exclusive Territory using our principal trademarks or using trademarks different from the ones you will use under your franchise agreement. We do not pay any compensation to you for soliciting or accepting orders from inside your Exclusive Territory.

There are no restrictions on you from soliciting or accepting orders from consumers outside of your Exclusive Territory, except that we reserve the right to control all internet-based marketing.

Franchisee's rights in the Territory are subject to Franchisor's rights articulated in Section 2.8.

2.5 Approved Relocation

If Franchisee wishes to relocate to a new Approved Location, Franchisee shall select and submit possible sites for Franchisor's evaluation in accordance with Sections 2.3 and 5.1. Franchisor shall not unreasonably withhold its approval.

2.6 Additional Franchise Outlets

This Agreement does not grant Franchisee the right to open additional Franchised Businesses within their territory. Additional franchises, if any, shall be governed by an additional Franchise Agreement.

2.7 Sub-Franchising/Agents

Franchisee shall not sublicense the use of the System or Marks to any person or entity. Except as permitted in Section 18, Franchisee shall not grant any person or entity the right to perform any part of Franchisee's rights or obligations licensed hereunder.

2.8 Franchisor's Rights

2.8.1 Franchisee acknowledges that except to the extent provided in Section 2.4 above, Franchisor expressly retains all rights and discretion with respect to the Marks and System, including the right to:2.8.1.1 establish, own or operate, and license others to establish, own or operate, Stemtree Franchised Businesses outside of the Territory;

2.8.1.2 be acquired (regardless of the form of transaction) by any business, even if the other business operates franchises and/or licenses Competitive Businesses within the Territory;

2.8.1.3 provide the services and sell the programs authorized for Stemtree Franchised Businesses using the Marks or other trademarks, service marks and commercial symbols through an alternate channel of distribution on such terms and conditions as Franchisor deems appropriate; and

2.8.1.4 purchase or otherwise acquire the assets or controlling ownership of one (1) or more businesses identical or similar to the Franchised Business some or all of which may be located anywhere, including within the Territory.

2.8.2 If Franchisor purchases or acquires such businesses within the Territory that are not franchised or licensed, Franchisor may, in its sole discretion:

2.8.2.1 offer to sell any such businesses to Franchisee or to any third party at the business's fair market value to be operated as a Stemtree Franchised Business; or

2.8.2.2 offer Franchisee the opportunity to operate such business(s) in partnership with Franchisor (or an Affiliate) under the business(s) existing trade name or a different trade name.

2.8.2.3 Franchisee acknowledges that Franchisor has the sole and exclusive right in its absolute discretion to determine and control the curricula and educational programs included in the Stemtree Franchised Business and/or System. Stemtree shall offer in-person curricula focused on science, technology, engineering, and mathematics. Franchisee understand and explicitly agrees that it shall not at any time offer any other curriculum, programs, or classes outside of these core focus areas. As an example only and not as an exhaustive list, Franchisee understands that it will not offer any programs or classes related to languages, economics, business, , or any other fields of study without the written consent of Franchisor, who may withhold, condition, or deny its consent at its sole and absolute discretion.

2.9 Marketing and Solicitation Restrictions

2.9.1 Except as part of cooperative advertising implemented pursuant to Section 11.4, Franchisee shall not advertise in any media whose primary circulation is within the territory of another franchisee.

2.9.2 Despite the marketing restriction in the previous section, Franchisee shall be permitted to serve any customers regardless of their home or business location at their Approved Location within the Territory.

3. Fees.

3.1 Franchise Fee

Upon execution of this Agreement, Franchisee shall pay a fee ("Initial Franchise Fee") to Franchisor set forth on the Summary Page. The Initial Franchise Fee shall be deemed fully earned upon execution of this Agreement and is nonrefundable, except under certain conditions set forth under Sections 5.2, 5.7, and 8.3. The Initial Franchise Fee is payment, in part, for expenses incurred by Franchisor in furnishing assistance and services to Franchisee as set forth in this Agreement and for costs incurred by Franchisor, including general sales and marketing expenses, training, legal, accounting and other professional fees.

3.2 Monthly Royalty Fee

Franchisee shall pay a royalty fee ("Royalty Fee"), on or before the 20th day of each calendar Month, equal to the greater of (i) 8% of Gross Revenue or (ii) $325 per month (the "Minimum Royalty Fee") beginning the earlier of (i) sixth (6^{th}) month after the Effective Date of this Franchise Agreement or (ii) when the franchised business opens to the public for business.

Franchisee shall pay monthly Royalty Fees or the Minimum Royalty Fees in the following manner: Royalty Fees will be deducted automatically through EFT; and each monthly Royalty Fee payment made by Franchisee shall accompany a sales report. If Franchisor requires Franchisee to pay Royalty Fees through electronic transfer as set forth in Section 3.4, such reports shall instead be submitted to Franchisor via facsimile transmission, e-mail or intranet system.

3.3 Additional Service Fees

Franchisor reserves the right to offer new programs and services to Franchisee in exchange for additional fees to be determined by Franchisor. The terms and condition of payment shall also be determined by Franchisor. The purchase of additional programs and services offered by Franchisor may be

optional or mandatory, at Franchisor's discretion, provided that mandatory additional fees shall not exceed $400 per month.

3.4 Taxes

Franchisee shall pay to Franchisor an amount equal to all sales taxes, excise taxes, use taxes, withholding taxes and similar taxes imposed on the fees payable by Franchisee to Franchisor hereunder and on services or goods furnished to Franchisee by Franchisor at the same time as Franchisee remits such fees to Franchisor, whether such services or goods are furnished by sale, lease or otherwise, unless the tax is an income tax assessed on Franchisor for doing business in the state where the Approved Location is located.

3.5 Late Fees

All Royalty Fees, Marketing Fund Contributions, amounts due for purchases by Franchisee from Franchisor and other amounts that are not received by Franchisor within five (5) days after the due date shall incur late fees at the rate of one and one-half percent (1.5%) per month (or the highest rate allowed by the law of the state where Franchisee is located), from the date payment is due to the date payment is received by Franchisor. Franchisee shall pay Franchisor for all costs incurred by Franchisor in the collection of any unpaid and past due Royalty Fees, Marketing Fund Contributions or any other amounts due Franchisor, including reasonable accounting and legal fees. This Section shall not constitute an agreement by Franchisor to accept any payments after the due date or a commitment by Franchisor to extend credit to or otherwise finance Franchisee.

3.6 Non-Compliance Fee

Franchisor may charge Franchisee $250 for any instance of non-compliance with the Operating Manual or this Agreement. If such non-compliance is ongoing, Franchisor may charge Franchisee $250 per day until Franchisee ceases such non-compliance. This fee is a reasonable estimate of Franchisor's internal cost of personnel time attributable to addressing the non-compliance, and is not a penalty or estimate of all damages arising from Franchisee's breach. The non-compliance fee is in addition to all of Franchisor's other rights and remedies.

3.7 IT Fee

Franchisee shall pay an IT fee to cover operations of the customer relationship manager, currently in the amount of $110 per month beginning the earlier of (i) sixth (6^{th}) month after the Effective Date of this Franchise Agreement or (ii) when the franchised business opens to the public for business.

3.8 Conference Fee

Franchisee agrees to pay a Conference Fee of $350 per year for up to two persons to attend our Annual Conference or Convention and $150 per person for each additional person to attend.

3.9 Application of Payments

Notwithstanding any designation by Franchisee, Franchisor shall have the right to apply any payments by Franchisee to any past due indebtedness of Franchisee for Royalty Fees, Marketing Fund Contributions, purchases from Franchisor or any other amount owed to Franchisor in any proportion or priority.

4. Term and Renewal.

4.1 Initial Term

This Agreement shall be effective and binding for an initial term of five (5) years from the Effective Date, unless sooner terminated pursuant to Section 16.

4.2 Successor Franchise

4.2.1 Subject to the conditions below, Franchisee has the right to obtain a Successor Franchise at the expiration of the term of this Agreement by entering into the then current Franchise Agreement with Franchisor. To qualify for a successor franchise, each of the following conditions shall have been fulfilled and remain true as of the last day of the term of this Agreement:

(i) Franchisee has, during the entire term of this Agreement, fully complied with all material provisions of this Agreement;

(ii) Franchisee has access to and, for the duration of the successor franchise, the right to remain in possession of the Approved Location, or a suitable substitute location approved by Franchisor, which is in full compliance with Franchisor's then-current specifications and standards;

(iii) Franchisee has, at its expense, made such capital expenditures as were necessary to maintain uniformity with any Franchisor-required System modifications such that the Franchised Business reflects Franchisor's then-current standards and specifications;

(iv) Franchisee has satisfied all monetary obligations owed by Franchisee to Franchisor (or any Affiliate), and has timely met these obligations throughout the term of this Agreement;

(v) Franchisee is not in default of any provision of this Agreement or any other agreement between Franchisee and Franchisor;

(vi) Franchisee has given written notice of its intent to operate a successor franchise to Franchisor not less than nine (9) months nor more than twelve (12) months prior to the end of the term of this Agreement;

(vii) Franchisee has executed Franchisor's then-current form of Franchise Agreement that may be different from this Agreement (or has executed other documents at Franchisor's election that modify this Agreement to reflect the fact that the Franchise Agreement relates to the grant of a successor franchise), which Franchise Agreement shall supersede this Agreement in all respects, and the terms of which may differ from the terms of this Agreement by requiring, among other things, a different percentage Royalty Fee or Marketing Fund Contribution; provided, however, that Franchisee shall not be required to pay either a renewal fee or the then-current Franchise Fee;

(viii) Franchisee has complied with Franchisor's then-current qualifications for a new franchise and has agreed to comply with any training requirements; and

(ix) Franchisee has executed a general release, in a form required by Franchisor, of any and all claims against Franchisor, any affiliate and against their officers, directors, shareholders, managers, members, partners, owners, employees and agents (in their corporate and individual capacities), except to the extent prohibited by the laws of the state where the Franchised Business is located.

5. Approved Location.

5.1 Selection of Site

You may begin operations in your territory and be considered open for business by either running an approved "Out Center" program or programs within your "In Center" location. An "Out Center" program can only be run within your territory. The "Out-Center" program can be run at a school, recreation center, or another approved location. You may run an approved Out Center program so long as you have completed initial training and signed a lease for your future In Center location.

Franchisor will consult with Franchisee regarding potential locations. Franchisee shall select a facility to lease or purchase for the operation of the Franchised Business, which is subject to the written approval by Franchisor. If an Approved Location for the Franchised Business has not been determined as of the Effective Date, Franchisee shall promptly select a site for the Franchised Business and shall notify

Franchisor of such selection. Franchisor shall evaluate the site and notify Franchisee of its approval or disapproval of the site within a reasonable time (usually thirty (30) days) of receiving notice of the site from Franchisee. If Franchisor approves of such selection, the site shall be designated as the Approved Location. If Franchisor does not approve of such selection, Franchisee shall select and notify Franchisor of new sites until Franchisor approves a site for the Franchised Business. Franchisor shall provide Franchisee with general guidelines to assist Franchisee in selecting a site suitable for the Approved Location. Franchisor has the right to approve or disapprove a proposed location based on such factors as it deems appropriate, including, without limitation, the condition of the premises, demographics of the surrounding area, proximity to other Stemtree Franchised Businesses, proximity to Competitive Businesses, or the size of the location and lease requirements. Franchisee shall not locate the Franchised Business on a selected site without the prior written approval of Franchisor. Franchisor does not represent that it, or any of its Affiliates, owners, employees or agents, have special expertise in selecting sites. Neither Franchisor's assistance nor approval is intended to indicate or indicates that the Franchised Business will be profitable or successful at the Approved Location. Franchisee is solely responsible for identifying the Approved Location.

5.2 Failure to Select Site

Should Franchisee fail to obtain an Approved Location within Six (6) Months after the Effective Date, Franchisor has the right to terminate this Agreement.

5.3 Lease of Approved Location

If Franchisee is to execute a lease for, the Approved Location, Franchisee must obtain Franchisor's prior written approval of the terms. Prior to finalizing any such lease, Franchisor shall have an opportunity to comment on and revise the draft of any such lease. Franchisor shall not unreasonably withhold its approval. Franchisor's review of a lease or purchase agreement, or any advice or recommendation offered by Franchisor, shall not constitute a representation or guarantee that Franchisee will succeed at the Approved Location nor constitute an expression of Franchisor's opinion regarding the terms of such lease or purchase agreement. Franchisee acknowledges and agrees that Franchisee shall solely rely on its review of any such lease or purchase agreement. Franchisor shall be entitled to require that nothing therein contained is contradictory to, or likely to interfere with, Franchisor's rights or Franchisee's duties under this Agreement. Franchisee shall take all actions necessary to maintain the lease, if any, of the Approved Location while this Agreement is in effect. Any default for which the lease may be terminated shall also be deemed a default hereunder and the time to cure the same shall expire when the lease is terminated. Franchisor has the right to require that the lease for the Approved Location be collaterally assigned by Franchisee to Franchisor, pursuant to the terms of its standard Rider to Lease Agreement form, to secure performance by Franchisee of its obligation under this Agreement. Franchisor's approval of a lease shall be conditioned upon inclusion of terms in the lease acceptable to Franchisor and, at Franchisor's option, the lease shall contain such provisions as Franchisor may reasonably require, including but not limited to:

(i) a provision reserving to Franchisor the right, but not the obligation, at Franchisor's election, to receive an assignment of the leasehold interest without payment of any assignment fee or similar charge and without a requirement for the payment of an additional security deposit or any increase in rent or other fees upon termination or expiration of the Franchise. The lessor agrees that, before the effective date of any assignment of the lease to Franchisor (or its designee), Franchisee shall be solely responsible for all obligations, debts and payments under the lease. Franchisee shall not be entitled to a return of its security deposit;

(ii) a provision requiring the lessor to provide Franchisor with a copy of any written notice of deficiency sent by the lessor to Franchisee, and granting to Franchisor the right (but not the obligation) to cure any deficiency under the lease should Franchisee fail to do so within fifteen (15) days after the expiration of the period in which Franchisee may cure the default;

(iii) a provision requiring the lessor to provide Franchisor (at the same time lessor provides to Franchisee) a copy of all lease amendments and assignments, and a copy of all letters and notices lessor sends to Franchisee relating to the lease or the leased premises;

(iv) a provision permitting Franchisor to enter the leased premises to make any modifications or alterations necessary in Franchisor's sole discretion to protect the System and the Marks without being guilty of trespass, or other tort or other crime;

(v) a provision allowing Franchisee to display the Marks in accordance with the specifications required by the Operations Manual, subject only to the provisions of applicable law;

(vi) a provision prohibiting the premises from being used for any purpose other than the operation of the Franchised Business;

(vii) a provision allowing Franchisor, upon expiration and non-renewal or termination of the lease or the Franchise Agreement, to enter the premises and remove any interior and exterior signs containing the Marks and trade fixtures;

(viii) a provision stating that upon default of this Agreement, Franchisor or its nominee has the right, but not the obligation, to take possession of the Approved Location and operate the Franchised Business and notwithstanding Franchisor's (or the nominee's) possession, the lessor agrees that during all times prior to an assignment of the lease to Franchisor (or its designee), Franchisee shall be solely responsible for all obligations, debts and payments under the lease incurred prior to or during such possession and prior to such assignment; and

(ix) a provision stating that lessor shall not amend or otherwise modify the lease in any manner that would affect any of the foregoing provisions to be included in the lease set forth above without Franchisor's prior written consent.

5.4 Development of Approved Location

(A) Franchisor shall consult with Franchisee on the development, layout, and build-out of the Approved Location.

(B) Franchisor shall specify the initial furniture, fixtures, and equipment package for the business. Franchisee shall purchase all or substantially all of the initial furniture, fixtures and equipment package needed for the business through approved vendors, on the terms set by the vendors.

(C) Franchisor shall make available to Franchisee, at no charge to Franchisee, general guidelines for the development of the Approved Location, including guidelines for improvements, supplies and equipment that are necessary for the development and operation of a Stemtree Franchised Business. Franchisee shall cause the Approved Location to be developed, equipped and improved in accordance with such specifications. In connection with the development of the Approved Location, Franchisee shall:

(i) Obtain all permits and licenses required for operation of the Franchised Business, and certify in writing that all such permits and certifications have been obtained;

(ii) Purchase any supplies or inventory necessary for the operation of the Franchised Business, as specified in the Operations Manual;

(iii) Purchase and install all equipment, furniture and fixtures, including any software and computer equipment, required by Franchisor for the operation of the Franchised Business; and

(iv) Establish broadband or high-speed Internet access and, obtain at least one telephone number and one facsimile number solely dedicated to the Franchised Business.

(D) Franchisee shall engage a licensed General Contractor for the development and build-out of the education business.

5.5 Failure to Develop Approved Location

Should Franchisee fail to develop the Approved Location within 6 months after the site approval, Franchisor has the right to terminate this Agreement. If this Agreement is terminated pursuant to this Section, Franchisor shall terminate any future obligations to Franchisee upon Franchisor's receipt of a general release, in the form required by Franchisor, releasing any and all claims against Franchisor, any Affiliate and their officers, directors, shareholders, managers, members, partners, owners, employees and agents (in their corporate and individual capacities).

5.6 Opening

Before opening the Franchised Business and commencing business, Franchisee shall be prepared to open and continuously operate the Franchised Business by the Opening Deadline stated on the Summary Page, and Franchisee shall:

(i) Fulfill all of the obligations of Franchisee pursuant to the other provisions of this Section 5;

(ii) Furnish Franchisor with copies of all insurance policies required by this Agreement, or by the lease (if any), or such other evidence of insurance coverage and payment of premiums as Franchisor may request;

(iii) Complete initial training to the satisfaction of Franchisor;

(iv) Hire and train the personnel necessary or required for the operation of the Franchised Business; and

(v) Obtain Franchisor's permission and approval of an opening date; Franchisor shall not unreasonably withhold consent to open. Permission to open shall be based on Franchisor's determination that Franchisee is ready to open and satisfactorily prepared to operate; and pay in full all amounts due to Franchisor.

5.7 Failure to Open

Should Franchisee fail to commence operations of the Franchised Business by the Opening Deadline, Franchisor has the right to terminate this Agreement.

5.8 Use of Approved Location

Franchisee shall not use the Approved Location for any purpose other than for the operation of a Franchised Business in full compliance with this Agreement and the Operations Manual, unless approved in writing by Franchisor.

5.9 Relocation

Franchisee shall not relocate the Approved Location without the prior written consent of Franchisor. If the Approved Location is leased, and the lease expires or terminates through no fault of Franchisee or if the Approved Location's location is destroyed, condemned, or otherwise rendered unusable, Franchisee may request the right to relocate the Approved Location either permanently or temporarily as appropriate under the circumstances and Franchisor shall not unreasonably withhold its consent to such relocation. Should Franchisee desire to relocate the Approved Location for any other reason, Franchisee shall request the right and Franchisor may approve or disapprove such request. Any relocation of the Approved Location shall be at Franchisee's sole expense and shall proceed in accordance with the requirements set forth in Sections 2.5 and 5.9. Franchisor has the right to charge Franchisee for any costs incurred by Franchisor in providing assistance to Franchisee, including, but not limited to, legal and accounting fees. Notwithstanding the foregoing, Franchisor has no obligation to provide relocation assistance. If Franchisor and Franchisee do not agree upon a substitute site within ninety (90) days after the

lease expires or is terminated or the Approved Location is rendered unusable, this Agreement shall terminate as provided in Section 16.2.1(i).

6. Proprietary Marks.

6.1 Ownership

Franchisee's right to use the Marks is derived solely from this Agreement, is nonexclusive and is limited to the conduct of business by Franchisee pursuant to, and in compliance with, this Agreement and all applicable standards, specifications and operating procedures prescribed from time to time by Franchisor. Any unauthorized use of the Marks by Franchisee is a breach of this Agreement and an infringement of the rights of Franchisor in and to the Marks. Franchisee's use of the Marks, and any goodwill created thereby, shall inure to the benefit of Franchisor. Franchisee shall not at any time acquire an ownership interest in the Marks by virtue of any use it may make of the Marks. This Agreement does not confer any goodwill, title or interest in the Marks to Franchisee. Franchisee shall not, at any time during the term of this Agreement or after its termination or expiration, contest the validity or ownership of any of the Marks or assist any other person in contesting the validity or ownership of any of the Marks.

6.2 Limitations on Use

Franchisee shall not use any Mark or portion of any Mark as part of any business entity name. Franchisee shall not use any Mark in connection with the sale of any unauthorized product or service or in any other manner not expressly authorized in writing by Franchisor. Franchisee shall give such notices of trademark and service mark registrations as Franchisor specifies and obtain such fictitious or assumed name registrations as may be required under applicable law to do business as a Franchised Business. Franchisee shall not register or seek to register as a trademark or service mark, either with the United States Patent and Trademark Office or any state or foreign country, any of the Marks or a trademark or service mark that is confusingly similar to any Mark licensed to Franchisee. Franchisee shall include on its letterhead, forms, cards and other such identification, and shall display at the Approved Location, a prominent notice stating that the Franchised Business is an "Independently Owned and Operated Franchise" of Franchisee.

6.3 Notification of Infringements and Claims

Franchisee shall immediately notify Franchisor of any infringement of the Marks or challenge to its use of any of the Marks or claim by any person of any rights in any of the Marks. Franchisee shall not communicate with any person other than Franchisor and Franchisor's counsel in connection with any such infringement, challenge or claim; provided, however, Franchisee may communicate with Franchisee's counsel at Franchisee's expense. Franchisor has the right to take such action, as it deems appropriate and the right to exclusively control any litigation or other proceeding arising out of any infringement, challenge, or claim or otherwise relating to any of the Marks. Franchisee shall execute any and all instruments and documents, render such assistance, and do such acts and things as may, in the opinion of Franchisor's counsel, be necessary or advisable to protect and maintain Franchisor's interests in any such litigation or other proceeding or to otherwise protect and maintain Franchisor's interest in the Marks.

6.4 Indemnification for Use of Marks

Franchisor shall reimburse Franchisee for all expenses reasonably incurred by Franchisee in any trademark or similar proceeding disputing Franchisee's authorized use of any Mark, provided that Franchisee has complied with the provisions of Section 6.3, has complied with this Agreement and Franchisor's directions in responding to such proceeding, and has not intentionally misused the Mark. At Franchisor's option, Franchisor or its designee may defend and control the defense of any proceeding arising directly from Franchisee's use of any Mark. This indemnification shall, not include the expense to Franchisee of removing signage or discontinuance of the use of the Marks; not apply to litigation between Franchisor and Franchisee wherein Franchisee's use of the Marks is disputed or challenged by Franchisor; not apply to any separate legal fees or costs incurred by Franchisee in seeking independent counsel separate

from the counsel representing Franchisor and Franchisee in the event of litigation disputing Franchisor and Franchisee's use of the Marks.

6.5 Discontinuance of Use

If Franchisor deems it necessary for Franchisee to modify or discontinue use of any of the Marks, and/or use one (1) or more additional or substitute trade names, trademarks, service marks or other commercial symbols, Franchisee shall comply with Franchisor's directions within ten (10) business days after notice to Franchisee by Franchisor and subject to the limitations in Section 10.2. Franchisor shall not be required to reimburse Franchisee for its expenses in modifying or discontinuing the use of a Mark or any loss of goodwill associated with any modified or discontinued Mark or for any expenditures made by Franchisee to promote a modified or substitute Mark.

6.6 Right to Inspect

To preserve the validity and integrity of the Marks licensed hereunder, and to ensure that Franchisee is properly employing the Marks in the operation of the Franchised Business, Franchisor and its designees have the right to enter and inspect the Approved Location at all reasonable times and, additionally, have the right to observe the manner in which Franchisee renders services and conducts activities and operations, and to inspect facilities, equipment, programs, supplies, reports, forms and documents and related data to ensure that Franchisee is operating the Franchised Business in accordance with the quality control provisions and performance standards established by Franchisor. Franchisor or its designee has the right to observe Franchisee and its employees during the operation of the Franchised Business and to interview and survey (whether in person or by mail) customers and employees and to photograph or videotape the operations where the necessary permissions are obtained from the student.

6.7 Franchisor's Sole Right to Domain Name

Franchisee shall not advertise on the Internet using, or establish, create or operate an Internet site or website using a domain name or uniform resource locator containing, the Marks or the words "Stemtree" or any variation thereof without Franchisor's written approval. Franchisor is the sole owner of all rights, title and interest in and to such domain names as Franchisor shall designate in the Operations Manual.

7. Trade Secrets and Other Confidential Information.

7.1 Confidentiality of Trade Secrets and Other Confidential Information

Franchisee acknowledges that Franchisor shall disclose Trade Secrets and other Confidential Information to Franchisee during the training program, through the Operations Manual, and as a result of guidance furnished to Franchisee during the term of this Agreement. Franchisee shall not acquire any interest in the Trade Secrets or other Confidential Information, other than the right to use it in the development and operation of the Franchised Business and in performing its duties during the term of this Agreement. Franchisee acknowledges that the use or duplication of the Trade Secrets or other Confidential Information in any other business venture would constitute unfair competition. Franchisee acknowledges that the Trade Secrets and other Confidential Information are proprietary and are disclosed to Franchisee solely on the condition that Franchisee (and all holders of a legal or beneficial interest in Franchisee and all officers, directors, executives, managers and members of the professional staff of Franchisee): (a) shall not use the Trade Secrets or other Confidential Information in any other business or capacity; (b) shall maintain the absolute confidentiality of the Trade Secrets and other Confidential Information during and after the term of this Agreement; (c) shall not make any unauthorized copies of any portion of the Trade Secrets or other Confidential Information disclosed in written or other tangible form; and (d) shall adopt and implement all reasonable procedures prescribed from time to time by Franchisor to prevent unauthorized use or disclosure of the Trade Secrets and other Confidential Information. Franchisee shall enforce this Section as to its employees, agents and representatives and shall be liable to Franchisor for any unauthorized disclosure or use of Trade Secrets or other Confidential Information by any of them.

7.2 Additional Developments

All ideas, concepts, techniques or materials concerning the System or developed, in whole or in part, using Trade Secrets or other Confidential Information, whether or not protectable intellectual property and whether created by or for Franchisee or its owners or employees, shall be promptly disclosed to Franchisor and shall be deemed the sole and exclusive property of Franchisor and works made-for-hire for Franchisor, and no compensation shall be due to Franchisee or its owners or employees therefore, and Franchisee agrees to assign to Franchisor all right, title and interest in any intellectual property so developed. Franchisor has the right to incorporate such items into the System. To the extent any item does not qualify as a "work made-for-hire" for Franchisor, Franchisee shall assign, and by this Agreement, does assign, ownership of that item, and all related rights to that item, to Franchisor and shall sign any assignment or other document as Franchisor requests to assist Franchisor in obtaining or preserving intellectual property rights in the item. Franchisor shall disclose to Franchisee concepts and developments of other franchisees that are made part of the System. As Franchisor may reasonably request, Franchisee shall take all actions to assist Franchisor's efforts to obtain or maintain intellectual property rights in any item or process related to the System, whether developed by Franchisee or not.

7.3 Exclusive Relationship

Franchisee acknowledges that Franchisor would be unable to protect the Trade Secrets and other Confidential Information against unauthorized use or disclosure and would be unable to encourage a free exchange of ideas and information among Stemtree franchisees if owners of Franchised Businesses and members of their immediate families or households were permitted to hold an interest in or perform services for any Competitive Business. Therefore, during the term of this Agreement, neither Franchisee nor any holder of a legal or beneficial interest in Franchisee (or any member of their immediate families or households), nor any officer, director, executive, manager or member of the professional staff of Franchisee, either directly or indirectly, for themselves, or through, on behalf of or in conjunction with any person other entity, shall divert or attempt to divert any business or customer of the Franchised Business to any Competitive Business, 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 the Marks or the System; or own an interest in, manage, operate, or perform services for any Competitive Business wherever located.

7.4 Nondisclosure and Non-Competition Agreements with Certain Individuals

Franchisor has the right to require any holder of a legal or beneficial interest in Franchisee (and any member of their immediate families or households), and any officer, director, executive, manager or member of the professional staff of Franchisee to execute a nondisclosure and non-competition agreement, in a form the same as or similar to the Nondisclosure and Non-Competition Agreement (Attachment 2 to this Agreement), upon execution of this Agreement or prior to each such person's affiliation with Franchisee. Upon Franchisor's request, Franchisee shall provide Franchisor with copies of all nondisclosure and non-competition agreements signed pursuant to this Section. Such agreements shall remain on file at the offices of Franchisee and are subject to audit or review as otherwise set forth herein. Franchisor shall be a third party beneficiary with the right to enforce covenants contained in such agreements.

7.5 Reasonableness of Restrictions

Franchisee acknowledges that the restrictive covenants contained in this Section are essential elements of this Agreement and that without their inclusion; Franchisor would not have entered into this Agreement. Franchisee acknowledges that each of the terms set forth herein, including the restrictive covenants, is fair and reasonable and is reasonably required for the protection of Franchisor, the System and the Marks and Franchisee waives any right to challenge these restrictions as being overly broad, unreasonable or otherwise unenforceable.

8. Training and Assistance.

8.1 Initial Training

After Franchisee has signed a lease for an Approved Location, Franchisor shall make an initial training program available to one Designated Manager and up to one assistant. Approximately 30 days prior to the opening of the Franchised Business, the Designated Manager must attend and successfully complete, to Franchisor's satisfaction, Franchisor's initial training program pertaining to the operation and administration of the Franchised Business. Franchisor shall conduct the initial training program at its headquarters, or at another location, as determined by Franchisor. Franchisor shall not charge tuition or similar fees for initial training, however, all expenses incurred by Franchisee in attending such program including, but not limited to, travel costs, room and board expenses and employees' salaries, shall be the sole responsibility of Franchisee. Franchisee shall be responsible for training its management and other employees.

8.2 Opening Assistance

In conjunction with the beginning of operation, Franchisor shall provide you with guidance for your grand opening. If Franchisee requests additional assistance with respect to the opening or continued operation of the Franchised Business, and should Franchisor deem it necessary and appropriate to comply with such request, Franchisee shall pay Franchisor's then-current standard rates, plus expenses, for such additional assistance.

8.3 Failure to Complete Initial Training Program

If Franchisor determines that the Designated Manager is unable to satisfactorily complete the training program described above, Franchisor has the right to terminate this Agreement. If this Agreement is terminated pursuant to this Section, Franchisor shall return to Franchisee fifty percent (50%) of the Franchise Fee paid by Franchisee upon Franchisor's receipt of a general release, in the form required by Franchisor, releasing any and all claims against Franchisor, any Affiliate and their officers, directors, shareholders, managers, members, partners, owners, employees and agents (in their corporate and individual capacities). If Franchisee is a business entity and the Designated Manager fails to complete the initial training program to Franchisor's reasonable satisfaction, Franchisee may be permitted to select a substitute manager and such substitute manager must complete the initial training to Franchisor's satisfaction.

8.4 New Designated Manager

After beginning operations, should Franchisee name a new Designated Manager, Franchisee must notify Franchisor of the identity of the new Designated Manager and the new Designated Manager must complete the initial training program to Franchisor's satisfaction. The new Designated Manager may attend the initial training program without charge, Franchisee shall be responsible for all travel costs, room and board and employees' salaries incurred in connection with the new Designated Manager's attendance at such training.

8.5 Ongoing Training

From time to time, Franchisor may provide and if it does, has the right to require that the Designated Manager attend ongoing training programs or seminars during the term of this Agreement. Franchisor shall not charge a fee for any mandatory ongoing training. Franchisee shall be responsible for all travel costs, room and board and employees' salaries incurred in connection with the Designated Manager's attendance at such training.

8.6 Curricula and Programs

Stemtree curricula and programs will be available to all franchisees in an electronic format on an ongoing basis. Franchisor shall have the exclusive right in its sole and absolute discretion at all times to

strictly determine and control the curricula and educational programs included or offered in the Stemtree Franchised Business and/or System. Stemtree shall offer in-person curricula focused on science, technology, engineering, and mathematics. Franchisee understands and explicitly agrees that it shall not at any time offer any other curricula, programs, or classes outside of these core focus areas. As an example only and not as an exhaustive list, Franchisee understands that it will not offer any programs or classes related to languages, economics, business, , arts, or any other fields of study without obtaining the written consent of Franchisor, whose consent may withheld, conditioned, or denied in its sole and absolute discretion. Moreover, Franchisee shall only offer classes, programs, or curricula, which have been provided by Franchisor or specifically approved in writing by Franchisor. Franchisor retains the exclusive right in its sole and absolute discretion at any time to add to or modify its core focus area of science, technology, engineering, and mathematics by 15 day written prior notice to Franchisee. Franchisee's failure to comply with this requirement will be grounds for immediate termination of this Agreement.

8.7 Certification Requirements by Local, State, and Federal Agencies

Franchisee is responsible for ensuring that, at all times, Franchisee and its instructors meet the certification requirements established by local, state, and federal agencies. Franchisee shall pay all the required certification fees and other associated costs incurred with the satisfaction of such requirement.

9. Operations Manual.

9.1 Loan by Franchisor

While this Agreement is in effect, Franchisor shall lend to Franchisee one (1) copy of the Operations Manual or grant Franchisee access to an electronic copy of the Operations Manual. Franchisee shall conduct the Franchised Business in strict accordance with the provisions set forth in the Operations Manual. The Operations Manual may consist of one (1) or more separate manuals and other materials as designated by Franchisor and may be in written or electronic form. The Operations Manual shall, at all times, remain the sole property of Franchisor and shall promptly be returned to Franchisor upon expiration or termination of this Agreement.

9.2 Revisions

Franchisor has the right to add to or otherwise modify the Operations Manual from time to time to reflect changes in the specifications, standards, operating procedures, and rules prescribed by Franchisor; provided, however, that no such addition or modification shall materially alter Franchisee's fundamental status and rights under this Agreement. Franchisor may make such additions or modifications without prior notice to Franchisee. Franchisee shall immediately, upon notice, adopt any such changes and shall ensure that its copy of the Operations Manual is up-to-date at all times. If a dispute as to the contents of the Operations Manual arises, the terms of the master copy of the Operations Manual maintained by Franchisor at Franchisor's headquarters shall be controlling.

9.3 Confidentiality

The Operations Manual contains Trade Secrets and other Confidential Information of Franchisor and its contents shall be kept confidential by Franchisee both during the term of the Franchise and subsequent to the expiration and non-renewal or termination of this Agreement. Franchisee shall at all times ensure that its copy of the Operations Manual is available at the Approved Location in a current and up-to-date manner. If the Operations Manual is in paper form or stored on computer-readable media, Franchisee shall maintain the Operations Manual in a secure manner at the Approved Location; if the Operations Manual is in electronic form, Franchisee shall maintain the Operations Manual in a password-protected file. Franchisee shall only grant authorized personnel, as defined in the Operations Manual, access to the Operations Manual or any key, combination or passwords needed for access to the Operations Manual. Franchisee shall not disclose, duplicate or otherwise use any portion of the Operations Manual in an unauthorized manner.

10. Franchise System.

10.1 Uniformity

Franchisee shall strictly comply and shall cause the Franchised Business and its employees to strictly comply, with all requirements, specifications, standards, operating procedures and rules set forth in this Agreement, the Operations Manual or other communications supplied to Franchisee by Franchisor.

10.2 Modification of the System

Franchisor has the right to change or modify the System from time to time including, without limitation, the adoption and use of new or modified Marks or copyrighted materials, and computer hardware, software, equipment, inventory, supplies or sales and marketing techniques. Franchisor shall have the exclusive right in its sole and absolute discretion to change or modify the curricula, programs, or classes offered by the System. Franchisee shall accept and use any such changes in, or additions to, the System as if they were a part of this Agreement as of the Effective Date. Franchisee shall make such expenditures as such changes, additions or modifications in the System may reasonably require; provided, however, Franchisee shall not be required to implement or conform to any such changes, additions or modifications if the cost to do so would exceed (a) $5 during the first (1st) year of the term of this Agreement; (b) $20,000 in the aggregate during the initial term of this Agreement (which amounts may be increased consistent with increases to 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 (c) $5 during the final year of the term of this Agreement if Franchisee provides written notice of its intention not to renew the Franchise. Any required expenditure for changes or upgrades to the System shall be in addition to expenditures for repairs and maintenance as required in Section 13.2. Notwithstanding the foregoing, Franchisee shall be required to make any and all improvements or modifications whenever such are required by law, regulation, agency decision or court order.

10.3 Variance

Franchisor has the right to vary standards or specifications for any franchisee based upon that particular franchisee's qualifications, the peculiarities of the particular site or circumstances, the demographics of the trade area, business potential, existing business practices or any other condition which Franchisor deems to be of importance to the successful operation of any particular Franchised Business. Franchisor shall not be required to disclose or grant to Franchisee a like or similar variance granted to another franchisee.

11. Advertising and Promotional Activities.

11.1 Market Introduction Advertising

Prior to, and/or during a period of approximately three (3) months following the initial opening of the Franchised Business, Franchisee shall spend $6,000 - $8,000 as specified by Franchisor on local advertisement and promotion of the initial opening ("Market Introduction Advertising"). Franchisor shall specify the time at which Franchisee shall conduct Market Introduction Advertising. Prior to their use, all materials to be used in Market Introduction Advertising must be approved by Franchisor through the process set forth in Section 11.2.2. Market Introduction Advertising expenditures shall be in addition to any Local Advertising expenditures and Marketing Fund Contributions.

11.2 Local Advertising

11.2.1 Franchisee shall continuously promote the Franchised Business. Every month, Franchisee shall spend 3% of its monthly Gross Revenue on advertising, promotions and public relations within the immediate locality surrounding the Franchised Business ("Local Advertising"). Such expenditures shall be made directly by Franchisee, subject to the prior approval and direction of Franchisor. Franchisor shall provide general guidelines to Franchisee for

conducting Local Advertising. Within thirty (30) days after the end of each month, Franchisee shall furnish to Franchisor an accurate accounting of the expenditures on Local Advertising for the preceding month.

11.2.2 Franchisee shall submit to Franchisor, for its prior approval, all advertising and promotional materials to be used by Franchisee including, but not limited to, television ads, radio ads, ad copy, coupons, flyers, scripts, and direct mail. Franchisor shall use reasonable efforts to provide notice of approval or disapproval within twenty (20) days from the date all requested material is received by Franchisor. If Franchisor does not approve submitted materials by the end of such twenty (20) day period, such materials shall be deemed to have received the required approval. Franchisee shall not use any marketing or promotional material prior to approval by Franchisor. The submission of advertising materials to Franchisor for approval shall not affect Franchisee's right to determine the prices at which Franchisee sells products or provides services.

11.3 Marketing Fund

11.3.1 Franchisee shall be required to contribute 2% of Gross Revenue Monthly to the Marketing Fund in an amount specified by Franchisor and which Franchisor may adjust from time to time ("Marketing Fund Contribution"). Marketing Fund Contributions shall be made at the time and in the manner provided for Royalty Fees in Section 3.2. Franchisor shall notify Franchisee at least thirty (30) days before changing Marketing Fund Contribution requirements.

11.3.2 The Marketing Fund shall be maintained and administered by Franchisor as follows: Franchisor shall oversee all marketing programs, with sole control over creative concepts, materials and media used in such programs, and the placement and allocation thereof. Franchisor does not warrant that any particular franchisee will benefit directly or pro rata from expenditures by the Marketing Fund. The program(s) may be local, regional, or System-wide. Franchisor does not warrant the success or effectiveness of any particular marketing program.

11.3.3 Franchisee's Marketing Fund Contributions may be used to meet the costs of, or to reimburse Franchisor for its costs of, producing, maintaining, administering and directing consumer advertising (including, without limitation, the cost of preparing and conducting television, radio, Internet, magazine, newspaper, and direct mail advertising campaigns and other public relations activities; developing and/or hosting an Internet web page or site and similar activities; employing advertising agencies to assist therein; and providing promotional brochures and other marketing materials to franchisees). All Marketing Fund Contributions shall be maintained in a separate account from the monies of Franchisor and shall not be used to defray any of Franchisor's general operating expenses, except for such reasonable costs and expenses, if any, that Franchisor may incur in activities reasonably related to the administration of the Marketing Fund.

11.3.4 Franchisor shall endeavor to spend all Marketing Fund Contributions on marketing programs and promotions during Franchisor's fiscal year within which such contributions are made. If excess amounts remain in any Marketing Fund at the end of such fiscal year, all expenditures in the following fiscal year(s) shall be made first out of such excess amounts, including any interest or other earnings of the Marketing Fund, and next out of prior year contributions and then out of current contributions.

11.3.5 Although Franchisor intends the Marketing Fund to be of perpetual duration, Franchisor has the right to terminate the Marketing Fund at any time. The Marketing Fund shall not be terminated, however, until all Marketing Fund Contributions have been expended for advertising and promotional purposes or returned to Franchisee and other franchisees on a pro rata basis based on total Marketing Fund Contributions made in the aggregate by each franchisee.

11.3.6 Each franchised business operated by Franchisor or an Affiliate shall make Marketing Fund Contributions at the same rate as Franchised Businesses.

11.3.7 An unaudited accounting of the operation of the Marketing Fund shall be prepared annually and shall be available to Franchisee upon request. Franchisor retains the right to have the Marketing Fund reviewed or audited and reported on, at the expense of the Marketing Fund, by an independent certified public accountant selected by Franchisor.

11.3.8 Franchisee acknowledges that the Marketing Fund is not a trust and Franchisor assumes no fiduciary duty in administering the Marketing Fund.

11.4 Cooperative Advertising

Franchisor has the right, but not the obligation, to create a cooperative advertising program for the benefit of Franchised Businesses located within a particular region. Franchisor has the right to collect and designate all or a portion of the Local Advertising to payments or contributions to Franchisor for the funding of a cooperative advertising program. Franchisor has the right to determine the composition of all geographic territories and market areas for the implementation of each cooperative advertising program and to require that Franchisee participate in such cooperative advertising programs when established within Franchisee's region. If a cooperative advertising program is implemented in a particular region, Franchisor has the right to administer the cooperative advertising Program or to establish an advertising council of franchisees to self-administer the cooperative advertising program. Franchisee shall participate in the council according to the rules and procedures established by the council and Franchisee shall abide by the council's decisions. Should Franchisor establish a cooperative advertising program or programs with or without an advertising council, Franchisor has the right, but not the obligation, to change, dissolve or merge such program(s) and/or council(s) at any time.

11.5 Internet Advertising

Franchisee may not establish a presence on, or market using, the Internet in connection with the Franchised Business without Franchisor's prior written consent. Franchisor has established and maintains an Internet website at the uniform resource locator www.STEMTREE.com that provides information about the System and the products and services that Franchisor and its franchisees provide. Franchisor may (but is not required to) include at the Stemtree website an intranet section or an interior page containing information about the Franchised Business. If Franchisor includes such information on the Stemtree website, Franchisor has the right to require Franchisee to prepare all or a portion of the section or page, at Franchisee's expense. All such information shall be subject to Franchisor's approval prior to posting. Franchisor retains the sole right to advertise and sell the products and services offered by franchised businesses and to or use the Marks on the Internet, including the use of websites, domain names, uniform resource locators, keywords, linking, search engines (and search engine optimization techniques), banner ads, meta-tags, marketing, auction sites, e-commerce and co-branding arrangements. Franchisee may be requested to provide content for Franchisor's Internet marketing and shall be required to follow Franchisor's intranet and Internet usage rules, policies and requirements. Franchisor retains the sole right to approve any linking to, or other use of, the Stemtree website.

12. Accounting, Records and Reporting Obligations.

12.1 Records

During the term of this Agreement, Franchisee shall maintain full, complete and accurate books, records and accounts in accordance with the standard accounting system prescribed by Franchisor in the Operations Manual or otherwise in writing. Franchisee shall retain during the term of this Agreement, and for three (3) years thereafter, all books and records related to the Franchised Business including, without limitation, purchase orders, invoices, payroll records, sales tax records, state and federal tax returns, bank

statements, cancelled checks, deposit receipts, cash receipts and disbursement journals, general ledgers, and any other financial records designated by Franchisor or required by law.

12.2 Gross Revenue Reports

Franchisee shall maintain an accurate record of daily Gross Revenue and shall deliver to Franchisor via facsimile transmission, email, or the intranet, a statement of monthly Gross Revenue ("Gross Revenue Report") by the 20th day of each month for the previous month in a form that Franchisor approves or provides in the Operations Manual.

12.3 Financial Statements

Franchisee shall supply to Franchisor on or before the 20th day following the close of a fiscal quarter, in a form approved by Franchisor, a balance sheet as of the end of the last day of the preceding month and an income statement for the fiscal year-to-date. Franchisee shall, at its expense, submit to Franchisor within ninety (90) days after the end of each calendar year, an income statement for the calendar year just ended and a balance sheet as of the last day of the calendar year. Such financial statements shall be prepared in accordance with GAAP, applied on a consistent basis.

12.4 Monthly Enrollment and Other Reports

Franchisee shall submit to Franchisor (a) by the 20th of each month a Monthly Enrollment Report as specified in the Operations Manual; (b) such other reports, documents, and information related to the Franchised Business (including financial statements, reports, records, copies of contracts, documents related to litigation, tax returns, and copies of governmental permits) as specified in the Operations Manual or otherwise in writing; and (c) copies of all state sales tax returns that are required to be filed with the appropriate governmental agency. Franchisor shall have the right to release financial and operational information relating to the Franchised Business to Franchisor's lenders or prospective lenders.

12.5 Computer Equipment

Franchisor reserves the right to require Franchisee to purchase, install and use computer hardware and software in accordance with Franchisor's specifications. Time to time, Franchisor may require Franchisee to update or upgrade its computer hardware and software as necessary. There are no limits on Franchisor's right to do so. At all times, Franchisor shall have a full and independent access to all of Franchisee's computer and point-of-sale data and systems and all related information by means of direct access, either in person or by telephone, modem, or Internet to permit Franchisor to verify Franchisee's compliance with its obligations under this Agreement.

12.6 Right to Inspect

Franchisor or its designee has the right, during normal business hours, to examine, copy and audit the books, records and tax returns of Franchisee. If the audit or any other inspection should reveal that any payments to Franchisor have been underpaid, then Franchisee shall immediately pay to Franchisor the amount of the underpayment plus interest from the date such amount was due until paid at the rate of eighteen percent (18%) per annum (or the highest rate allowed by the law of the state where Franchisee is located, whichever is lower). If the audit or any other inspection discloses an underpayment of three percent (3%) or more of the amount due for any period covered by the audit, Franchisee shall, in addition, reimburse Franchisor for any and all costs and expenses connected with the inspection (including, without limitation, travel expenses and reasonable accounting and attorneys' fees). The foregoing remedies shall be in addition to any other remedies Franchisor may have.

12.7 Release of Records

At Franchisor's request, Franchisee shall authorize and direct any third parties, including accounting and legal professionals, to release to Franchisor all accounting and financial records arising from or relating to the operation of the Franchised Business including, but not limited to, records evidencing

Gross Revenue, profits, losses, income, tax liabilities, tax payments, revenues, expenses, and any correspondence, notes, memoranda, audits, business records, or internal accounts within said third parties' possession, custody or control, and to continue to release such records to Franchisor on a monthly basis for the length of the unexpired term of this Agreement or until such time as Franchisor withdraws its request. Franchisee shall execute all documents necessary to facilitate the release of records referenced herein to Franchisor.

13. Standards of Operation.

13.1 Authorized Products, Services and Suppliers

13.1.1 Franchisee acknowledges that the reputation and goodwill of the System is based in large part on offering high quality products and services to its customers. Accordingly, Franchisee shall provide at the Franchised Business only those programs and services that Franchisor from time to time approves (and which are not thereafter disapproved) and that comply with Franchisor's specifications and quality standards.

13.1.2 Franchisor shall provide Franchisee, in the Operations Manual or other written or electronic form, with a list of specifications and a list of Approved Suppliers for some or all of the supplies, furniture, inventory, equipment and other approved or specified items and services. Franchisor may from time to time issue revisions to such list. Franchisee shall not offer for sale, sell or provide through the Franchised Business or from the Approved Location any products or services that Franchisor has not approved. Franchisor may revoke its approval of any item, service or supplier at any time by notifying Franchisee and/or the supplier. Franchisee shall, at its own expense, promptly cease using, selling or providing any items or services disapproved by Franchisor and shall promptly cease purchasing from suppliers disapproved by Franchisor.

13.1.3 Alternate Supplier. If Franchisee desires to utilize any products or services that Franchisor has not approved (for products and services that require supplier approval), Franchisee shall first send Franchisor sufficient information, specifications, and samples for Franchisor to determine whether the service or product complies with its standards and specifications or whether the supplier meets its Approved Supplier criteria. Franchisee must reimburse Franchisor the actual expenses Franchisor incurs in connection with determining whether it shall approve an item, service, or supplier. Franchisor will decide within a reasonable time (usually thirty (30) days) after receiving the required information whether Franchisee may purchase or lease such items or services or from such supplier. Approval of a supplier may be conditioned on the supplier's ability to provide sufficient quantity of product; quality of products or services at competitive prices; production and delivery capability; and dependability and general reputation. Nothing in this Section shall be construed to require Franchisor to approve any particular supplier, or to require Franchisor to make available to prospective suppliers, standards and specifications that Franchisor deems confidential.

13.1.4 Franchisor has the right to designate certain programs and services, not otherwise authorized for general use as part of the System, to be offered locally or regionally based upon such factors as Franchisor determines including, but not limited to, franchisee qualifications, test marketing and regional or local differences. Franchisor has the right to give its consent to one (1) or more franchisees to provide certain products or services not authorized for general use as part of the System. Such consent will be based upon the factors set forth in Section 10.3 and shall not create any rights in Franchisee to provide the same products or services.

13.1.5 Franchisor has the right to retain volume rebates, markups, and other benefits from suppliers or in connection with the furnishing of suppliers. Franchisee shall have no entitlement to or interest in any such benefits.

13.2 Appearance and Condition of the Franchised Business

Franchisee shall maintain the Approved Location, equipment and signage in "like new" condition, and shall repair or replace equipment fixtures, supplies, inventory and signage as necessary to comply with the health and safety standards and specifications of Franchisor and Franchisee's lessor and any applicable laws or regulations. The expense of such maintenance shall be borne by Franchisee and shall be in addition to any required System modifications, as described in Section 10.2.

13.3 Ownership and Management

The Franchised Business shall, at all times, be under the direct supervision of Franchisee who will appoint a Designated Manager will provide personal "on premises" supervision of the Franchised Business. The Designated Manger is required to devote sufficient efforts to the management of the day-to-day operation of the Franchised Business. Franchisee shall keep Franchisor informed, in writing, at all times of the identity of its Designated Manager. Franchisee and the Designated Manager must not engage in any business or other activities that will conflict with their obligations under this Agreement.

13.4 Days of Operation

Franchisee shall keep the Franchised Business open for business during normal business hours on the suggested days specified in the Operations Manual.

13.5 Contributions and Donations

In order to protect the Marks, Franchisee must obtain Franchisor's prior written consent before making any contributions or donations of items, services or funds to any individual or entity, or provide any type of other benefit to any charitable, religious, political, social, civic or other type of organization (or to any individual on behalf of any organization). Franchisor may withhold any such consent in its sole and absolute discretion.

13.6 Licenses and Permits

Franchisee shall secure and maintain in force all required licenses, permits and certificates necessary for the operation of the Franchised Business and shall operate the Franchised Business in full compliance with all applicable laws, ordinances and regulations. Franchisor makes no representation to Franchisee with regard to any legal requirements that Franchisee must satisfy or comply with in connection with the operation of the Franchised Business. Franchisee shall be solely responsible for investigating and complying with all such laws, ordinances and regulations with regard to the operation of the Franchised Business.

13.7 Notification of Proceedings

Franchisee shall notify Franchisor in writing of the receipt of a notice of demand or threatened claim of liability of, or damages against or involving, Franchisee or the Franchised Business not more than five (5) days after Franchisee's receipts of such notice. Franchisee shall notify Franchisor in writing of the commencement of any action, suit or proceeding involving Franchisee or the Franchised Business, and of the issuance of any order, writ, injunction, judgment, award or decree which may affect the operation or financial condition of the Franchised Business not more than five (5) days after notice of such commencement or issuance. Franchisee shall deliver to Franchisor not more than five (5) days after Franchisee's receipt thereof, a copy of any inspection report, warning, certificate or rating by any governmental agency relating to any health or safety law, rule or regulation that reflects Franchisee's failure to meet and maintain the highest applicable rating or Franchisee's noncompliance or less than full compliance with any applicable law, rule or regulation.

13.8 Compliance with Good Business Practices

Franchisee acknowledges that the quality of customer service, and every detail of appearance and demeanor of Franchisee and its employees, is material to this Agreement and the relationship created and

licenses granted hereby. Therefore, Franchisee shall endeavor to maintain high standards of quality and service in the operation of the Franchised Business. Franchisee shall at all times give prompt, courteous and efficient service to customers of the Franchised Business. The Franchised Business shall in all dealings with its customers, vendors and the general public, adhere to the highest standards of honesty, fair dealing and ethical conduct. If Franchisor deems that Franchisee did not fairly handle a customer complaint, Franchisor has the right to intervene and satisfy the customer. Franchisee shall reimburse Franchisor for all costs incurred by Franchisor in servicing a customer of the Franchised Business pursuant to this Section.

13.9 Personnel

(A) Franchisee shall cause its personnel to comply with any dress attire, uniform, personal appearance and hygiene standards set forth in the Manual. Uniforms, if required, must be purchased from an Approved Supplier.

(B) Franchisee shall comply with Franchisor's training requirements for Franchisee's personnel.

(C) Franchisee is solely responsible for the terms and conditions of employment of all of its personnel, including recruiting, hiring, training, scheduling, supervising, compensation, and termination. Franchisee is solely responsible for all actions of its personnel. Franchisee and Franchisor are not joint employers, and no employee of Franchisee will be an agent or employee of Franchisor.

13.10 E-Mail

Franchisee shall, at all times, maintain a Stemtree e-mail address and account for communicating with Franchisor.

13.11 Best Efforts

Franchisee shall use its best efforts to promote and increase the sales and recognition of services offered through the Franchised Business. Franchisee shall require all of Franchisee's employees, managers, officers, agents and representatives to make a good faith effort to enhance and improve the System and the sales of all programs and services provided as part of the System.

14. Franchisor's Additional Operations Assistance.

14.1 General Advice and Guidance

Franchisor shall be available to render advice, discuss problems and offer general guidance to Franchisee by telephone, e-mail, facsimile, newsletters and other methods with respect to planning, opening and operating the Franchised Business. Franchisor shall not charge for this service, however, Franchisor retains the right to refuse or charge a fee for this service should Franchisee be deemed by Franchisor to be utilizing this service too frequently or in an unintended manner. Any advice or guidance provided by Franchisor to Franchisee relative to prices for programs and services that, in Franchisor's judgment, constitutes good business practice is based upon the experience of Franchisor and its franchisees in operating Stemtree businesses and an analysis of costs and prices charged for competitive products and services. Franchisee shall have the sole right to determine the prices to be charged by the Franchised Business; provided, however, that Franchisor shall have the sole right to determine the prices to be charged for products sold through the Stemtree Internet site, including products sold to persons identified as customers of the Franchised Business.

14.2 Periodic Visits

Franchisor or Franchisor's representative shall make periodic visits, as Franchisor deems appropriate, which may be announced or unannounced, to the Franchised Business for the purposes of consultation, assistance and guidance with respect to various aspects of the operation and management of the Franchised Business. Franchisor and Franchisor's representatives who visit the Franchised Business

may prepare, for the benefit of both Franchisor and Franchisee, written reports detailing any problems or concerns discovered during any such visit and outlining any required or suggested changes or improvements in the operations of the Franchised Business. A copy of any such written report may be provided to Franchisee. Franchisee shall implement any required changes or improvements as required by Franchisor with time being of the essence.

15. Insurance.

15.1 Types and Amounts of Coverage

At its sole expense, Franchisee shall procure within sixty (60) days of the Effective Date and maintain in full force and effect during the term of this Agreement, the types of insurance listed below. All policies (except any workers' compensation insurance) shall expressly name Franchisor as an additional insured or loss payee and all shall contain a waiver of all subrogation rights against Franchisor and its successors and assigns. In addition to any other insurance that may be required by applicable law, or by lender or lessor, Franchisee shall procure:

(i) "all risk" property insurance coverage on all assets including inventory, furniture, fixtures, equipment, supplies and other property used in the operation of the Franchised Business. Franchisee's property insurance policy shall include coverage for fire, vandalism and malicious mischief and must have coverage limits of at least full replacement cost;

(ii) workers' compensation insurance that complies with the statutory requirements of the state in which the Franchised Business is located and employer liability coverage with a minimum limit of $100,000. or, if higher, the statutory minimum limit as required by state law;

(iii) comprehensive general liability insurance against claims for bodily and personal injury, death and property damage caused by, or occurring in conjunction with, the operation of the Franchised Business, or Franchisee's conduct of business pursuant to this Agreement, with a minimum liability coverage of $1,000,000 per occurrence and $2,000,000 aggregate or, if higher, the statutory minimum limit required by state law or as specified by the landlord (property owner);

(iv) Hired and Non-owned Auto Liability insurance with a minimum liability coverage of $1,000,000;

(v) Abuse and Molestation insurance with a minimum liability coverage of $1,000,000; and

(vi) Professional Liability insurance with a minimum liability coverage of $2,000,000.

15.2 Future Increases

Franchisor has the right to reasonably increase the minimum liability protection requirement annually and require different or additional insurance coverage(s) to reflect inflation, changes in standards of liability, future damage awards or other relevant changes in circumstances.

15.3 Carrier Standards

Such policies shall be written by an insurance company licensed in the state in which Franchisee operates and having at least an "A" Rating Classification as indicated in the latest issue of A.M. Best's Key Rating Guide. Although A.M. Best groups "A" and "A-" in the same classification, Franchisor demands an "A" rating.

15.4 Evidence of Coverage

Franchisee's obligation to obtain and maintain the foregoing policies shall not be limited in any way by reason of any insurance which may be maintained by Franchisor, nor shall Franchisee's performance of this obligation relieve it of liability under the indemnity provisions set forth in Section 21.3. Franchisee shall provide, annually, certificates of insurance showing compliance with the foregoing

requirements. Such certificates shall state that said policy or policies shall not be canceled or altered without at least thirty (30) days' prior written notice to Franchisor and shall reflect proof of payment of premiums.

15.5 Failure to Maintain Coverage

Should Franchisee not procure and maintain insurance coverage as required by this Agreement, Franchisor has the right (but not the obligation) to immediately procure such insurance coverage and to charge the premiums to Franchisee, which charges, together with a reasonable fee for expenses incurred by Franchisor in connection with such procurement, shall be payable by Franchisee immediately upon notice.

16. Default and Termination.

16.1 Termination by Franchisee

You may terminate the Franchise Agreement by selling it pursuant to its terms or not renewing it.

16.2 Termination by Franchisor

16.2.1 Franchisor has the right to terminate this Agreement, without any opportunity to cure by Franchisee, if Franchisee:

(i) fails to timely select an approved site for or establish, equip and commence operations of the Franchised Business pursuant to Section 5;

(ii) fails to have its Designated Manager satisfactorily complete any training program pursuant to Section 8;

(iii) made any material misrepresentation or omission in its application for the Franchise or otherwise to Franchisor in the course of entering into this Agreement;

(iv) is convicted of or pleads no contest to a felony or other crime or offense that is likely to adversely affect the reputation of Franchisor, Franchisee or the Franchised Business;

(v) after notice to cure, fails to refrain from activities, behavior or conduct likely to adversely affect the reputation of Franchisor, Franchisee or the Franchised Business;

(vi) discloses, duplicates or otherwise uses in an unauthorized manner any portion of the Operations Manual or curriculum, Trade Secrets or any other Confidential Information;

(vii) if required by Franchisor, fails to have any holder of a legal or beneficial interest in Franchisee (and any member of their immediate families or households), and any officer, director, executive, manager or member of the professional staff and all employees of Franchisee, execute a nondisclosure and non-competition agreement, in a form the same as or similar to the Nondisclosure and Non-Competition Agreement (Attachment 2 to this Agreement), upon execution of this Agreement or prior to each such person's affiliation with Franchisee or fails to provide Franchisor with copies of all nondisclosure and non-competition agreements signed pursuant to Section 7.4 if requested by Franchisor;

(viii) abandons, fails or refuses to actively operate the Franchised Business for five (5) or more consecutive days (unless the Franchised Business has not been operational for a purpose approved by Franchisor), or, if first approved by Franchisor, fails to promptly relocate the Franchised Business following the expiration or termination of the lease for the Approved Location, the destruction or condemnation of the Approved Location or any other event rendering the Approved Location unusable;

(ix) surrenders or transfers control of the operation of the Franchised Business without Franchisor's approval, makes or attempts to make an unauthorized direct or indirect assignment of the Franchise or an ownership interest in Franchisee, or fails or refuses to assign the Franchise or the interest in Franchisee of a deceased or incapacitated owner thereof as herein required;

(x) fails to maintain the Franchised Business under the primary supervision of a Designated Manager during the one hundred eighty (180) days following the death or Incapacity of Franchisee or any holder of a legal or beneficial interest in Franchisee pursuant to Section 18.6;

(xi) submits to Franchisor on two (2) or more separate occasions at any time during the term of the Franchise any reports or other data, information or supporting records that understate any Royalty Fee or any other fees owed to Franchisor by more than three percent (3%) for any accounting period and Franchisee is unable to demonstrate that such understatements resulted from inadvertent error;

(xii) is insolvent, meaning unable to pay bills in the ordinary course of business as they become due; if a receiver of its property or any part thereof is appointed by a court; if it makes a general assignment for the benefit of its creditors; if a final judgment remains unsatisfied of record for thirty (30) days or longer (unless supersedeas bond is filed); if execution is levied against Franchisee's business or property; if a suit to foreclose any lien or mortgage against its Approved Location or equipment is instituted against Franchisee and not dismissed within thirty (30) days or is not in the process of being dismissed;

(xiii) misuses or makes an unauthorized use of any of the Marks or commits any other act which can reasonably be expected to impair the goodwill associated with any of the Marks;

(xiv) fails on two (2) or more separate occasions within any period of twelve (12) consecutive months to submit reports or other information or supporting records when due, to pay any Royalty Fee, Marketing Fund Contribution, amounts due for purchases from Franchisor and any Affiliate, or other payment when due to Franchisor or any Affiliate, whether or not such failures to comply are corrected after notice thereof is delivered to Franchisee;

(xv) violates on two (2) or more occasions any health or safety law, ordinance or regulation, or operates the Franchised Business in a manner that presents a health or safety hazard to its customers/students, employees or the public;

(xvi) fails to comply with any applicable law or regulation within ten (10) days after being given notice of noncompliance;

(xvii) breaches this Agreement and/or fails to comply with mandatory specifications, customer service standards or operating procedures prescribed in the Operations Manual on two (2) or more separate occasions within any period of twelve (12) consecutive months, whether or not previous breaches or failures are cured;

(xviii) defaults under any other agreement between Franchisor (or any Affiliate) and Franchisee, such that Franchisor or its Affiliate, as the case may be, has the right to terminate such agreement or such agreement automatically terminates; or

(xix) offers curricula, classes, or programs not approved by Franchisor.

16.2.2 Franchisor has the right to terminate this Agreement for the following breaches and defaults by giving notice of such termination stating the nature of the default; provided, however, that Franchisee may avoid termination by curing such default or failure (or by providing proof acceptable to Franchisor that Franchisee has made all reasonable efforts to cure such default or failure and shall continue to make all reasonable efforts to cure until a cure is effected if such default or failure cannot reasonably be cured before the effective date of the termination) within the specified period:

(i) within five (5) days of receiving notice of Franchisee's failure to pay any amounts due to Franchisor;

(ii) within ten (10) days of receiving notice of Franchisee's failure to maintain insurance as specified in Section 15 of this Agreement; or

(iii) within thirty (30) days of receiving notice of any other default by Franchisee or upon Franchisee's failure to comply with any mandatory specification, standard or operating procedure prescribed in the Operations Manual or otherwise prescribed in writing.

16.3 Reinstatement and Extension

If provisions of this Agreement provide for periods of notice less than those required by applicable law, or provide for termination, cancellation or non-renewal other than in accordance with applicable law, Franchisor may reinstate or extend the term of this Agreement for the purpose of complying with applicable law by submitting a written notice to Franchisee without waiving any of Franchisor's rights under this Agreement.

16.4 Right of Franchisor to Discontinue Services to Franchisee

If Franchisee is in breach of any obligation under this Agreement, and Franchisor delivers to Franchisee a notice of termination pursuant to Section 16.2.2, Franchisor has the right to suspend its performance of any of its obligations under this Agreement including, without limitation, the sale or supply of any products or services for which Franchisor is an Approved Supplier to Franchisee, until such time as Franchisee corrects the breach.

16.5 Right of Franchisor to Operate Franchised Business

Following the delivery of a notice of termination pursuant to Section 16.2.2, if necessary in Franchisor's discretion, Franchisor shall have the right, but not the obligation, to assume the operation of the Franchised Business until such time as Franchisee corrects the breach. Franchisor may charge a management fee as stated in the Operations Manual from time to time, currently equal to $200 per day, and Franchisor shall be entitled to reimbursement of any expenses Franchisor incurs that are not paid out of the operating cash flow of the Franchised Business. Should Franchisor elect to assume the operation of the Franchised Business on a temporary basis, Franchisor shall have no responsibility or liability for the obligations, debts or payments under the lease for the Approved Location (if any) or otherwise.

17. Rights and Duties Upon Expiration or Termination.

17.1 Actions to be Taken

17.1.1 Except as otherwise provided herein, upon termination or expiration, this Agreement and all rights granted hereunder to Franchisee shall terminate and Franchisee shall:

(i) immediately cease to operate the Franchised Business and shall not thereafter, directly or indirectly, represent to the public or hold itself out as a present or former franchisee of Franchisor;

(ii) cease to use the Trade Secrets or other Confidential Information, the System and the Marks including, without limitation, all signs, slogans, symbols, logos, advertising materials, stationery, forms and any other items which display or are associated with the Marks, and within 30 days after termination or expiration, Franchisee shall at its own expense "de-identify" the Approved Location so that it no longer contains the Marks, signage, or any trade dress of a Stemtree Franchised Business, to the reasonable satisfaction of Franchisor;

(iii) upon demand by Franchisor, immediately assign (or, if an assignment is prohibited, sublease for the full remaining term, and on the same terms and conditions as Franchisee's lease) its interest in the lease then in effect for the Approved Location to Franchisor and Franchisee shall furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within thirty (30) days after termination or expiration of this Agreement, and Franchisor has the right to pay rent and other expenses directly to the party to whom such payment is ultimately due;

(iv) take such action as may be necessary to cancel or assign to Franchisor, at Franchisor's option, any assumed name or equivalent registration filed with state, city or county authorities which

contains the name "Stemtree" or any other Mark, and Franchisee shall furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within thirty (30) days after termination or expiration of this Agreement;

(v) pay all sums owing to Franchisor and any Affiliate. In the event of termination for any default of Franchisee, such sums shall include, but not be limited to, all damages, costs and expenses, including reasonable attorneys' fees with respect to litigation, arbitration, appellate or bankruptcy proceedings, unpaid Royalty Fees, loss of future Royalty Fee payments and other fees payable by Franchisee as a result of any early termination of this Agreement, and any other amounts due to Franchisor or any Affiliate;

(vi) pay to Franchisor all costs and expenses, including reasonable attorneys' fees, incurred by Franchisor subsequent to the termination or expiration of the Franchise in obtaining injunctive or other relief for the enforcement of any provisions of this Agreement;

(vii) immediately return to Franchisor the Operations Manual, Trade Secrets and all other Confidential Information including records, files, instructions, brochures, agreements, disclosure statements and any and all other materials provided by Franchisor to Franchisee relating to the operation of the Franchised Business (all of which are acknowledged to be Franchisor's property);

(viii) assign all telephone listings and numbers for the Franchised Business to Franchisor and shall notify the telephone company and all listing agencies of the termination or expiration of Franchisee's right to use any telephone numbers or facsimile numbers associated with the Marks in any regular, classified or other telephone directory listing and shall authorize transfer of same to or at the direction of Franchisor; and

(ix) comply with all other applicable provisions of this Agreement.

17.2 Post-Termination Covenant Not to Compete

17.2.1 Franchisee acknowledges that the restrictive covenants contained in this Section and in Section 7 are fair and reasonable and are justifiably required for purposes including, but not limited to, the following:

(i) to protect the Trade Secrets and other Confidential Information of Franchisor;

(ii) to induce Franchisor to grant a Franchise to Franchisee; and

(iii) to protect Franchisor against its costs in training Franchisee and its officers, directors, executives, professional staff and Designated Managers.

17.2.2 Except as otherwise approved in writing by Franchisor, neither Franchisee, nor any holder of a legal or beneficial interest in Franchisee, nor any officer, director, executive, manager or member of the professional staff of Franchisee, shall, for a period of two (2) years after the expiration or termination of this Agreement, including a sale of the franchise or your interest in it, directly or indirectly:

(i) offer the same goods or services to customers through a Competitive Business located or operating (a) within the Territory, or (b) within the territory of any other Franchised Business in existence at the time of termination or expiration; or

(ii) solicit or otherwise attempt to induce or influence any customer or supplier of Franchisor to terminate or modify his, her, or its business relationship with Franchisor or to compete against Franchisor.

17.2.3 In furtherance of this Section, Franchisor has the right to require certain individuals to execute standard form nondisclosure or non-competition agreements in a form the same as or similar to the Nondisclosure and Non-Competition Agreement (Attachment 2 to this Agreement).

17.2.4 If for whatever reason, either the above area or time frame covered by the Nondisclosure and Non-Competition Agreement is deemed unreasonable by a court of law, then and only in such an event

shall such area and/or its time frame be reduced accordingly by the court. The rulings by the court concerning the area or time frame or any other judicial interpretation shall not affect the rest and remainder of such restrictive covenants.

17.3 Unfair Competition

If Franchisee operates any other business, Franchisee shall not use any reproduction, counterfeit, copy or colorable imitation of the Marks, either in connection with such other business or the promotion thereof, that is likely to cause confusion, mistake or deception, or that is likely to dilute Franchisor's rights in the Marks. Franchisee shall not utilize any designation of origin, description or representation that suggests or represents an association or connection with Franchisor. This Section is not intended as an approval of Franchisee's right to operate other businesses and in no way is it intended to contradict Sections 7, 17.1 or 17.2. If Franchisor elects not to receive an assignment or sublease of the Approved Location, Franchisee shall make such modifications or alterations to the Approved Location (including changing telephone and facsimile numbers) immediately upon termination or expiration of this Agreement as may be necessary to prevent any association between Franchisor or the System and any business subsequently operated by Franchisee or others at the Approved Location. Franchisee shall make such specific additional changes to the Approved Location as Franchisor may reasonably request for that purpose including, without limitation, removal of all physical and structural features identifying or distinctive to the System. If Franchisee fails or refuses to comply with the requirements of this Section, Franchisor has the right to enter upon the Approved Location for the purpose of making or causing to be made such changes as may be required, at the expense of Franchisee, which expense Franchisee shall pay upon demand.

17.4 Franchisor's Option to Purchase Certain Business Assets

Franchisor has the right (but not the obligation), for a period of thirty (30) days after termination or expiration of this Agreement, to purchase any or all assets of the Franchised Business including leasehold improvements, equipment, supplies and other inventory. The purchase price shall be equal to the assets' fair market value, as determined by an independent appraiser. If Franchisor elects to exercise this option to purchase, it has the right to set off all amounts due from Franchisee under this Agreement, if any, against the purchase price.

17.5 Survival of Certain Provisions

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

18. Transferability of Interest.

18.1 Transfer by Franchisor

This Agreement and all rights and duties hereunder are fully transferable in whole or in part by Franchisor and such rights will inure to the benefit of any person or entity to whom transferred; provided, however, that with respect to any assignment resulting in the subsequent performance by the assignee of the functions of Franchisor, the assignee shall assume the obligations of Franchisor hereunder and Franchisor shall thereafter have no liability for the performance of any obligations contained in this Agreement.

18.2 Transfer by Franchisee to a Third Party

The rights and duties of Franchisee as set forth in this Agreement, and the Franchise herein granted, are personal to Franchisee (or its owners), and Franchisor has entered into this Agreement in reliance upon Franchisee's personal or collective skill and financial ability. Accordingly, neither Franchisee nor any holder of a legal or beneficial interest in Franchisee may sell, assign, convey, give away, pledge, mortgage, sublicense or otherwise transfer, whether by operation of law or otherwise, any interest in this Agreement,

the Franchise granted hereby, the Approved Location used in operating the Franchised Business, its assets or any part or all of the ownership interest in Franchisee without the prior written approval of Franchisor. Any purported transfer without such approval shall be voidable and shall constitute a material breach of this Agreement. If Franchisee is in compliance with this Agreement, Franchisor's consent to such transfer shall be conditioned upon the satisfaction of the following requirements:

(i) Franchisee has complied with the requirements set forth in Section 19;

(ii) all obligations owed to Franchisor, and all other outstanding obligations relating to the Franchised Business, are fully paid and satisfied;

(iii) Franchisee has provided Franchisor with a complete copy of all contracts and agreements and related documentation between Franchisee and the prospective transferee relating to the intended sale or transfer of the Franchise;

(iv) Franchisee, or the transferee, has paid to Franchisor a transfer fee in the amount of $10,000;

(v) Franchisee (and any transferring owners, if Franchisee is a business entity) has executed a general release, in a form required by Franchisor;

(vi) the prospective transferee has satisfied Franchisor that it meets Franchisor's management, business and financial standards, and otherwise possesses the character and capabilities, including business reputation and credit rating, as Franchisor may require to demonstrate ability to conduct the Franchised Business;

(vii) the transferee and, if Franchisor requires, all persons owning any interest in the transferee, have executed the then-current Franchise Agreement (and related attachments, schedules, and exhibits) for new franchisees, which may be substantially different from this Agreement, including different Royalty Fee and Marketing Fund Contribution rates and other material provisions, and the Franchise Agreement then executed shall be for the term specified in such agreement;

(viii) the transferee has obtained all necessary consents and approvals by third parties (such as the lessor of the Approved Location) and all applicable federal, state and local laws, rules, ordinances and requirements applicable to the transfer have been complied with or satisfied;

(ix) the transferee agrees that its Designated Manager shall complete, to Franchisor's satisfaction, a training program in substance similar to the initial training described in Section 8.1 prior to assuming the management of the day-to-day operation of the Franchised Business; and

(x) the transferee has obtained all necessary types of insurance as required by Franchisor.

18.3 Transfer to a Controlled Entity

18.3.1 If Franchisee wishes to transfer this Agreement or any interest herein to a corporation, limited liability company or other legal entity which shall be entirely owned by Franchisee ("Controlled Entity"), which Controlled Entity is being formed for the financial planning, tax or other convenience of Franchisee, Franchisor's consent to such transfer shall be conditioned upon the satisfaction of the following requirements:

(i) the Controlled Entity is newly organized and its charter provides that its activities are confined exclusively to the operation of the Franchised Business;

(ii) Franchisee or all holders of a legal or beneficial interest in Franchisee own all of the equity and voting power of the outstanding stock or other capital interest in the Controlled Entity;

(iii) all obligations of Franchisee to Franchisor or any Affiliate are fully paid and satisfied; provided, however, that neither Franchisee nor the Controlled Entity shall be required to pay a transfer fee as required pursuant to Section 18.2(viii);

(iv) the Controlled Entity has entered into a written agreement with Franchisor expressly assuming the obligations of this Agreement and all other agreements relating to the operation of the Franchised Business. If the consent of any other party to any such other agreement is required, Franchisee has obtained such written consent and provided the same to Franchisor prior to consent by Franchisor;

(v) all holders of a legal or beneficial interest in the Controlled Entity have entered into an agreement with Franchisor jointly and severally guaranteeing the full payment of the Controlled Entity's obligations to Franchisor and the performance by the Controlled Entity of all the obligations of this Agreement; and

(vi) copies of the Controlled Entity's articles of incorporation or organization, bylaws, operating agreement, federal tax identification number and other governing regulations or documents, including resolutions of the board of directors authorizing entry into this Agreement, have been promptly furnished to Franchisor. Any amendment to any such documents shall also be furnished to Franchisor immediately upon adoption.

18.3.2 The term of the transferred franchise shall be the unexpired term of this Agreement, including all renewal rights, subject to any and all conditions applicable to such renewal rights.

18.3.3 Franchisor's consent to a transfer of any interest in this Agreement, or of any ownership interest in the Franchised Business, shall not constitute a waiver of any claims Franchisor may have against the transferor or the transferee, nor shall it be deemed a waiver of Franchisor's right to demand compliance with the terms of this Agreement.

18.4 Franchisor's Disclosure to Transferee

Franchisor has the right, without liability of any kind or nature whatsoever to Franchisee, to make available for inspection by any intended transferee of Franchisee all or any part of Franchisor's records relating to this Agreement, the Franchised Business or to the history of the relationship of the parties hereto. Franchisee hereby specifically consents to such disclosure by Franchisor and shall release and hold Franchisor harmless from and against any claim, loss or injury resulting from an inspection of Franchisor's records relating to the Franchised Business by an intended transferee identified by Franchisee.

18.5 For-Sale Advertising

Franchisee shall not, without prior written consent of Franchisor, place in, on or upon the location of the Franchised Business, or in any communication media, any form of advertising relating to the sale of the Franchised Business or the rights granted hereunder.

18.6 Transfer by Death or Incapacity

18.6.1 Upon the death or Incapacity of Franchisee (if Franchisee is an individual) or any holder of a legal or beneficial interest in Franchisee (if Franchisee is a business entity), the appropriate representative of such person (whether administrator, personal representative or trustee) shall, within a reasonable time not exceeding one hundred eighty (180) days following such event, transfer such individual's interest in the Franchised Business or in Franchisee to a third party approved by Franchisor. Such transfers, including transfers by will or inheritance, shall be subject to the conditions for assignments and transfers contained in this Agreement, unless prohibited by the laws of the state wherein Franchisee resided, with such choice of law provision being applicable only for this Section 18.6. During such one hundred eighty (180) day period, the Franchised Business must remain at all times under the primary management of a Designated Manager who otherwise meets Franchisor's management qualifications.

18.6.2 Following such a death or Incapacity of such person as described in this Section, if necessary in Franchisor's discretion, Franchisor shall have the right, but not the obligation, to assume operation of the Franchised Business until the deceased or incapacitated owner's interest is transferred to a third party approved by Franchisor. Franchisor may charge a management fee as stated in the Operations

Manual from time to time, currently equal to $200 per day, and Franchisor shall be entitled to reimbursement of any expenses Franchisor incurs that are not paid out of the operating cash flow of the Franchised Business.

19. Right of First Refusal.

19.1 Submission of Offer

If Franchisee, or any of its owners, proposes to sell or otherwise transfer (including a transfer by death or Incapacity pursuant to Section 18.6) the Franchised Business (or any of its assets outside of the normal course of business), any ownership interest in Franchisee or any ownership interest in the Franchise granted hereunder, Franchisee shall obtain and deliver a bona fide, executed written offer or proposal to purchase, along with all pertinent documents including any contract or due diligence materials, to Franchisor, except with regards to a sale or transfer to a family member. The offer must apply only to an approved sale of the assets or interests listed above and may not include any other property or rights of Franchisee or any of its owners.

19.2 Franchisor's Right to Purchase

Franchisor shall, for thirty (30) days from the date of delivery of all such documents, have the right, exercisable by written notice to Franchisee, to purchase the offered assets or interest for the price and on the same terms and conditions contained in such offer communicated to Franchisee. Franchisor has the right to substitute cash for the fair market value of any form of payment proposed in such offer. Franchisor's credit shall be deemed at least equal to the credit of any proposed buyer. After providing notice to Franchisee of Franchisor's intent to exercise this right of first refusal, Franchisor shall have up to sixty (60) days to close the purchase. Franchisor shall be entitled to receive from Franchisee all customary representations and warranties given by Franchisee as the seller of the assets or such ownership interest or, at Franchisor's election, such representations and warranties contained in the proposal.

19.3 Non-Exercise of Right of First Refusal

If Franchisor does not exercise its right of first refusal within thirty (30) days from the date of delivery of all such documents, the offer or proposal may be accepted by Franchisee or any of its owners, subject to Franchisor's prior written approval as required by Section 18.2. Should the sale fail to close within one hundred eighty (180) days after the offer is delivered to Franchisor, Franchisor's right of first refusal shall renew and be implemented in accordance with this Section.

19.4 Sales or Transfers to Family Excepted

If Franchisee, or any of its owners, proposes to sell or otherwise transfer the Franchised Business (or any of its assets outside of the normal course of business), any ownership interest in Franchisee or any ownership interest in the Franchise granted hereunder to a member of Franchisee's (or its owners') family, then the terms and conditions of this Section 19 shall be inapplicable. Nothing in this Section 19.4 shall be construed to relieve Franchisee from full compliance with the terms and conditions of Section 18.2 prior to a sale or transfer to family pursuant to this Section.

20. Beneficial Owners of Franchisee.

You agree to accurately and completely furnish to us the names, contact information, and ownership percent on anyone owning an interest in this franchise on Attachment 1 to the Franchise Agreement. No change to the owners or ownership percentages are permitted without our prior written consent.

You must designate one (1) owner with at least 10% ownership as the "Principal Owner." The Principal Owner is the primary owner responsible for your business and communication with us. The Principal Owner must have authority over all transactions and dealings related to your Franchised Business and must have power to create binding agreements with us.

21. Relationship and Indemnification.

21.1 Relationship

This Agreement is purely a contractual relationship between the parties and does not appoint or make Franchisee an agent, legal representative, joint venturer, partner, employee, servant or independent contractor of Franchisor for any purpose whatsoever. Franchisee may not represent or imply to third parties that Franchisee is an agent of Franchisor, and Franchisee is in no way authorized to make any contract, agreement, warranty or representation on behalf of Franchisor, or to create any obligation, express or implied, on Franchisor's behalf. During the term of this Agreement, and any extension or renewal hereof, Franchisee shall hold itself out to the public only as a franchisee and an owner of the Franchised Business operating the Franchised Business pursuant to a franchise from Franchisor. Franchisee shall take such affirmative action as may be necessary to do so including, without limitation, exhibiting a notice of that fact in a conspicuous place on the Approved Location and on all forms, stationery or other written materials, the content of which Franchisor has the right to specify. Under no circumstances shall Franchisor be liable for any act, omission, contract, debt, nor any other obligation of Franchisee. Franchisor shall in no way be responsible for any injuries to persons or property resulting from the operation of the Franchised Business. Any third party contractors and vendors retained by Franchisee to convert or construct the premises are independent contractors of Franchisee alone.

21.2 Standard of Care

This Agreement does not establish a fiduciary relationship between the parties. Unless otherwise specifically provided in this Agreement with respect to certain issues, whenever this Agreement requires Franchisee to obtain Franchisor's written consent or permits Franchisee to take any action or refrain from taking any action, Franchisor is free to act in its own self-interest without any obligation to act reasonably, to consider the impact on Franchisee or to act subject to any other standard of care limiting Franchisor's right, except as may be provided by statute or regulation.

21.3 Indemnification

To the fullest extent permitted by law, Franchisee shall, at Franchisee's sole cost and expense, hold harmless and indemnify Franchisor, any Affiliate, all holders of a legal or beneficial interest in Franchisor and all officers, directors, executives, managers, members, partners, owners, employees, agents, successors and assigns (collectively "Franchisor Indemnitees") from and against all losses, damages, fines, costs, expenses or liability (including reasonable attorneys' fees and all other costs of litigation) incurred in connection with any action, suit, demand, claim, investigation or proceeding, or any settlement thereof, which arises from or is based upon (a) any personal injury, bodily injury or property damage whatsoever occurring in or at the location of the Franchised Business; (b) any bodily injury to an employee of Franchisee arising out of and in the course of employment of the employee; (c) Franchisee's ownership or operation of the Franchised Business; (d) Franchisee's breach of the lease for the Approved Location; (e) Franchisee's violation, breach or asserted violation or breach of any federal, state or local law, regulation or rule; (f) Franchisee's breach of any representation, warranty, covenant, or provision of this Agreement or any other agreement between Franchisee and Franchisor (or an Affiliate); (g) Franchisee's defamation of Franchisor or the System; (h) Franchisee's acts, errors or omissions committed or incurred in connection with the Franchised Business and or place of operations, including any negligent or intentional acts; or (i) Franchisee's infringement, violation or alleged infringement or violation of any Mark, patent or copyright or any misuse of the Trade Secrets or other Confidential Information. The obligations of this Section shall expressly survive the termination of this Agreement.

21.4 Right to Retain Counsel

Franchisee shall give Franchisor immediate notice of any such action, suit, demand, claim, investigation or proceeding that may give rise to a claim for indemnification by a Franchisor Indemnitee. Franchisor has the right to retain counsel of its own choosing in connection with any such action, suit,

demand, claim, investigation or proceeding. In order to protect persons, property, Franchisor's reputation or the goodwill of others, Franchisor has the right to, at any time without notice, take such remedial or corrective actions as it deems expedient with respect to any action, suit, demand, claim, investigation or proceeding if, in Franchisor's sole judgment, there are grounds to believe any of the acts or circumstances listed above have occurred. If Franchisor's exercise of its rights under this Section to take corrective or remedial action, causes any of Franchisee's insurers to refuse to pay a third party claim, all cause of action and legal remedies Franchisee might have against such insurer shall automatically be assigned to Franchisor without the need for any further action on either party's part. Under no circumstances shall Franchisor be required or obligated to seek coverage from third parties or otherwise mitigate losses in order to maintain a claim against Franchisee. The failure to pursue such remedy or mitigate such loss shall in no way reduce the amounts recoverable by Franchisor from Franchisee.

22. General Conditions and Provisions.

22.1 No Waiver

No failure of Franchisor to exercise any power reserved to it hereunder, or to insist upon strict compliance by Franchisee with any obligation or condition hereunder, and no custom nor practice of the parties in variance with the terms hereof, shall constitute a waiver of Franchisor's right to demand exact compliance with the terms of this Agreement. Waiver by Franchisor of any particular default by Franchisee shall not be binding unless in writing and executed by Franchisor and shall not affect nor impair Franchisor's right with respect to any subsequent default of the same or of a different nature. Subsequent acceptance by Franchisor of any payment(s) due shall not be deemed to be a waiver by Franchisor of any preceding breach by Franchisee of any terms, covenants or conditions of this Agreement.

22.2 Injunctive Relief

As any breach by Franchisee of any of the restrictions contained in Sections 6, 7 and 17 would result in irreparable injury to Franchisor, and as the damages arising out of any such breach would be difficult to ascertain, in addition to all other remedies provided by law or in equity, Franchisor shall be entitled to seek injunctive relief (whether a restraining order, a preliminary injunction or a permanent injunction) against any such breach, whether actual or contemplated, without the necessity of posting security or bond and Franchisee shall be responsible for Franchisor's reasonable attorneys' fees incurred in pursuing the same. Franchisor's right to seek injunctive relief will not affect the parties' waiver of jury trial and covenant to arbitrate all disputes in accordance with Section 23.6. Franchisor's rights herein shall include pursuing injunctive relief through arbitration or in a state or federal court.

22.3 Notices

All notices required or permitted under this Agreement shall be in writing and shall be deemed received: (a) at the time delivered by hand to the recipient party (or to an officer, director or partner of the recipient party); (b) on the next business day after transmission by facsimile or other reasonably reliable electronic communication system; (c) two (2) business days after being sent via guaranteed overnight delivery by a commercial courier service; or (d) five (5) business days after being sent by Registered Mail, return receipt requested. Either party may change its address by a written notice sent in accordance with this Section. All notices, payments and reports required by this Agreement shall be sent to Franchisor at the following address:

STEMTREE FRANCHISING, LLC
Attn: Dr. Abdelghani Bellaachia
220 Maple Avenue West
Vienna, Virginia 22180

22.4 Cost of Enforcement or Defense

If Franchisor is required to enforce this Agreement in a judicial or arbitration proceeding, Franchisor shall be entitled to reimbursement of its costs, including any accounting and attorneys' fees, in connection with any involvement in any such proceeding. Moreover, whether a judicial or arbitration proceeding is instituted or not, if Franchisor is required to enforce this Agreement, if Franchisee defaults under this Agreement, or if Franchisee by any action or failure to act give Franchisor right of termination, Franchisee shall reimburse Franchisor for its costs, including any account and attorney fees and any other costs.

22.5 Unlimited Guaranty and Assumption of Obligations

All holders of a legal or beneficial interest in Franchisee of five percent (5%) or greater shall be required to execute, as of the date of this Agreement, the Unlimited Guaranty and Assumption of Obligation (Attachment 3 to this Agreement), through which such holders agree to assume and discharge all of Franchisee's obligations under this Agreement and to be personally liable hereunder for all of the same.

22.6 Approvals

Whenever this Agreement requires the prior approval or consent of Franchisor, Franchisee shall make a timely written request to Franchisor for such approval and, except as otherwise provided herein, any approval or consent granted shall be effective only if in writing. Franchisor makes no warranties or guarantees upon which Franchisee may rely, and assumes no liability or obligation to Franchisee or any third party to which it would not otherwise be subject, by providing any waiver, approval, advice, consent or services to Franchisee in connection with this Agreement, or by reason of any neglect, delay or denial of any request for approval.

22.7 Entire Agreement

This Agreement and all attachments to this Agreement constitute the entire agreement between the parties and supersede any and all prior negotiations, understandings, representations, and agreements. Nothing in this or in any related agreement, however, is intended to disclaim the representations Franchisor made in the franchise disclosure document that Franchisor furnished to you.

22.8 Severability and Modification

22.8.1 Except as noted below, each paragraph, part, term, and provision of this Agreement shall be considered severable. If any paragraph, part, term or provision herein is ruled to be unenforceable, unreasonable or invalid, such ruling shall not impair the operation of or affect the remaining portions, paragraphs, parts, terms and provisions of this Agreement, and the latter shall continue to be given full force and effect and bind the parties; and such unenforceable, unreasonable or invalid paragraphs, parts, terms or provisions shall be deemed not part of this Agreement. If Franchisor determines that a finding of invalidity adversely affects the basic consideration of this Agreement, Franchisor has the right to, at its option, terminate this Agreement.

22.8.2 Notwithstanding the above, each of the covenants contained in Sections 7 and 17 shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of any such covenant is held to be unenforceable, unreasonable, or invalid, then it shall be amended to provide for limitations on disclosure of Trade Secrets or other Confidential Information or on competition to the maximum extent provided or permitted by law.

22.8.3 The Franchise Agreement can be modified only by written agreement between you and us.

22.9 Construction

All captions herein are intended solely for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision hereof.

22.10 Force Majeure

Whenever a period of time is provided in this Agreement for either party to perform any act, except pay monies, neither party shall be liable nor responsible for any delays due to strikes, lockouts, casualties, acts of God, war, terrorism, governmental regulation or control or other causes beyond the reasonable control of the parties, and the time period for the performance of such act shall be extended for the amount of time of the delay. This clause shall not result in an extension of the term of this Agreement.

22.11 Timing

Time is of the essence. Except as set forth in Section 22.10, failure to perform any act within the time required or permitted by this Agreement shall be a material breach.

22.12 Withholding Payments

Franchisee shall not, for any reason, withhold payment of any Royalty Fees or other amounts due to Franchisor or to an Affiliate. Franchisee shall not withhold or offset any amounts, damages or other monies allegedly due to Franchisee against any amounts due to Franchisor. No endorsement or statement on any payment for less than the full amount due to Franchisor will be construed as an acknowledgment of payment in full, or an accord and satisfaction, and Franchisor has the right to accept and cash any such payment without prejudice to Franchisor's right to recover the full amount due, or pursue any other remedy provided in this Agreement or by law. Franchisor has the right to apply any payments made by Franchisee against any of Franchisee's past due indebtedness as Franchisor deems appropriate. Franchisor shall set off sums Franchisor owes to Franchisee against any unpaid debts owed by Franchisee to Franchisor.

22.13 Further Assurances

Each party to this Agreement will execute and deliver such further instruments, contracts, forms or other documents, and will perform such further acts, as may be necessary or desirable to perform or complete any term, covenant or obligation contained in this Agreement.

22.14 Third-Party Beneficiaries

Anything to the contrary notwithstanding, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than Franchisor or Franchisee, and their respective successors and assigns as may be contemplated by this Agreement, any rights or remedies under this Agreement.

22.15 Multiple Originals

Both parties will execute multiple copies of this Agreement, and each executed copy will be deemed an original.

23. Dispute Resolution.

23.1 Choice of Law

Except as to claims governed by federal law, Virginia law governs all claims that in any way relate to or arise out of this Agreement or any of the dealings of the parties ("Claims"). However, no laws regulating the sale of franchises or governing the relationship between franchisor and franchisee shall apply unless the jurisdictional requirements of such laws are met independently of this paragraph.

23.2 Consent to Jurisdiction

You and we agree that venue and jurisdiction for any Claims, except those required to be submitted to arbitration, shall be proper solely in the state and federal court nearest to our corporate headquarters, presently located in Fairfax County, Virginia. This exclusive choice of jurisdiction and venue provision shall not restrict the ability of the parties to confirm or enforce judgments or arbitration awards in any appropriate jurisdiction.

23.3 Limitation of Actions and Prior Notice of Claims

You agree to bring any Claims against us, if at all, within one (1) year of the occurrence of the facts giving rise to such Claims, and that any action not brought within this period shall be barred as a claim, counterclaim, defense, or set-off. And, as a condition precedent to commencing an action for a Claim, you must notify us within thirty (30) days after the occurrence of the violation or breach, and failure to timely give such notice shall preclude any claim for damages.

23.4 Limitation of Damages

Franchisee and Franchisor each waive, to the fullest extent permitted by law, any right or claim for any punitive or exemplary damages against the other and agree that if there is a dispute with the other, each will be limited to the recovery of actual damages sustained by it including reasonable accounting and legal fees as provided in Section 22.4. Franchisee waives and disclaims any right to consequential damages in any action or claim against Franchisor concerning this Agreement or any related agreement. In any claim or action brought by Franchisee against Franchisor concerning this Agreement, Franchisee's contract damages shall not exceed and shall be limited to refund of Franchisee's Franchise Fee and Royalty Fees.

23.5 Waiver of Jury Trial

Franchise and Franchisor Each irrevocably waive trial by jury in any action, whether at law or equity, brought by either of them.

23.6 Arbitration

23.6.1 Except as expressly provided in Section 23.6.2, any controversy or claim arising out of or relating to this Agreement, or the breach thereof, shall be resolved by arbitration administered by the American Arbitration Association in accordance with its Commercial Arbitration Rules, including the Optional Rules for Emergency Measures of Protection. Judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction.

23.6.2 Either party may apply to the arbitrator seeking injunctive relief until the arbitration award is rendered or the controversy is otherwise resolved. Either party also may, without waiving any remedy or right to arbitrate under this Agreement, seek from any court having jurisdiction any interim or provisional injunctive relief, pending the arbitral tribunal's determination of the merits of the controversy.

23.7 Attorney Fees

If we are the substantially prevailing party as to any Claims, you agree to reimburse our costs and attorney fees incurred in pursuing or defending the Claims.

24. Acknowledgements.

24.1 Receipt of this Agreement and the Franchise Disclosure Document

Franchisee represents and acknowledges that it has received, read and understands this Agreement and Franchisor's Franchise Disclosure Document; and that Franchisor has accorded Franchisee ample time and opportunity to consult with advisors of its own choosing about the potential benefits and risks of entering into this Agreement. Franchisee represents and acknowledges that it has received, at least fourteen (14) calendar-days prior to the date on which this Agreement was executed, the Franchise Disclosure Document required by the Trade Regulation Rule of the Federal Trade Commission entitled Disclosure Requirements and Prohibitions Concerning Franchising and Business Opportunity Ventures.

24.2 Consultation by Franchisee

Franchisee represents that it has been urged to consult with its own advisors with respect to the legal, financial and other aspects of this Agreement, the business franchised hereby and the prospects for

that business. Franchisee represents that it has either consulted with such advisors or has deliberately declined to do so.

24.3 True and Accurate Information

Franchisee represents that all information set forth in any and all applications, financial statements and submissions to Franchisor is true, complete and accurate in all respects, and Franchisee acknowledges that Franchisor is relying upon the truthfulness, completeness and accuracy of such information.

24.4 Risk

Franchisee represents that it has conducted an independent investigation of the business contemplated by this Agreement and acknowledges that, like any other business, an investment in a Franchised Business involves business risks and that the success of the venture is dependent, among other factors, upon the business abilities and efforts of Franchisee. Franchisor makes no representations or warranties, express or implied, in this Agreement or otherwise, as to the potential success of the business venture contemplated hereby.

24.5 No Guarantee of Success

Franchisee represents and acknowledges that it has not received or relied on any guarantee, express or implied, as to the revenues, profits or likelihood of success of the Franchised Business. Franchisee represents and acknowledges that there have been no representations by Franchisor's officers, directors, employees or agents that are not contained in, or are inconsistent with, the statements made in the Franchise Disclosure Document or this Agreement.

24.6 No Violation of Other Agreements

Franchisee represents that its execution of this Agreement will not violate any other agreement or commitment to which Franchisee or any holder of a legal or beneficial interest in Franchisee is a party.

24.7 Severability

If a provision of this Agreement is or becomes illegal, invalid, or unenforceable in any jurisdiction, that shall not affect: the validity or enforceability in that jurisdiction of any other provision of this Agreement; or the validity or enforceability in other jurisdictions of that or any other provision of this Agreement

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby have duly executed this Agreement.

STEMTREE FRANCHISING, LLC

By: _____
Name: _____
Title: _____
Date: _____

FRANCHISEE:
[*if an individual:*]

_____
Name: _____

[*if an entity:*]

_____

By: _____
Name: _____
Title: _____
Date: _____

ATTACHMENT 1

OWNERSHIP INFORMATION

Please list ALL persons who hold any ownership interest in the franchisee:

***Please note per Sections 18 and 20 of your Franchise Agreement, you may transfer your interest in the franchisee or any entity holding the franchise only if we approve**

Name:_____

Position/Title:_____

Home Address:_____

_____

_____

Telephone No.:_____

E-mail address:_____

Percentage of ownership: _____%

Name:_____

Position/Title:_____

Home Address:_____

_____

_____

Telephone No.:_____

E-mail address:_____

Percentage of ownership _____%

Name:_____

Position/Title:_____

Home Address:_____

_____

_____

Telephone No.:_____

E-mail address:_____

Percentage of ownership: _____%

Name:_____

Position/Title:_____

Home Address:_____

_____

_____

Telephone No.:_____

E-mail address:_____

Percentage of ownership _____%

Principal Owner: Your designated Principal Owner (pursuant to Section 20 of the Franchise Agreement) shall be:

Name:_____

ATTACHMENT 2

NONDISCLOSURE AND NON-COMPETITION AGREEMENT

This Agreement is by and between _____ ("Franchisee") and _____ ("Individual").

W I T N E S E T H:

WHEREAS, Franchisee is a party to that certain Franchise Agreement dated _____, 20__ ("Franchise Agreement") by and between Franchisee and STEMTREE FRANCHISING, LLC ("Company"); and

WHEREAS, Franchisee desires Individual to have access to and review certain Trade Secrets and other Confidential Information, which are more particularly described below; and

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

WHEREAS, Individual understands the necessity of not disclosing any such information to any other party or using such information to compete against Company, Franchisee or any other franchisee of Company in any business (i) that offers or provides (or grants franchises or licenses to others to operate a business that offers or provides) a children's education center the same as or similar to those provided by Franchisee or (ii) in which Trade Secrets and other Confidential Information (as defined below) could be used to the disadvantage of Franchisee, or Company, any affiliate of Company or Company's other franchisees (hereinafter, "Competitive Business"); provided, however, that the term "Competitive Business" shall not apply to any business operated by Franchisee under a Franchise Agreement with Company.

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:

1. Trade Secrets and Confidential Information

Individual understands Franchisee possesses and will possess Trade Secrets and other Confidential Information that are important to its business.

a) For the purposes of this Agreement, a "Trade Secret" is information in any form (including, but not limited to, materials and techniques, technical or non-technical data, formulas, patterns, compilations, programs, devices, methods, techniques, drawings, processes, financial data, financial plans, product plans, passwords, lists of actual or potential customers or suppliers) related to or used in the Franchised Business that is not commonly known by or available to the public and that information: (i) derives economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use; and (ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

b) For the purposes of this Agreement "Confidential Information" means technical and non-technical information used in or related to the Franchised Business that is not commonly known by or available to the public, including, without limitation, Trade Secrets and information contained in the Operations Manual and training guides and materials. In addition, any other information identified as confidential when delivered by Franchisee shall be deemed Confidential Information. Confidential Information shall not include, however, any information that: (i) is now or subsequently becomes generally available to the public through no fault of Individual; (ii) Individual can demonstrate was rightfully in its possession, without obligation of nondisclosure, prior to disclosure pursuant to this Agreement; (iii) is independently developed without the use of any Confidential Information; or (iv) is rightfully obtained

from a third party who has the right, without obligation of nondisclosure, to transfer or disclose such information.

c) Any information expressly designated by Company or Franchisee as "Trade Secrets" or "Confidential Information" shall be deemed such for all purposes of this Agreement, but the absence of designation shall not relieve Individual of his or her obligations hereunder in respect of information otherwise constituting Trade Secrets or Confidential Information. Individual understands Franchisee's providing of access to the Trade Secrets and other Confidential Information creates a relationship of confidence and trust between Individual and Franchisee with respect to the Trade Secrets and other Confidential Information.

2. Confidentiality/Non-Disclosure

a) Individual shall not communicate or divulge to (or use for the benefit of) any other person, firm, association, or corporation, with the sole exception of Franchisee, now or at any time in the future, any Trade Secrets or other Confidential Information. At all times from the date of this Agreement, Individual must take all steps reasonably necessary and/or requested by Franchisee to ensure that the Confidential Information and Trade Secrets are kept confidential pursuant to the terms of this Agreement. Individual must comply with all applicable policies, procedures and practices that Franchisee has established and may establish from time to time with regard to the Confidential Information and Trade Secrets.

b) Individual's obligations under paragraph 2(a) of this Agreement shall continue in effect after termination of Individual's relationship with Franchisee, regardless of the reason or reasons for termination, and whether such termination is voluntary or involuntary, and Franchisee is entitled to communicate Individual's obligations under this Agreement to any future customer or employer to the extent deemed necessary by Franchisee for protection of its rights hereunder and regardless of whether Individual or any of its affiliates or assigns becomes an investor, partner, joint venturer, broker, distributor or the like in a Stemtree Business.

3. Non-Competition

a) During the term of Individual's relationship with Franchisee and for a period of two (2) years after the expiration or termination of Individual's relationship with Franchisee, regardless of the cause of expiration or termination, Individual shall not, directly or indirectly, divert or attempt to divert any business or customer of Franchisee to any Competitive Business, 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 the Company's trademark "Stemtree" and such other trade names, trademarks, service marks, trade dress, designs, graphics, logos, emblems, insignia, fascia, slogans, drawings and other commercial symbols as the Company designates to be used in connection with the Franchised Businesses or the Company's uniform standards, methods, procedures and specifications for the establishment and operation of a Franchised Business.

b) During the term of Individual's relationship with Franchisee, Individual shall not, directly or indirectly, carry on, be engaged in or take part in, render services to, or own or share in the earnings of any Competitive Business anywhere within a twenty-five (25) mile radius of the Franchisee's Approved Location or within Franchisee's Territory, whichever is greater without the express written consent of Franchisee.

c) For a two (2) year period following the term of Individual's relationship with Franchisee, regardless of the cause of termination, Individual shall not, directly or indirectly, carry on, be engaged in or take part in, render services to, or own or share in the earnings of any Competitive Business within a twenty-five (25) mile radius of Franchisee's Approved Location or within Franchisee's Territory, whichever is greater, or within twenty-five (25) miles of any other Stemtree Business without the express written consent of Franchisee. For purposes of this Agreement, Franchisee's "Territory" is defined as:

_____
_____
_____.

d) During the term of Individual's relationship with Franchisee and for a period of two (2) years thereafter, regardless of the cause of termination, Individual shall not, directly or indirectly, solicit or otherwise attempt to induce or influence any customer or supplier of Franchisee, Company or any other Stemtree Business to compete against, or terminate or modify his, her or its business relationship with Franchisee, Company, or any other Stemtree Business.

4. Reasonableness of Restrictions

Individual acknowledges that each of the terms set forth herein, including the restrictive covenants, is fair and reasonable and is reasonably required for the protection of Franchisee, Company, and Company's Trade Secrets and other Confidential Information, the Company's business system, network of franchises and trade and service marks, and Individual waives any right to challenge these restrictions as being overly broad, unreasonable or otherwise unenforceable. If, however, a court of competent jurisdiction determines that any such restriction is unreasonable or unenforceable, then Individual shall submit to the reduction of any such activity, time period or geographic restriction necessary to enable the court to enforce such restrictions to the fullest extent permitted under applicable law. It is the desire and intent of the parties that the provisions of this Agreement shall be enforced to the fullest extent permissible under the laws and public policies applied in any jurisdiction where enforcement is sought.

5. Relief for Breaches of Confidentiality, Non-Solicitation and Non-Competition

Individual further acknowledges that an actual or threatened violation of the covenants contained in this Agreement will cause Franchisee and Company immediate and irreparable harm, damage and injury that cannot be fully compensated for by an award of damages or other remedies at law. Accordingly, Franchisee and Company shall be entitled, as a matter of right, to an injunction from any court of competent jurisdiction restraining any further violation by Individual of this Agreement without any requirement to show any actual damage or to post any bond or other security. Such right to an injunction shall be cumulative and in addition to, and not in limitation of, any other rights and remedies that Franchisee and Company may have at law or in equity.

6. Miscellaneous

a) This Agreement constitutes the entire Agreement between the parties with respect to the subject matter hereof. This Agreement supersedes any prior agreements, negotiations and discussions between Individual and Franchisee. This Agreement cannot be altered or amended except by an agreement in writing signed by the duly authorized representatives of the parties.

b) Except to the extent this Agreement or any particular dispute is governed by federal law, this Agreement shall be governed by and construed in accordance with the laws of the State of Virginia (without reference to its conflict of laws principles). The Federal Arbitration Act shall govern all matters subject to arbitration. References to any law refer also to any successor laws and to any published regulations for such law as in effect at the relevant time. References to a governmental agency also refer to any regulatory body that succeeds the function of such agency.

c) Any action brought by either party, shall only be brought in the appropriate state or federal court located in or serving Fairfax County, Virginia. For any state court action or claims, Circuit Court of Fairfax County, Commonwealth of Virginia, shall have jurisdiction. For any federal court action or claims, the United States District Court for the Eastern District of Virginia shall have jurisdiction. The parties waive all questions of personal jurisdiction or venue for the purposes of carrying out this provision. Company may bring claims for injunctive relief where Franchisee is located. This exclusive choice of jurisdiction and

venue provision shall not restrict the ability of the parties to confirm or enforce judgments or arbitration awards in any appropriate jurisdiction.

d) Individual agrees if any legal proceedings are brought for the enforcement of this Agreement, in addition to any other relief to which the successful or prevailing party may be entitled, the successful or prevailing party shall be entitled to recover attorneys' fees, investigative fees, administrative fees billed by such party's attorneys, court costs and all expenses, including, without limitation, all fees, taxes, costs and expenses incident to arbitration, appellate, and post-judgment proceedings incurred by the successful or prevailing party in that action or proceeding.

e) This Agreement shall be effective as of the date this Agreement is executed and shall be binding upon the successors and assigns of Individual and shall inure to the benefit of Franchisee, its subsidiaries, successors and assigns. Company is an intended third-party beneficiary of this Agreement with the independent right to enforce the confidentiality and non-competition provisions contained herein.

f) The failure of either party to insist upon performance in any one (1) or more instances upon performance of any terms and conditions of this Agreement shall not be construed a waiver of future performance of any such term, covenant or condition of this Agreement and the obligations of either party with respect thereto shall continue in full force and effect.

g) The paragraph headings in this Agreement are included solely for convenience and shall not affect, or be used in connection with, the interpretation of this Agreement.

h) In the event that any part of this Agreement shall be held to be unenforceable or invalid, the remaining parts hereof shall nevertheless continue to be valid and enforceable as though the invalid portions were not a part hereof.

i) This Agreement may be modified or amended only by a written instrument duly executed by Individual, Franchisee and Company.

j) The existence of any claim or cause of action Individual might have against Franchisee or Company will not constitute a defense to the enforcement by Franchisee or Company of this Agreement.

k) Except as otherwise expressly provided in this Agreement, no remedy conferred upon Franchisee or Company pursuant to this Agreement is intended to be exclusive of any other remedy, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given pursuant to this Agreement or now or hereafter existing at law or in equity or by statute or otherwise. No single or partial exercise by any party of any right, power or remedy pursuant to this Agreement shall preclude any other or further exercise thereof.

INDIVIDUAL CERTIFIES THAT HE OR SHE HAS READ THIS AGREEMENT CAREFULLY AND UNDERSTANDS AND ACCEPTS THE OBLIGATIONS THAT IT IMPOSES WITHOUT RESERVATION. NO PROMISES OR REPRESENTATIONS HAVE BEEN MADE TO SUCH PERSON TO INDUCE THE SIGNING OF THIS AGREEMENT.

THE PARTIES ACKNOWLEDGE THAT THE COMPANY IS A THIRD-PARTY BENEFICIARY TO THIS AGREEMENT AND THAT THE COMPANY SHALL BE ENTITLED TO ENFORCE THIS AGREEMENT WITHOUT THE COOPERATION OF THE FRANCHISEE. INDIVIDUAL AND FRANCHISEE AGREE THAT THIS AGREEMENT CANNOT BE MODIFIED OR AMENDED WITHOUT THE WRITTEN CONSENT OF THE COMPANY.

IN WITNESS WHEREOF, Franchisee has hereunto caused this Agreement to be executed by its duly authorized officer, and Individual has executed this Agreement, all being done in duplicate originals with one (1) original being delivered to each party as of the day and year first above written.

FRANCHISEE:

_____ By:_____

Its:_____

INDIVIDUAL:

_____ Name: _____

ATTACHMENT 3

UNLIMITED GUARANTY AND ASSUMPTION OF OBLIGATION

THIS UNLIMITED GUARANTY AND ASSUMPTION OF OBLIGATIONS in connection with that certain Franchise Agreement of even date herewith (which Franchise Agreement, as may have been modified, amended and/or supplemented in writing, is hereunder called the "Franchise Agreement") by and between STEMTREE FRANCHISING, LLC as "Franchisor" and _____ as "Franchisee".

For valuable consideration received, and as an inducement to Franchisor to enter into the Franchise Agreement, the undersigned ("Guarantor") hereby unconditionally guarantees to Franchisor: (a) the full and timely performance by Franchisee of the Franchise Agreement and all terms, conditions and covenants thereof, and (b) the payment by Franchisee of royalties and all other sums payable by Franchisee under the Franchise Agreement.

Guarantor agrees that (1) the obligations shall be enforceable against Guarantor without the necessity for any suit or proceedings whatsoever against Franchisee, and without the necessity of any notice of nonpayment, nonperformance or nonobservance or any notice of acceptance of this Guaranty Agreement or any other notice or demand to which Guarantor might otherwise be entitled, all of which Guarantor hereby expressly waives; (2) immediately upon each and every breach or default of the Franchise Agreement by Franchisee, whether before or during the term of the Franchise Agreement or thereafter (e.g., during any renewal term), without any notice to or demand upon Guarantor. Guarantor will (i) pay to Franchisor the sum or sums in arrears, (ii) pay to Franchisor all damages, including but not limited to any expenses, costs and fees incurred by Franchisor, that may be occasioned by Franchisee's nonperformance, and (iii) comply with or perform all terms and conditions of the Franchise Agreement; (3) no extension, forbearance or leniency extended by Franchisor to Franchisee shall wholly or partially discharge Guarantor hereunder, notwithstanding that Guarantor had no notice of any breach or default of the Franchise Agreement or of any such leniency, forbearance or extension; (4) Franchisor and Franchisee, without notice to or consent by Guarantor, may at any time(s) enter into modifications, renewals, extensions, amendments and/or other agreements respecting the Franchise Agreement, and Guarantor shall not be wholly or partially released thereby, it being intended that Guarantor shall continue as guarantor with respect to the Franchise Agreement as so modified, renewed, extended, amended or otherwise affected and notwithstanding any transfer or assignment of the Franchise Agreement.

The obligations of Guarantor herein shall be co-extensive with those of Franchisee under the Franchise Agreement and shall remain in effect as long as Franchisee's obligations under the Franchise Agreement are in effect. This Guaranty Agreement is absolute and unconditioned and shall continue without being affected by any impairment, release or limitation of the liability of Franchisee or its estate in bankruptcy resulting from the operation of any present or future provision of the Bankruptcy Code of the United States or from the decision of any court interpreting the same. Guarantor further agrees to be bound by each and every obligation of Franchisee under the Franchise Agreement, with the same force and effect as if Guarantor were designed in and had executed the Franchise Agreement as Franchisee thereunder.

This Guaranty Agreement is a primary guaranty of payment and performance and shall not be subject to any counterclaim, set-off, deduction or defense. No failure or delay on the part of Franchisor in exercising any right or remedy under the Franchise Agreement and/or this Guaranty Agreement shall operate as a waiver thereof nor shall a single or partial exercise of any right or remedy preclude any other or further exercise thereof, and all rights and remedies of Franchisor hereunder and under the Franchise Agreement shall be cumulative. Until all Franchisee's obligations under the Franchisee are fully performed, Guarantor waives any rights that it may have against Franchisee by reason of Guarantor's compliance with

the Guaranty Agreement, and subordinates any liability or indebtedness of Franchisee held by Guarantor to the obligations of Franchisee to Franchisor under the Franchise Agreement.

If Guarantor consists of more than one person and/or entity, (a) this Guaranty Agreement shall be binding on all of them jointly and severally, and (b) notice to or from any of them will constitute notice to or from each of them.

Any notice or other communication to Franchisor may be addressed to STEMTREE FRANCHISING, LLC, 220 Maple Avenue West, Vienna, Virginia 22180, Attention: Dr. Abdelghani Bellaachia, PhD, or such other address as may be designated by Franchisor by registered or certified mail, return receipt requested, and the time of rendition of such notice or other communication shall be when it is deposited in an official United States Mail receptacle, postage prepaid.

This Guaranty Agreement is governed by and construed in accordance with the laws of the State of Virginia.

Guarantor will forthwith pay to Franchisor all attorney's fees and disbursements incurred by Franchisor in connection with any breach or default by Franchisee under the Franchise Agreement and/or the enforcement of this Guaranty Agreement, in each instance whether or not suit is brought (and if suit is brought, through appeals and collection efforts).

Any sums not paid to Franchisor when due hereunder will bear interest at the rate of 18% per annum, from the due date until full payment is received by Franchisor.

As a further inducement to Franchisor to make and enter into the Franchise Agreement and in consideration thereof, Guarantor agrees that in any action or proceeding brought on, under or by virtue by this Guaranty Agreement, Guarantor shall and does hereby waive trial by jury and the benefit of any statute of limitations defense, and Guarantor agrees that the applicable courts of Virginia may have jurisdiction over Guarantor upon appropriate service on Guarantor anywhere in the United States in a manner in accordance with the laws of Virginia. Without limiting the foregoing, Guarantor hereby irrevocably appoints Franchisee as Guarantor's agent for service of process related to this Guaranty Agreement.

The Guaranty Agreement contains the entire agreement between the parties with respect to the matters covered hereby, and Guarantor acknowledges that no agent, representative, salesman or officer of Franchisor has authority to make or has made any statement, agreement or representation, either oral or written, in connection herewith, modifying, adding to or changing the terms and conditions herein set forth. No customs or dealings between the parties shall be permitted to contradict or modify the terms hereof. This Guaranty Agreement shall not be construed more strictly against one party merely by reason of such party's preparation hereof. If any provision of this Guaranty Agreement shall be held to be invalid or unenforceable, to the maximum extent possible the remaining provisions hereof shall in no way be affected or impaired and such remaining provisions shall continue in full force and affect. Neither this Guaranty Agreement nor any of its provisions can be waived, modified or terminated orally, but only by a written instrument duly executed by or on behalf of the party against whom enforcement of any waiver, modification or termination is sought.

Guarantor fully and expressly intends that the foregoing requirements as to a writing be strictly adhered to and strictly interpreted and enforced by any court that may be asked to consider the matter. This Guaranty shall be effective for the full Franchise Agreement term, including any extensions or renewals thereof.

If more than one person or entity signs this Guaranty, then each shall be fully, jointly, and severally liable as Guarantor hereunder.

GUARANTOR:

_____
Signature

_____
Name
Notice Address:

_____

_____

ATTACHMENT 4

RIDER TO LEASE AGREEMENT

Landlord	
Landlord Name:	
Landlord Address:	
Landlord Phone Number:	

Franchisor	
Franchisor Name:	Stemtree Franchising, LLC
Franchisor Address:	220 Maple Avenue West, Vienna, Virginia 22180
Franchisor Phone Number:	(877) 200-7836

Tenant	
Tenant Name:	
Address of Leased Premises:	
Date of Lease:	

1. Use. Tenant is a franchisee of Franchisor. The Leased Premises shall be used only for the operation of a Stemtree business (or any name authorized by Franchisor).

2. Notice of Default and Opportunity To Cure. Landlord shall provide Franchisor with copies of any written notice of default ("Default") given to Tenant under the Lease, and Landlord grants to Franchisor the option (but not the obligation) to cure any Default under the Lease (should Tenant fail to do so) within 10 days after the expiration of the period in which Tenant may cure the Default.

3. Termination of Lease. Landlord shall copy Franchisor on any notice of termination of the Lease. If Landlord terminates the Lease for Tenant's Default, Franchisor shall have the option to enter into a new Lease with Landlord on the same terms and conditions as the terminated Lease, subject to Landlord's approval in its reasonable discretion. To exercise this option, Franchisor must notify Landlord within 10 days after Franchisor receives notice of the termination of the Lease.

4. Termination of Franchise Agreement. If the Franchise Agreement between Franchisor and Tenant is terminated during the term of the Lease, then upon the written request of Franchisor, Landlord and Tenant consent to allow Franchisor to assume any existing term of the Lease (the "Assumption"), provided that any and all defaults have been cured and all payments due under the Lease are current, and to enter into a written agreement providing for such Assumption. In the event of an Assumption, Landlord will deliver possession of the Leased Premises to Franchisor free and clear of any rights of the Tenant or any third party. Landlord further consents to give Franchisor the right, following the Assumption, to assign its interest in the Lease or to sublet the Leased Premises to another franchisee of Franchisor with reasonable consent from the Landlord.

5. Assignment and Subletting. Notwithstanding any provision of the Lease to the contrary, Tenant shall have the right to assign or sublet the Lease to Franchisor, provided that no such assignment or sublease shall relieve Tenant or any guarantor of liability under the Lease. If Franchisor becomes the lessee of the Leased Premises, then Franchisor shall have the right to assign or sublease its lease to a franchisee of Franchisor's brand, subject to Landlord's approval in its reasonable discretion.

6. Authorization. Tenant authorizes Landlord and Franchisor to communicate directly with each other about Tenant and Tenant's business.

7. Right to Enter. Upon the expiration or termination of the Franchise Agreement or the Lease, or the termination of Tenant's right of possession of the Leased Premises, Franchisor or its designee may, after giving reasonable prior notice to Landlord, enter the Leased Premises within 10 days of such expiration or termination, to take any such actions as may be consistent with its rights under this Lease Agreement Rider or to remove signs and other material bearing Franchisor's brand name, trademarks, and commercial symbols.

8. No Liability. By executing this Rider, Franchisor does not assume any liability with respect to the Leased Premises or any obligation as Tenant under the Lease.

LANDLORD:

_____

By: _____
Name: _____
Title: _____
Date: _____

TENANT:

_____

By: _____
Name: _____
Title: _____
Date: _____

FRANCHISOR:

Stemtree Franchising, LLC

By: _____
Dr. Abdelghani Bellaachia, President
Date: _____

FOR VALUE RECEIVED, the undersigned ("Assignor") assigns, transfers and sets over to STEMTREE FRANCHISING, LLC, a Virginia limited liability company ("Assignee"), all of Assignor's right and title to and interest in that certain "Lease" a copy of which is attached as Exhibit A respecting premises commonly known as _____. This assignment is for collateral purposes only and except as specified in this document Assignee will have no liability or obligation of any kind whatsoever arising from or in connection with this assignment or the Lease unless and until Assignee, at its sole and absolute discretion, takes possession of the premises the Lease demises according to the terms of this document and assumes Assignor's obligations under the Lease.

Assignor represents and warrants to Assignee that it has full power and authority to assign the Lease and that Assignor has not previously assigned or transferred and is not otherwise obligated to assign or transfer any of its interest in the Lease or the premises it demises.

Upon Assignor's default under the Lease, Assignor's default under the "Franchise Agreement" between Assignee and Assignor, Assignor's act or failure to act giving Assignee right to terminate the Franchise Agreement, or Assignor's default under any document or instrument securing the Franchise Agreement, Assignee shall have the right, at its sole and absolute direction, to take possession of the premises the Lease demises and expel Assignor from the premises. In that event Assignor will have no further right and title to or interest in the Lease but will remain liable to Assignee for any past due rental payments or other charges Assignee is required to pay Lessor to effectuate the assignment this document contemplates.

Assignor agrees that it will not suffer or permit any surrender, termination, amendment or modification of the Lease without Assignee's prior written consent. Throughout the term of the Franchise Agreement, Assignor agrees that it will elect and exercise all options to extend the term of or renew the Lease not less than thirty (30) days before the last day upon which the option must be exercised unless Assignee agrees otherwise in writing. Upon Assignee's failure to agree otherwise in writing and upon Assignor's failure to elect to extend or renew the Lease as required Assignor appoints Assignee as its true and lawful attorney-in-fact with the authority to exercise the extension or renewal options in the name, place and stead of Assignor for the sole purpose of effecting the extension or renewal.

ASSIGNEE:	ASSIGNOR:
STEMTREE FRANCHISING, LLC	_____
By:_____	By: _____
Name:_____	Name:_____
Title:_____	Title: _____
Date:_____	Date: _____

ATTACHMENT 5

ADA CERTIFICATION

STEMTREE FRANCHISING, LLC ("Franchisor") and _____ ("Franchisee") are parties to a Franchise Agreement dated _____ for the operation of a Stemtree Education Center at _____ (the "Franchised Business"). Franchisee certifies to Franchisor that, to the best of Franchisee's knowledge, the Franchised Business and its adjacent areas comply with all applicable federal, state and local accessibility laws, statutes, codes, rules, regulations and standards, including but not limited to the Americans with Disabilities Act. Franchisee acknowledges that it is an independent contractor and the requirement of this certification by Franchisor does not constitute ownership, control, leasing or operation of the Franchised Business. Franchisee acknowledges that Franchisor has relied on the information contained in this certification. Furthermore, Franchisee acknowledge its obligation under this Franchise Agreement to indemnify Franchisor and the officers, directors, and employees of Franchisor in connection with any and all claims, losses, costs, expenses, liabilities, compliance costs, and damages incurred by the indemnified party(ies) as a result of any matters associated with Franchisee's compliance with the Americans with Disabilities Act, as well as the costs, including attorneys' fees, related to the same.

Franchisee:_____

By: _____

Name: _____

Title: _____

ATTACHMENT 6
STATE SPECIFIC ADDENDA TO THE FRANCHISE AGREEMENT

CALIFORNIA ADDENDUM
TO THE FRANCHISE AGREEMENT

THIS ADDENDUM is made this __day of _____, 20__ by and between STEMTREE FRANCHISING, LLC ("Franchisor"), and _____ ("Franchisee").

If any of the terms of the Franchise Agreement are inconsistent with the terms below, the terms below control.

Sections 24.1, 24.2, 24.4, and 24.5 are deleted from the Franchise Agreement.

The following text is added to the Franchise Agreement:

"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."

The franchise agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

The franchise agreement requires binding arbitration. The arbitration will occur in Virginia with the costs being borne by the parties. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

The franchise agreement requires application of the laws of Virginia. This provision may not be enforceable under California law.

FRANCHISOR:	**FRANCHISEE:**
STEMTREE FRANCHISING, LLC:	
By: _____	By: _____
Title: _____	Title: _____

ILLINOIS ADDENDUM TO THE FRANCHISE AGREEMENT

This Addendum to the Franchise Agreement ("Addendum") is agreed to this ___ day of _____, 20___, is by and between STEMTREE FRANCHISING, LLC ("Franchisor"), and _____ ("Franchisee").

If any of the terms of the Franchise Agreement are inconsistent with the terms below, the terms below control.

1. Illinois law governs the Franchise Agreement.

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

3. Franchisee rights upon termination and non-renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

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

5. 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.

6. Franchise Fee. Section 3.1 of the Franchise Agreement is modified to also state: "Based on our current financial condition, the Illinois Attorney General's Office has required a financial assurance which is being satisfied by posting a surety bond which we filed with the Illinois Attorney General's Office."

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

FRANCHISOR:	**FRANCHISEE:**
STEMTREE FRANCHISING, LLC:	
By: _____	By: _____
Title: _____	Title: _____

MARYLAND ADDENDUM TO THE FRANCHISE AGREEMENT

THIS ADDENDUM is made this __day of _____, 20__ by and between STEMTREE FRANCHISING, LLC ("Franchisor"), and _____ ("Franchisee").

1. Franchisor and Franchisee are parties to that certain Franchise Agreement dated _____, 20___ that has been signed concurrently with the signing of this Addendum (the "Franchise Agreement"). This Addendum is annexed to and forms part of the Franchise Agreement. This Addendum is being signed because (a) Franchisee is a resident of the State of Maryland and/or (b) Franchisee's franchised business will be located or operated in Maryland.

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

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

4. A general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

5. All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

6. Dispute Resolution. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

7. 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.

8. Acknowledgements. Section 24 of the Franchise Agreement is hereby deleted.

9. Franchise Fee. Section 3.1 of the Franchise Agreement is modified to also state: "Based on our current financial condition, the Maryland Securities Commissioner has required a financial assurance which is being satisfied by posting a surety bond which we filed with the Maryland Securities Commissioner."

10. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law applicable to the provisions are met independently of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

FRANCHISOR:	**FRANCHISEE:**
STEMTREE FRANCHISING, LLC:	
By: _____	By: _____
Title:_____	Title: _____

MINNESOTA ADDENDUM TO THE FRANCHISE AGREEMENT

THIS ADDENDUM is made this __day of _____, 20__ by and between STEMTREE FRANCHISING, LLC ("Franchisor"), and _____ ("Franchisee").

1. Franchisor and Franchisee are parties to that certain Franchise Agreement dated _____, 20___ that has been signed concurrently with the signing of this Addendum (the "Franchise Agreement"). This Addendum is annexed to and forms part of the Franchise Agreement. This Addendum is being signed because (a) Franchisee is a resident of the State of Minnesota and/or (b) Franchisee's franchised business will be located or operated in Minnesota.

- Minn. Stat. §80C.21 and Minn. Rule 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreements can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

- With respect to franchises governed by Minnesota law, the franchisor will comply with Minn. Stat. Sec. 80C.14 Subds. 3, 4, and 5 which require (except in certain specified cases), that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement and that consent to the transfer of the franchise will not be unreasonably withheld.

- The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.

- Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statutes 80C.12, Subd. 1(g).

- Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.

- The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J.

  Also, a court will determine if a bond is required.

Any Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5.

2. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Minnesota Franchise Laws applicable to the provisions are met independently of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

3. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including, fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed with the franchise.

Surety Bond:

The Franchise Agreement is amended to also provide the following: "Based on our current financial condition, the Minnesota Commerce Department has required a financial assurance which is being satisfied by posting a surety bond which we filed with the Department."

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

FRANCHISOR:	**FRANCHISEE:**
STEMTREE FRANCHISING, LLC:	
By: _____	By: _____
Title: _____	Title: _____

NORTH DAKOTA ADDENDUM
TO THE FRANCHISE AGREEMENT

If any of the terms of the Franchise Agreement are inconsistent with the terms below, the terms below control.

1. You are not required to sign a general release upon renewal of the franchise agreement.

2. The franchise agreement is amended to also provide as follows:

> "Covenants not to compete are generally considered unenforceable in the State of North Dakota."

3. The provisions concerning choice of law, jurisdiction and venue, jury waiver, and waiver of punitive damages are hereby deleted and in their place is substituted the following language:

> "You agree to bring any claim against us, including our present and former employees, agents, and affiliates, which in any way relates to or arises out of this Agreement, or any of the dealings of the parties hereto, solely in arbitration before the American Arbitration Association."

4. The provision concerning limitation of actions is modified to provide that the statute of limitations under North Dakota Law will apply.

5. The provisions concerning mediation and arbitration are modified to also provide that the site of mediation and arbitration shall be agreeable to all parties and may not be remote from your place of business.

6. North Dakota law governs any cause of action arising out of the franchise agreement.

7. Any requirement in the Franchise Agreement that requires you to pay all costs and expenses incurred by us in enforcing the agreement is void. Instead, the prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

8. Any provision in the Franchise Agreement that requires you to consent to termination or pay liquidated damages is deleted.

9. 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.

Initial Fee Deferral:

The Franchise Agreement is modified by the addition of the following text:

We defer receipt of the initial franchise fee until all initial obligations owed to franchisee under the franchise agreement or other documents have been fulfilled by the franchisor and the franchisee has commenced doing business pursuant to the franchise agreement.

FRANCHISOR:	**FRANCHISEE:**
STEMTREE FRANCHISING, LLC:	
By: _____	By: _____
Title: _____	Title: _____

RHODE ISLAND ADDENDUM TO THE FRANCHISE AGREEMENT

This Addendum to the Franchise Agreement ("Addendum") is agreed to this ___ day of _____, 20___, is by and between STEMTREE FRANCHISING, LLC ("Franchisor"), and _____ ("Franchisee").

1. Franchisor and Franchisee are parties to that certain Franchise Agreement dated _____, 20___ that has been signed concurrently with the signing of this Addendum (the "Franchise Agreement").
2. Any provision in the franchise agreement restricting jurisdiction or venue to a forum outside of Rhode Island is void with respect to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.
3. Any provision in the franchise agreement requiring the application of the laws of a state other than Rhode Island is void with respect to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.
4. The Rhode Island Franchise Investment Act stipulates that you cannot release or waive any rights granted under this Act. Any provision of this franchise agreement, which constitutes a waiver of rights granted under the Act, is superseded.
5. You agree to bring any claim against us, including our present and former employees and agents, which in any way relates to or arises out of this Agreement, or any of the dealings of the parties hereto, solely in arbitration before the American Arbitration Association.
6. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Rhode Island Franchise Investment Protection Act are met independently without reference to this Addendum.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

FRANCHISOR:	**FRANCHISEE:**
STEMTREE FRANCHISING, LLC:	
By: _____	By: _____
Title: _____	Title: _____

SOUTH DAKOTA ADDENDUM
TO THE FRANCHISE AGREEMENT

If any of the terms of the Franchise Agreement are inconsistent with the terms below, the terms below control.

1. The Franchise Agreement is clarified to also indicate that 50% of the initial franchise fee and 50% of royalties are deemed paid for the use of our Marks and 50% are deemed paid for our training, support, and franchise system.

FRANCHISOR:	**FRANCHISEE:**
STEMTREE FRANCHISING, LLC:	
By: _____	By: _____
Title: _____	Title: _____

VIRGINIA ADDENDUM TO THE FRANCHISE AGREEMENT

This Addendum to the Franchise Agreement ("Addendum") is agreed to this ___ day of _____, 20___, is by and between STEMTREE FRANCHISING, LLC ("Franchisor"), and _____ ("Franchisee").

1. Franchisor and Franchisee are parties to that certain Franchise Agreement dated _____, 20___ that has been signed concurrently with the signing of this Addendum (the "Franchise Agreement").

2. Section 16.2 of the Franchise Agreement modified to also state the following: "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."

3. 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.

4. Each provision of this Addendum 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 Addendum.

Surety Bond:

Based on our current financial condition, the Virginia Division of Securities and Retail Franchising has required a financial assurance which is being satisfied by posting a surety bond which we filed with the Virginia State Corporation Commission.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

FRANCHISOR:	**FRANCHISEE:**
STEMTREE FRANCHISING, LLC:	
By: _____	By: _____
Title: _____	Title: _____

WASHINGTON ADDENDUM TO THE FRANCHISE AGREEMENT AND RELATED AGREEMENTS

The provisions of this Addendum form an integral part of, are incorporated into, and modify the Franchise Disclosure Document, the franchise agreement, and all related agreements regardless of anything to the contrary contained therein. This Addendum applies if: (a) the offer to sell a franchise is accepted in Washington; (b) the purchaser of the franchise is a resident of Washington; and/or (c) the franchised business that is the subject of the sale is to be located or operated, wholly or partly, in Washington.

1. **Conflict of Laws**. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, chapter 19.100 RCW will prevail.

2. **Franchisee Bill of Rights**. RCW 19.100.180 may supersede provisions in the franchise agreement or related agreements concerning your relationship with the franchisor, including in the areas of termination and renewal of your franchise. There may also be court decisions that supersede the franchise agreement or related agreements concerning your relationship with the franchisor. Franchise agreement provisions, including those summarized in Item 17 of the Franchise Disclosure Document, are subject to state law.

3. **Site of Arbitration, Mediation, and/or Litigation**. In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

4. **General Release**. A release or waiver of rights in the franchise agreement or related agreements purporting to bind the franchisee to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rules or orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with
RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).

5. **Statute of Limitations and Waiver of Jury Trial**. Provisions contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

6. **Transfer Fees**. Transfer fees are collectable only to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

7. **Termination by Franchisee**. The franchisee may terminate the franchise agreement under any grounds permitted under state law.

8. **Certain Buy-Back Provisions**. Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the franchise agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.

9. **Fair and Reasonable Pricing**. Any provision in the franchise agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).

10. **Waiver of Exemplary & Punitive Damages**. RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).

11. **Franchisor's Business Judgement**. Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.

12. **Indemnification**. Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.

13. **Attorneys' Fees**. If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.

14. **Noncompetition Covenants**. Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provision contained in the franchise agreement or elsewhere that conflicts with these limitations is void and unenforceable in Washington.

15. **Nonsolicitation Agreements**. RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in

Washington.

16. **Questionnaires and Acknowledgments**. 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.

17. **Prohibitions on Communicating with Regulators**. Any provision in the franchise agreement or related agreements that prohibits the franchisee from communicating with or complaining to regulators is inconsistent with the express instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h).

18. **Advisory Regarding Franchise Brokers**. Under the Washington Franchise Investment Protection Act, a "franchise broker" is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise.

Surety Bond. A surety bond in the amount of $100,000 has been obtained by the Franchisor. The Washington Securities Division has made the issuance of the franchisor's permit contingent upon the Franchisor maintaining surety bond coverage acceptable to the Administrator until (a) all Washington Franchisees have (i) received all initial training that they are entitled to under the franchise agreement or offering circular, an (ii) are open for business; or (b) the Administrator issues written authorization to the contrary.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

FRANCHISOR:	**FRANCHISEE:**
STEMTREE FRANCHISING, LLC:	
By: _____	By: _____
Title: _____	Title: _____

EXHIBIT C

LIST OF FRANCHISEES

The following is a list of the names of all current franchisees and the address and telephone number of each of their outlets as of our last fiscal year end.

Operational Outlets (as of December 31, 2024):

California
Stemtree of Diamond Bar
Dongyan Hu
Kathryn Liang
Pengda Sun
1081 Grand Ave 1st Floor
Diamond Bar, CA 91765
(909) 655-7836

Stemtree of South Irvine
Samaneh Sheikh-Nia
6801 Quail Hill Parkway
Irvine, CA 92603
(949) 989-7836

Florida
Stemtree of Coral Gables
Tyrone Gabriel
101 Aragon Ave Unit 1,
Coral Gables, FL 33134
(305) 850-5885

Stemtree of Pinecrest
Sebastian Andres Paez
12745 S Dixie Hwy
Pinecrest, FL 33156
(305) 964-5300

Massachusetts
Stemtree of Norton
Shahrooz Amin
175 Mansfield Ave. Suite 14
Norton, MA 02766
(508)-622-1497

Maryland
Stemtree of Columbia
James Tacey

8630 Guilford Rd., Suite B70,
Columbia, MD 21046
(888) 437-7836

Ohio
Stemtree of Lewis Center
Carrie Smith
6437 Pullman Dr
Lewis Center, OH 43035
(740)365-7836

Oklahoma
Stemtree of Choctaw
Lola Strickland
17315 NE 23rd St
Choctaw OK 73045
(405) 281-1159

Tennessee
Stemtree of Murfreesboro
Jonathan Guevart
1732 W Northfield Blvd
Murfreesboro, TN 37129
(615) 787-7836

Texas
Stemtree of Brownsville
Francisco Davila `Palmieri
Graciela Acosta Soberanes
3025 E Ruben M Torres Blvd Suites A12 & A13
Brownsville, TX 78526
(956) 266-8575

Stemtree of North Dallas
Allison Tremblay
13500 Midway Road, Suite 102
Farmers Branch, Texas 75244
(469) 972-7836

Stemtree of McKinney
Abeer Jameel Jowaid
3851 South Stonebridge Dr.,
McKinney, TX 75070
(469) 861-4851

Stemtree of Spring

Luis Miranda
915 Spring Cypress
Spring, Texas 77373
(614) 374-9365

Stemtree of Riverstone
Dena & Patrick Galletti
4734 LJ Parkway, Suite 308
Sugar Land, TX 77479
(832) 837-3090

Virginia
Stemtree of Lake Ridge
Donya Dugan
12994 Shadwell Court,
Lake Ridge, VA 22192
(912) 271-8228

Washington
Stemtree of Redmond
Amita Talati
17634 NE Union Hill Rd, Suite 130
Redmond, WA 98052
(425) 559-7836

Franchise Agreement Signed But Outlet Not Yet Open (as of December 31, 2024):

Maryland
Stemtree of Ellicott City
James Tacey
8630 Guilford Rd., Suite B70,
Columbia, MD 21046
(888) 437-7836

Stemtree of Severn
Constantin Dan Cazacu
1622 Stream Valley Overlook
Severn, MD 21144
(610) 764-5097

North Carolina
Stemtree of Cary
14540 Jones Lane
Gaithersburg, MD 20878
(301) 385-1733

New York
Stemtree of Lower Manhattan
Adrian Franco
90 Bay Street Landing Apt.6M,
Staten Island, NY, 10301
(917) 913-6920

Rhode Island
Stemtree of Bristol
Heather Michaels
8 Juniper Ct
Bristol, RI 02809
401-297-6749

Tennessee
Stemtree of Franklin
Jonathan Guevart
1611 Greenway Drive
Murfreesboro, TN
615-653-6615

Texas
Stemtree of East Frisco
Abeer Jowaid
3851 South Stonebridge Dr.,
McKinney, TX 75070
(469) 861-4851

Washington
Stemtree of Bellevue
Amita Talati
17634 NE Union Hill Rd, Suite 130
Redmond, WA 98052
(425) 559-7836

Stemtree of Monroe
Kirthi Arjun Pucha
Spoorthy Takkallapalli
19229 135th St SE,
Monroe, WA, 98272
(425) 777-5551

EXHIBIT D

LIST OF FRANCHISEES WHO LEFT THE SYSTEM
(For the Fiscal Year Ended 12/31/2024)

The following is a list of the names, city and state, and current business telephone number, or if unknown, the last known home telephone number of every franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during our 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 buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

Arizona
Stemtree of Chandler
Nathan Miller
3878 E Remington Dr
Gilbert, AZ 85297
(415) 722-3324
(never opened)

California
Stemtree of Central Irvine
Samaneh Sheikh-Nia
12207 Spectrum
Irvine CA 92618
(949) 989-7836
(never opened)

Georgia
Stemtree of Buckhead
Chathura Manawadu
4920 Roswell Rd, Suite 15,
Atlanta 30342
(678) 819-2386
(non-renewal)

Ohio
Stemtree of New Albany
Dipan Desai
6448 Commons Park Ct
New Albany, OH 43054
(440) 570-3498
(non-renewal)

Virginia
Stemtree of Ashburn
Hitesh Dev

Pavan Jain
21021 Sycolin Road Suite 180
Ashburn, VA 20147
(571) 500-7836
(non-renewal)

Stemtree of Midlothian
Marian Parker Branch
Tonya Goodwin
13540 Waterford Pl
Midlothian, VA 23112
(833) 742-7836
(non-renewal)

EXHIBIT E

TABLE OF CONTENTS OF OPERATIONS MANUAL

Manual Section	Number of Pages
Section A: Preface & Introduction	29
Appendix A	5
Section B: Establishing Your STEMTREE EDUCATION CENTER Franchise Business	50
Appendix B	35
Section C: STEMTREE EDUCATIONS CENTER Personnel	25
Appendix C	34
Section D: STEMTREE EDUCATIONS CENTER Administrative Procedures	8
Appendix D	14
Section E: STEMTREE EDUCATIONS CENTER Education Operations Manual	20
Appendix E	6
Section F: STEMTREE EDUCATIONS CENTER Daily Procedures	55
Appendix F	53
Section G: STEMTREE EDUCATIONS CENTER Selling and Marketing	21
Appendix G	11
TOTAL	**366**

EXHIBIT F

GENERAL RELEASE (SAMPLE FORM)

THIS RELEASE is made and given by _____, ("Releasor") with reference to the following facts:

1. Releasor and Stemtree Franchising, LLC (Releasee) are parties to one or more franchise agreements.

2. The following consideration is given:

   _____ the execution by Releasor of a successor Franchise Agreement or other renewal documents renewing the franchise (the "Franchise"); or

   _____ Releasor's consent to Releasee's transfer of its rights and duties under the Franchise Agreement; or

   _____ Releasor's consent to Releasee's assumption of rights and duties under the Franchise Agreement; or

   _____ [insert description]

3. Release- Franchisee and all of Franchisee's guarantors, members, officers, directors, employees, agents, successors, assigns and affiliates fully and finally release and forever discharge Releasee, its past and present agents, employees, officers, directors, members, Franchisees, successors, assigns and affiliates (collectively "Released Parties") from any and all claims, actions, causes of action, contractual rights, demands, damages, costs, loss of services, expenses and compensation which Franchisee could assert against Released Parties or any of them up through and including the date of this Release.

4. THIS IS A SPECIFIC RELEASE GIVING UP ALL RIGHTS WITH RESPECT TO THE TRANSACTIONS OR OCCURRENCES THAT ARE BEING RELEASED UNDER THIS AGREEMENT.

5. California Releasor- You represent and warrant that YOU EXPRESSLY WAIVE ANY AND ALL RIGHTS AND BENEFITS UNDER CALIFORNIA CIVIL CODE §1542, which provides as follows:

   > A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.

6. The above Release shall not apply to any liabilities arising under the California Franchise Investment Law, the California Franchise Relations Act, Indiana Code § 23-2-2.5.1 through 23-2-2.7-7, the Maryland Franchise Registration and Disclosure Law, Michigan Franchise Investment Law, Minnesota Franchise Act, North Dakota franchise laws, the Rhode Island Investment Act, and the Washington Franchise Investment Protection Act.

7. Releasor agrees to comply with all of its applicable post-termination or post-transfer obligations (as the case may be) in the Franchise Agreement described above.

Releasor:

By:_____

Printed Name:_____

Title:_____

Releasee: Stemtree Franchising, LLC

By:_____
Dr. Abdelghani Bellaachia, CEO

Date:_____

EXHIBIT G

FINANCIAL STATEMENTS

STEMTREE FRANCHISING, LLC

VIENNA, VIRGINIA

DECEMBER 31, 2024 AND 2023

STEMTREE FRANCHISING, LLC

TABLE OF CONTENTS

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Statements of Income and Member's Equity (Deficit)	4
Statements of Cash Flows	5
Notes to the Financial Statements	6 - 8

INDEPENDENT AUDITOR'S REPORT

To the Member
Stemtree Franchising, LLC
Vienna, Virginia

Opinion

We have audited the accompanying financial statements of Stemtree Franchising, LLC (a Virginia limited liability corporation), which comprise the balance sheets as of December 31, 2024 and 2023, and the related statements of income and member's equity (deficit), and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Stemtree Franchising, LLC as of December 31, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 Stemtree Franchising, LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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, including omissions, 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.

908 Eden Way North, Suite 201 • Chesapeake, Virginia 23320 • 757-961-5017 • Fax 757-961-5415

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 Stemtree Franchising, LLC's internal control. Accordingly, no such opinion is expressed.

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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.

Barnes, Brock, Cornwell & Painter PLC

Chesapeake, Virginia
April 10, 2025

STEMTREE FRANCHISING, LLC

BALANCE SHEETS
DECEMBER 31, 2024 AND 2023

	2024	2023
ASSETS		
CURRENT ASSETS		
Cash	$ 127,089	$ 142,458
Accounts receivable - royalties	23,753	15,326
Prepaid commission - current	78,819	68,640
Total current assets	$ 229,661	$ 226,424
OTHER ASSETS		
Prepaid commission - long-term	$ 144,464	$ 152,727
Note receivable - member	17,208	24,279
Total other assets	$ 161,672	$ 177,006
Total assets	$ 391,333	$ 403,430
LIABILITIES AND MEMBER'S EQUITY (DEFICIT)		
CURRENT LIABILITIES		
Deferred revenue - current	$ 184,629	$ 156,399
Accrued interest payable	3,170	3,170
Note payable - current	2,526	2,526
Total current liabilities	$ 190,325	$ 162,095
LONG TERM LIABILITIES		
Deferred revenue - net of current portion	$ 325,357	$ 392,140
Note payable - net of current portion	115,574	115,574
Total long-term liabilities	$ 440,931	$ 507,714
Total liabilities	$ 631,256	$ 669,809
MEMBER'S EQUITY (DEFICIT)	(239,923)	(266,379)
Total liabilities and member's equity (deficit)	$ 391,333	$ 403,430

See independent auditor's report and accompanying notes to the financial statements.

STEMTREE FRANCHISING, LLC

STATEMENTS OF INCOME AND MEMBER'S EQUITY (DEFICIT)
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
OPERATING REVENUE		
Franchise fees	$ 206,052	$ 159,181
Royalties	249,927	197,582
Rebuild VA grant	-	15,350
Total operating revenue	$ 455,979	$ 372,113
OPERATING EXPENSES		
Advertising	$ 53,774	$ 87,608
Bank charges	976	1,077
Commissions	75,949	71,173
Franchise expenses	1,828	9,675
Insurance	3,740	5,354
IT support	33,354	34,127
Office expense	43,367	23,133
Professional fees	1,112	17,509
Rent	22,700	51,200
Salaries and related expense	173,843	135,339
Taxes and licenses	5,822	4,537
Telephone	1,856	968
Travel, meals, and entertainment	4,218	9,121
Total operating expenses	$ 422,539	$ 450,821
NET INCOME (LOSS) BEFORE OTHER INCOME AND EXPENSES	$ 33,440	$ (78,708)
OTHER INCOME AND (EXPENSES)		
Interest expense	(6,912)	-
NET INCOME (LOSS)	$ 26,528	$ (78,708)
MEMBER'S EQUITY (DEFICIT) - BEGINNING OF THE YEAR	(266,379)	(186,315)
MEMBER'S DISTRIBUTIONS	(72)	(1,356)
MEMBER'S EQUITY (DEFICIT) - END OF THE YEAR	$ (239,923)	$ (266,379)

See independent auditor's report and accompanying notes to the financial statements.

STEMTREE FRANCHISING, LLC

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	$ 26,528	$ (78,708)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities		
(Increase) decrease in assets:		
Accounts receivable - royalties	(8,427)	3,748
Prepaid commission - current	(10,179)	(17,953)
Prepaid expenses	-	-
Prepaid commission - long-term	8,263	(67,250)
Increase (decrease) in liabilities:		
Deferred revenue - current	28,230	47,667
Accrued interest payable	-	(8,640)
Deferred revenue - long-term	(66,783)	195,462
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ (22,368)	$ 74,326
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments to member	$ 7,071	(28,150)
Member distributions	(72)	(1,356)
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	$ 6,999	$ (29,506)
NET CHANGES IN CASH AND CASH EQUIVALENTS	$ (15,369)	$ 44,820
CASH - BEGINNING OF YEAR	142,458	97,638
CASH - END OF YEAR	$ 127,089	$ 142,458

See independent auditor's report and accompanying notes to the financial statements.

NOTE 1 - ORGANIZATION AND NATURE OF BUSINESS

Stemtree Franchising, LLC (the "Company") is a limited liability company formed under the laws of the Commonwealth of Virginia. The Company is a franchisor engaged in the business of offering opportunities to entrepreneurs who want to own and operate their own Stemtree Education Center at locations throughout the United States. The Company sells franchises and provides training and support services in connection with the operation of a franchised outlet to its franchisees.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Company have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States. The accrual basis of accounting recognizes income when earned and expenses when incurred. The significant accounting policies are described below to enhance the usefulness of the financial statements to the reader.

Income Taxes

Under the provision of the Internal Revenue Code and applicable state laws, the Company is to be taxed under Internal Revenue Code provisions as a limited liability company. As such, the Company is not directly subject to income taxes; the results of its operations are includable in the tax return of its member. Therefore, no provision for income tax expense has been included in the accompanying financial statements.

The federal income tax returns of the member for 2024, 2023, 2022, and 2021 are subject to examination by the IRS, generally for three years after they were filed.

Credit Risk

At times, the Company may have cash deposits in financial institutions in excess of the amount insured by the agencies of the federal government. In evaluating the credit risk, the Company periodically evaluates the stability of these financial institutions. The Company places its cash with high credit quality financial institutions whose credit rating is monitored by management to minimize credit risk. At December 31, 2024 and 2023, the Company had no balances with financial institutions in excess of the insured limit.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Compensated Absences

The Company does not have a compensated absences policy, and as such, no amount has been accrued.

See independent auditor's report. Notes continued on next page.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable

Accounts receivable are recorded for amounts due based on the terms of the executed franchise agreement for royalty fees and other revenues. These receivables are recognized and carried at original contracted amount less an allowance for any uncollectible amounts, if necessary. Management reviews the adequacy of the allowance for doubtful accounts on an ongoing basis using aging of receivables. Management also periodically evaluates individual customer's financial condition, credit history, and the current economic conditions to adjust the allowance when it is necessary. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. Management has determined that an allowance for uncollectible accounts is not necessary at December 31, 2024 and 2023.

Advertising

Advertising costs are expensed as incurred. Advertising costs amounted to $53,774 and $87,608 as of December 31, 2024 and 2023, respectively.

Revenue Recognition

The Company pays commissions and legal fees for certain franchise sales. During the years ended December 31, 2024 and 2023, the Company had $75,949 and $71,173 in such expenditures. Prepaid expenses total $223,283 and $221,367 as of December 31, 2024 and 2023, respectively.

Royalty fees and other revenues are reported as earned.

Franchise Agreements

The Company's franchise agreements generally include a license which provides for payments of initial fees as well as continuing royalties to the Company based upon a percentage of the sales. Under this agreement, franchisees are granted the right to operate a franchise outlet using the Company's system for a specified number of years.

Member's Equity

As a limited liability company, the member's liability is limited to amounts reflected in their respective member accounts.

Under the terms of the limited liability company operating agreement, the Company will continue in perpetuity, if other events of dissolution do not occur.

NOTE 3 - RELATED PARTY TRANSACTIONS

Note payable-member is derived from the member advancing funds to the company for working capital purposes. The loan is non-interest bearing and repayable at the discretion of the Company.

Note receivable-member is derived from the member receiving funds from the Company. The loan is non-interest bearing and repayable at the discretion of the Company.

Stemtree Franchising, LLC occupies facilities leased by related party. During the years ended December 31, 2024 and 2023, the Company paid $22,700 and $51,200, respectively, for rent.

NOTE 4 - DEFERRED REVENUE

In compliance with the Financial Accounting Standards Board ("FASB") new accounting standards for revenue recognition ("Topic 606") as adjusted by ASU 2021-02 deferred revenue represents the initial franchise fee, net of amounts earned based on allowable direct services, as deferred revenues, to be allocated over the length of the franchise agreement and will be recognized as follows:

Year ended December 31:	
Current Liabilities	
2025	$ 184,629
Long term liabilities	
2026	$ 141,139
2027	121,052
2028	55,019
2029	8,147
	$ 325,357

NOTE 5 - NOTE PAYABLE

Effective May 15, 2020, the Company secured a term loan from an unrelated party in the amount of $118,100 with 216 monthly payments totaling $547, including interest at 3.75%, and one irregular last payment estimated at $19,054 due May 15, 2050. In 2023, The Company increased their monthly scheduled payments to $576 due to not making any payments towards the loan in 2022 and accumulating more interest on the loan than was originally intended. The loan is guaranteed by the member. At December 31, 2024 and 2023, the accrued interest payable was $3,170 and $3,170, respectively.

	2024	2023
Total long-term debt	$ 118,100	$ 118,100
Less current portion	(2,526)	(2,526)
Net long-term debt	$ 115,574	$ 115,574

Future maturities of long-term debt are as follows:

	Amount
2025	$ 2,526
2026	2,623
2027	2,723
2028	2,827
2029	2,934
Thereafter	104,467
Total	$ 118,100

NOTE 6 - SUBSEQUENT EVENTS

Subsequent events were evaluated through April 10, 2025, which is the date the financial statements were available to be issued. No events have occurred subsequent to April 10, 2025 that would require adjustment to or disclosure in the financial statements.

See independent auditor's report. Notes continued on next page.

STEMTREE FRANCHISING, LLC

VIENNA, VIRGINIA

DECEMBER 31, 2023 AND 2022

STEMTREE FRANCHISING, LLC

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INDEPENDENT AUDITOR'S REPORT

To the Member
Stemtree Franchising, LLC
Vienna, Virginia

Opinion

We have audited the accompanying financial statements of Stemtree Franchising, LLC (a Virginia limited liability corporation), which comprise the balance sheets as of December 31, 2023 and 2022, and the related statements of income and member's equity (deficit), and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Stemtree Franchising, LLC as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 Stemtree Franchising, LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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, including omissions, 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.

908 Eden Way North, Suite 201 • Chesapeake, Virginia 23320 • 757-961-5017 • Fax 757-961-5415

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 Stemtree Franchising, LLC's internal control. Accordingly, no such opinion is expressed.

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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.

Barnes, Brock, Cornwell & Painter PLC

Chesapeake, Virginia
April 12, 2024

STEMTREE FRANCHISING, LLC

BALANCE SHEETS
DECEMBER 31, 2023 AND 2022

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash	$ 142,458	$ 97,638
Accounts receivable - royalties	15,326	19,074
Prepaid commission - current	68,640	50,687
Total current assets	$ 226,424	$ 167,399
OTHER ASSETS		
Prepaid commission - long-term	$ 152,727	$ 85,477
Note receivable - member	24,279	-
Total other assets	$ 177,006	$ 85,477
Total assets	$ 403,430	$ 252,876
LIABILITIES AND MEMBER'S EQUITY (DEFICIT)		
CURRENT LIABILITIES		
Deferred revenue - current	$ 156,399	$ 108,732
Accrued interest payable	3,170	11,810
Note payable - current	2,526	1,277
Total current liabilities	$ 162,095	$ 121,819
LONG TERM LIABILITIES		
Deferred revenue - net of current portion	$ 392,140	$ 196,678
Note payable - net of current portion	115,574	116,823
Note payable - member	-	3,871
Total long-term liabilities	$ 507,714	$ 317,372
Total liabilities	$ 669,809	$ 439,191
MEMBER'S EQUITY (DEFICIT)	(266,379)	(186,315)
Total liabilities and member's equity (deficit)	$ 403,430	$ 252,876

See independent auditor's report and accompanying notes to the financial statements.

STEMTREE FRANCHISING, LLC

STATEMENTS OF INCOME AND MEMBER'S EQUITY (DEFICIT)
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
OPERATING REVENUE		
Franchise fees	$ 159,181	$ 111,053
Royalties	197,582	148,633
Rebuild VA grant	15,350	-
Total operating revenue	$ 372,113	$ 259,686
OPERATING EXPENSES		
Advertising	$ 87,608	$ 30,794
Bank charges	1,077	433
Commissions	71,173	54,537
Franchise expenses	9,675	3,279
Insurance	5,354	9,690
IT support	34,127	30,594
Office expense	23,133	42,023
Professional fees	17,509	3,584
Rent	51,200	19,300
Salaries and related expense	135,339	68,100
Taxes and licenses	4,537	783
Telephone	968	1,144
Travel, meals, and entertainment	9,121	4,479
Total operating expenses	$ 450,821	$ 268,740
NET INCOME (LOSS) BEFORE OTHER INCOME AND EXPENSES	$ (78,708)	$ (9,054)
OTHER INCOME AND (EXPENSES)		
Employee Retention Credit	$ -	$ 21,795
Interest expense	-	(11,810)
Total other income and (expenses)	$ -	$ 9,985
NET INCOME (LOSS)	$ (78,708)	$ 931
MEMBER'S EQUITY (DEFICIT) - BEGINNING OF THE YEAR	(186,315)	(186,444)
MEMBER'S DISTRIBUTIONS	(1,356)	(802)
MEMBER'S EQUITY (DEFICIT) - END OF THE YEAR	$ (266,379)	$ (186,315)

See independent auditor's report and accompanying notes to the financial statements.

STEMTREE FRANCHISING, LLC

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	$ (78,708)	$ 931
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities		
(Increase) decrease in assets:		
Accounts receivable - royalties	3,748	(12,425)
Prepaid commission - current	(17,953)	(1,182)
Prepaid expenses	-	4,864
Prepaid commission - long-term	(67,250)	38,219
Increase (decrease) in liabilities:		
Deferred revenue - current	47,667	8,247
Accrued interest payable	(8,640)	11,810
Deferred revenue - long-term	195,462	(31,550)
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 74,326	$ 18,914
CASH FLOWS FROM FINANCING ACTIVITIES		
PPP Loan forgiveness	$ -	$ (1,385)
Repayments to member	(28,150)	(14,036)
Member distributions	(1,356)	(802)
NET CASH USED BY FINANCING ACTIVITIES	$ (29,506)	$ (16,223)
NET CHANGES IN CASH AND CASH EQUIVALENTS	$ 44,820	$ 2,691
CASH - BEGINNING OF YEAR	97,638	94,947
CASH - END OF YEAR	$ 142,458	$ 97,638

See independent auditor's report and accompanying notes to the financial statements.

NOTE 1 - ORGANIZATION AND NATURE OF BUSINESS

Stemtree Franchising, LLC (the "Company") is a limited liability company formed under the laws of the Commonwealth of Virginia. The Company is a franchisor engaged in the business of offering opportunities to entrepreneurs who want to own and operate their own Stemtree Education Center at locations throughout the United States. The Company sells franchises and provides training and support services in connection with the operation of a franchised outlet to its franchisees.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Company have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States. The accrual basis of accounting recognizes income when earned and expenses when incurred. The significant accounting policies are described below to enhance the usefulness of the financial statements to the reader.

Income Taxes

Under the provision of the Internal Revenue Code and applicable state laws, the Company is to be taxed under Internal Revenue Code provisions as a limited liability company. As such, the Company is not directly subject to income taxes; the results of its operations are includable in the tax return of its member. Therefore, no provision for income tax expense has been included in the accompanying financial statements.

The federal income tax returns of the member for 2023, 2022, 2021, and 2020 are subject to examination by the IRS, generally for three years after they were filed.

Credit Risk

At times, the Company may have cash deposits in financial institutions in excess of the amount insured by the agencies of the federal government. In evaluating the credit risk, the Company periodically evaluates the stability of these financial institutions. The Company places its cash with high credit quality financial institutions whose credit rating is monitored by management to minimize credit risk. At December 31, 2023 and 2022, the Company had no balances with financial institutions in excess of the insured limit.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Compensated Absences

The Company does not have a compensated absences policy, and as such, no amount has been accrued.

See independent auditor's report. Notes continued on next page.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable

Accounts receivable are recorded for amounts due based on the terms of the executed franchise agreement for royalty fees and other revenues. These receivables are recognized and carried at original contracted amount less an allowance for any uncollectible amounts, if necessary. Management reviews the adequacy of the allowance for doubtful accounts on an ongoing basis using aging of receivables. Management also periodically evaluates individual customer's financial condition, credit history, and the current economic conditions to adjust the allowance when it is necessary. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. Management has determined that an allowance for uncollectible accounts is not necessary at December 31, 2023 and 2022.

Advertising

Advertising costs are expensed as incurred. Advertising costs amounted to $87,609 and $30,794 as of December 31, 2023 and 2022, respectively.

Revenue Recognition

The Company pays commissions and legal fees for certain franchise sales. During the years ended December 31, 2023 and 2022, the Company had $71,173 and $54,537 in such expenditures. Prepaid expenses total $221,366 and $136,164 as of December 31, 2023 and 2022, respectively.

Royalty fees and other revenues are reported as earned.

Franchise Agreements

The Company's franchise agreements generally include a license which provides for payments of initial fees as well as continuing royalties to the Company based upon a percentage of the sales. Under this agreement, franchisees are granted the right to operate a franchise outlet using the Company's system for a specified number of years.

Member's Equity

As a limited liability company, the member's liability is limited to amounts reflected in their respective member accounts.

Under the terms of the limited liability company operating agreement, the Company will continue in perpetuity, if other events of dissolution do not occur.

NOTE 3 - RELATED PARTY TRANSACTIONS

Note payable-member is derived from the member advancing funds to the company for working capital purposes. The loan is non-interest bearing and repayable at the discretion of the Company.

Note receivable-member is derived from the member receiving funds from the Company. The loan is non-interest bearing and repayable at the discretion of the Company.

Stemtree Franchising, LLC occupies facilities leased by related party. During the years ended December 31, 2023 and 2022, the Company paid $51,200 and $19,300, respectively, for rent.

NOTE 4 - DEFERRED REVENUE

In compliance with the Financial Accounting Standards Board ("FASB") new accounting standards for revenue recognition ("Topic 606") as adjusted by ASU 2021-02 deferred revenue represents the initial franchise fee, net of amounts earned based on allowable direct services, as deferred revenues, to be allocated over the length of the franchise agreement and will be recognized as follows:

Year ended December 31:	
Current Liabilities	
2024	$ 156,399
Long term liabilities	
2025	$ 151,030
2026	107,539
2027	87,452
2028	46,119
	$ 392,140

NOTE 5 - NOTE PAYABLE

Effective May 15, 2020, the Company secured a term loan from an unrelated party in the amount of $118,100 with 216 monthly payments totaling $547, including interest at 3.75%, and one irregular last payment estimated at $19,054 due May 15, 2050. In 2023, The Company increased their monthly scheduled payments to $576 due to not making any payments towards the loan in 2022 and accumulating more interest on the loan than was originally intended. The loan is guaranteed by the member. At December 31, 2023 and 2022, the accrued interest payable was $3,170 and $11,810, respectively.

	2023	2022
Total long-term debt	$ 118,100	$ 118,100
Less current portion	(2,526)	(1,277)
Net long-term debt	$ 115,574	$ 116,823

Future maturities of long-term debt are as follows:

	Amount
2024	$ 2,526
2025	2,623
2026	2,723
2027	2,827
2028	2,935
Thereafter	104,466
Total	$ 118,100

NOTE 6 - SUBSEQUENT EVENTS

Subsequent events were evaluated through April 12, 2024, which is the date the financial statements were available to be issued. No events have occurred subsequent to April 12, 2024 that would require adjustment to or disclosure in the financial statements.

EXHIBIT H

FRANCHISE DISCLOSURE QUESTIONNAIRE

Not to be used as to any franchise sale in or to residents of CA, HI, IL, IN, MD, MI, MN, NY, ND, RI, SD, VA, WA, WI]

As you know, STEMTREE FRANCHISING, LLC and you are preparing to enter into a Franchise Agreement for the operation of a Franchised Business. In this Franchisee Disclosure Questionnaire, STEMTREE FRANCHISING, LLC will be referred to as "we" or "us." The purpose of this Questionnaire is to determine whether any statements or promises were made to you that we did not authorize and that may be untrue, inaccurate or misleading. Please review each of the following questions carefully and provide honest and complete responses to each question.

1. Have you received and personally reviewed STEMTREE FRANCHISING, LLC Franchise Agreement and each exhibit, Addendum, and schedule attached to it?

Yes ___ No ___

2. Do you understand all of the information contained in the Franchise Agreement and each exhibit and schedule attached to it?

Yes ___ No ___

If "No", what parts of the Franchise Agreement do you not understand? (Attach additional pages, if necessary.)

_____

_____

_____

3. Have you received and personally reviewed our Disclosure Document Franchisor provided to you?

Yes ___ No ___

4. Do you understand all of the information contained in the Disclosure Document?

Yes ___ No ___

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

_____

_____

_____

5. Have you discussed the benefits and risks of operating the Franchised Business with an attorney, accountant or other professional advisor and do you understand those risks?

Yes ___ No ___

6. Do you understand that the success or failure of Franchisee's business will depend in large part upon Franchisee's skills and abilities, competition from other businesses, interest rates, inflation, labor and supply costs, lease terms and other economic and business factors?

Yes ___ No ___

7. Has any employee or other person speaking on our behalf made any statement or promises concerning the revenues, profits or operating costs of the Franchised Business that Franchisor or our franchisees operate?

Yes ___ No ___

8. Has any employee or other person speaking on our behalf made any statement or promise concerning a Franchised Business that is contrary to, or different from, the information contained in the Disclosure Document?

Yes ___ No ___

9. Has any employee or other person speaking on our behalf made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating a Franchised Business?

Yes ___ No ___

10. Has any employee or other person speaking on our behalf made any statement, promise or agreement concerning the advertising, marketing, training, support service or assistance that Franchisor will furnish to you that is contrary to, or different from, the information contained in the Disclosure Document?

Yes ___ No ___

11. If you have answered "Yes" to any of questions 7 through 10, please provide a full explanation of your answer in the following blank lines. (Attach additional pages, if necessary, and refer to them below.) If you have answered "No" to each of these questions, please leave the following lines blank.

_____

_____

_____

12. Do you understand that in all dealings with you, our officers, directors, employees and agents act only in a representative capacity and not in an individual capacity and these dealings are solely between you and us?

Yes ___ No ___

All representations requiring prospective franchisees to assent to a release, estoppel or waiver of any liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law or Washington Franchise Investment Protection Act.

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.

By signing below, you are representing that you have responded truthfully to the above questions.

[Not to be signed as to any franchise sale in or to residents of CA, HI, IL, IN, MD, MI, MN, NY, ND, RI, SD, VA, WA, WI]

_____
Name of Franchisee/Applicant
Date: _____, 20____

_____
Signature

_____
Printed Name

_____
Printed Title

EXHIBIT I

STATE SPECIFIC ADDENDA TO THE DISCLOSURE DOCUMENT

CALIFORNIA ADDENDUM
TO THE DISCLOSURE DOCUMENT

The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the Commissioner.

As to franchises governed by the California Franchise Investment Law, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

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 FRANCHISE DISCLOSURE DOCUMENT AT LEAST 14 DAYS PRIOR TO EXECUTION OF AGREEMENT.

Item 3 of the Disclosure Document is amended by adding the following paragraph:

Neither we nor any person or franchise broker in Item 2 of this disclosure document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling these persons from membership in this association or exchange.

Item 5 of the Disclosure Document is amended by adding the following:

Based on our current financial condition, the California Department of Financial Protection and Innovation has required a financial assurance which is being satisfied by posting a surety bond which we filed with the California Department of Financial Protection and Innovation. The surety bond is in the amount of $30,000 and was issued by SureTec Insurance Company.

Item 6 of the Disclosure Document is amended by adding the following:

The maximum interest rate allowed by law in California is 10% annually.

Item 15 is amended by adding the following:

Each owner of the franchise is required to execute a personal guaranty. The guaranty will place your and your spouse's marital and personal assets at risk, perhaps including your house, if your franchise fails.

Item 17 of the Disclosure Document is amended by adding the following paragraphs:

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

Item 17.g. of the Disclosure Document is modified to state that, in addition to the grounds for immediate termination specified in Item 17.h., the franchisor can terminate upon written notice and a 60 day opportunity to cure for a breach of the Franchise Agreement.

Item 17.h. of the Disclosure Document is modified to state that the franchisor can terminate immediately for insolvency, abandonment, mutual agreement to terminate, material misrepresentation, legal violation persisting 10 days after notice, repeated breaches, judgment, criminal conviction, monies owed to the franchisor more than 5 days past due, and imminent danger to public health or safety.

The franchise agreement requires application of the laws of Virginia. This provision may not be enforceable under California law.

The franchise agreement requires binding arbitration. The arbitration will occur at Fairfax Country, Virginia, with the costs being borne according to the Rules for Commercial Arbitration of the American Arbitration Association. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreemen5t restricting venue to a forum outside the State of California.

The franchise agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

Item 19 of the Disclosure Document is modified to also state:

The financial performance representation figures do not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your franchised business. Franchisees or former franchisees, listed in the Franchise Disclosure Document, may be one source of this information.

SECTION 31125 OF THE FRANCHISE INVESTMENT LAW REQUIRES US TO GIVE TO YOU A DISCLOSURE DOCUMENT APPROVED BY THE COMMISSIONER OF FINANCIAL PROTECTION AND INNOVATION BEFORE WE ASK YOU TO CONSIDER A MATERIAL MODIFICATION OF YOUR FRANCHISE AGREEMENT.

YOU MUST SIGN A GENERAL RELEASE OF CLAIM IF YOU RENEW OR TRANSFER YOUR FRANCHISE. CALIFORNIA CORPORATIONS CODE §31512 VOIDS A WAIVER OF YOUR RIGHTS UNDER THE FRANCHISE INVESTMENT LAW (CALIFORNIA CODE §§31000 THROUGH 31516). BUSINESS AND PROFESSIONS CODE §20010 VOIDS A WAIVER OF YOUR RIGHTS UNDER THE FRANCHISE RELATIONS ACT (BUSINESS AND PROFESSIONS CODE §§20000 THROUGH 20043).

Our website is located at www.Stemtree.com.

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT www.dfpi.ca.gov.

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.

Pursuant to the CA 2023 Corporations Code Section 31512.1

Franchise Agreement Provisions Void as Contrary to Public Policy:

Any provision of a franchise agreement, franchise disclosure document, acknowledgement, questionnaire, or other writing, including any exhibit thereto, disclaiming or denying any of the following shall be deemed contrary to public policy and shall be void and unenforceable:

(a) Representations made by the franchisor or its personnel or agents to a prospective franchisee.
(b) Reliance by a franchisee on any representations made by the franchisor or its personnel or agents.
(c) Reliance by a franchisee on the franchise disclosure document, including any exhibit thereto.
(d) Violations of any provision of this division.

ILLINOIS ADDENDUM
TO THE DISCLOSURE DOCUMENT

As to franchises governed by the Illinois Franchise Disclosure Act, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

1. Surety Bond. Item 5 is modified to state that based on our current financial condition, the Illinois Attorney General's Office has imposed a financial assurance which is being satisfied by posting a surety bond which we filed with the Illinois Attorney General's Office.

2. Item 17.w. is modified to provide that Illinois law applies.

3. Any condition, stipulation, or provision of the Franchise Agreement purporting to bind you to waive compliance with any provision of the Illinois Franchise Disclosure Act or any other law of the State of Illinois is void.

4. The conditions under which your Franchise Agreement can be terminated and your rights upon nonrenewal may be affected by Sections 19 and 20 of the Illinois Franchise Disclosure Act.

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

6. 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.

MARYLAND ADDENDUM
TO THE DISCLOSURE DOCUMENT

As to franchises governed by the Maryland Franchise Registration and Disclosure Law, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

1. Item 5 is supplemented with the following:

Based on our current financial condition, the Maryland Securities Commissioner has required a financial assurance which is being satisfied by posting a surety bond which we filed with the Maryland Securities Commissioner.

2. Item 17.b. is modified to also provide, "The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

3. Item 17.u. is modified to also provide, "This franchise agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.".

4. Item 17.v. is modified to also provide, "Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise."

5. 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.

6. The provision in the franchise agreement which provides for termination upon bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

MINNESOTA ADDENDUM
TO THE DISCLOSURE DOCUMENT

As to franchises governed by the Minnesota franchise laws, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

- Minn. Stat. §80C.21 and Minn. Rule 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreements can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

- With respect to franchises governed by Minnesota law, the franchisor will comply with Minn. Stat. Sec. 80C.14 Subds. 3, 4, and 5 which require (except in certain specified cases), that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement and that consent to the transfer of the franchise will not be unreasonably withheld.

- The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.

- Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statutes 80C.12, Subd. 1(g).

- Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.

- The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J.

- No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including, fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed with the franchise.

Also, a court will determine if a bond is required.

Surety Bond:

Items 5 and 7 of the Disclosure Document are amended to also provide the following: “Based on our current financial condition, the Minnesota Commerce Department has required a financial assurance which is being satisfied by posting a surety bond which we filed with the Department.”

NEW YORK ADDENDUM
TO THE DISCLOSURE DOCUMENT

As to franchises governed by the New York franchise laws, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

As to franchises governed by the New York franchise laws, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

1. The following information is added to the cover page of the Franchise Disclosure Document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SERVICES OR INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following is added at the end of Item 3:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud or securities law, fraud, embezzlement, fraudulent conversion or misappropriation of property, or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency, or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of the "Summary" sections of Item 17(c), titled "**Requirements for franchisee to renew or extend**," and Item 17(m), entitled "**Conditions for franchisor approval of transfer**":

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

4. The following language replaces the "Summary" section of Item 17(d), titled "**Termination by franchisee**":

You may terminate the agreement on any grounds available by law.

5. The following is added to the end of the "Summary" sections of Item 17(v), titled "**Choice of forum**," and Item 17(w), titled "**Choice of law**":

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

6. Franchise Questionnaires and Acknowledgements--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.

7. Receipts--Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 et seq.), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

NORTH DAKOTA ADDENDUM
TO THE DISCLOSURE DOCUMENT

As to franchises governed by the North Dakota franchise laws, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

Restrictive Covenants: To the extent that covenants not to compete apply to periods after the term of the franchise agreement, they are generally unenforceable under North Dakota law.

Applicable Laws: North Dakota law will govern the franchise agreement.

Waiver of Trial by Jury: Any waiver of a trial by jury will not apply to North Dakota Franchises.

Jurisdiction and Venue: The provisions concerning choice of law and jurisdiction and venue are hereby deleted and in their place is substituted the following language:

"You agree to bring any claim against us, including our present and former employees, agents, and affiliates, which in any way relates to or arises out of this Agreement, or any of the dealings of the parties hereto, solely in arbitration before the American Arbitration Association."

Waiver of Exemplary & Punitive Damages: Any waiver of punitive damages will not apply to North Dakota Franchisees.

General Release: Any requirement that the franchisee sign a general release upon renewal of the franchise agreement does not apply to franchise agreements covered under North Dakota law.

Enforcement of Agreement: Any requirement in the Franchise Agreement that requires the franchisee to pay all costs and expenses incurred by the franchisor in enforcing the agreement is void. Instead, the prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

Item 17(i) of the Disclosure Document is modified to delete any required that you consent to termination or pay liquidated damages.

Item 17(u) of the Disclosure Document is modified to provide that the site of mediation and arbitration shall be agreeable to all parties and may not be remote from the franchisee's place of business.

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.

Initial Fee Deferral:

Item 5 of the Disclosure Document is modified by the addition of the following text:

We defer receipt of the initial franchise fee until all initial obligations owed to franchisee under the franchise agreement or other documents have been fulfilled by the franchisor and the franchisee has commenced doing business pursuant to the franchise agreement.

RHODE ISLAND ADDENDUM
TO THE DISCLOSURE DOCUMENT

As to franchises governed by the Rhode Island Franchise Investment Act, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

Item 17.m. of the Disclosure Document is revised to provide:

> Section 19-28.1-14 of the Rhode Island Franchise Investment Act prohibits a franchisee to be restricted in choice of jurisdiction or venue. To the extent any such restriction is purported to be required by us, it is void with respect to all franchisees governed under the laws of Rhode Island.

Item 17.w. of the Disclosure Document is revised to provide:

> Rhode Island law applies.

VIRGINIA ADDENDUM
TO THE DISCLOSURE DOCUMENT

As to franchises governed by the Virginia franchise laws, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

1. Item 17 is supplemented by the following language:

Under 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. 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.

Surety Bond:

Based on our current financial condition, the Virginia Division of Securities and Retail Franchising has required a financial assurance which is being satisfied by posting a surety bond which we filed with the Virginia State Corporation Commission.

WASHINGTON ADDENDUM
TO THE DISCLOSURE DOCUMENT

The provisions of this Addendum form an integral part of, are incorporated into, and modify the Franchise Disclosure Document, the franchise agreement, and all related agreements regardless of anything to the contrary contained therein. This Addendum applies if: (a) the offer to sell a franchise is accepted in Washington; (b) the purchaser of the franchise is a resident of Washington; and/or (c) the franchised business that is the subject of the sale is to be located or operated, wholly or partly, in Washington.

1. **Conflict of Laws**. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, chapter 19.100 RCW will prevail.

2. **Franchisee Bill of Rights**. RCW 19.100.180 may supersede provisions in the franchise agreement or related agreements concerning your relationship with the franchisor, including in the areas of termination and renewal of your franchise. There may also be court decisions that supersede the franchise agreement or related agreements concerning your relationship with the franchisor. Franchise agreement provisions, including those summarized in Item 17 of the Franchise Disclosure Document, are subject to state law.

3. **Site of Arbitration, Mediation, and/or Litigation**. In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

4. **General Release**. A release or waiver of rights in the franchise agreement or related agreements purporting to bind the franchisee to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rules or orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with
RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).

5. **Statute of Limitations and Waiver of Jury Trial**. Provisions contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

6. **Transfer Fees**. Transfer fees are collectable only to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

7. **Termination by Franchisee**. The franchisee may terminate the franchise agreement under any grounds permitted under state law.

8. **Certain Buy-Back Provisions**. Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the franchise agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.

9. **Fair and Reasonable Pricing**. Any provision in the franchise agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).

10. **Waiver of Exemplary & Punitive Damages**. RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).

11. **Franchisor's Business Judgement**. Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.

12. **Indemnification**. Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.

13. **Attorneys' Fees**. If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.

14. **Noncompetition Covenants**. Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provision contained in the franchise agreement or elsewhere that conflicts with these limitations is void and unenforceable in Washington.

15. **Nonsolicitation Agreements**. RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any

such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

16. **Questionnaires and Acknowledgments**. 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.

17. **Prohibitions on Communicating with Regulators**. Any provision in the franchise agreement or related agreements that prohibits the franchisee from communicating with or complaining to regulators is inconsistent with the express instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h).

18. **Advisory Regarding Franchise Brokers**. Under the Washington Franchise Investment Protection Act, a "franchise broker" is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise.

Item 5 is supplemented with the following:

Pursuant to Washington Administrative Code (WAC) Section 480-60-480, we are furnishing a surety bond as provided by rule of the Washington Department of Financial Institutions - Securities Division. The Washington Department of Financial Institutions - Securities Division has found that such requirement is necessary and appropriate to protect prospective franchisees. The surety bond is being provided to the State of Washington instead of requiring us to place the Initial Franchise Fee in an escrow account or having us defer the payment of the Initial Franchise Fee until the opening of the franchise business. The Washington Department of Financial Institutions - Securities Division has imposed the surety bond requirement as an alternative to escrow or fee deferral because of our financial condition.

WISCONSIN ADDENDUM
TO THE DISCLOSURE DOCUMENT

As to franchises governed by the Wisconsin Fair Dealership Law, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

Item 17 of the disclosure document is supplemented by the following:

For franchisees subject to the Wisconsin Fair Dealership Law, Ch. 135, Stats., provisions in the Fair Dealership Law supersede any inconsistent provisions of the Franchise Agreement or a related contract.

EXHIBIT J
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	May 21, 2025
Illinois	April 21, 2025
Indiana	April 29, 2025
Maryland	April 29, 2025
Minnesota	June 17, 2025
Michigan	November 25, 2025
New York	August 14, 2025
North Dakota	April 21, 2025
Rhode Island	August 3, 2025
South Dakota	April 21, 2025
Virginia	June 10, 2025
Washington	July 9, 2025
Wisconsin	April 21, 2025

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 K
RECEIPT

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

If Stemtree Franchising, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. Michigan requires that we give you this Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first. New York requires that we give you this 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 we do not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Exhibit A. See Exhibit A for our registered agents authorized to receive service of process.

The franchisor is Stemtree Franchising, LLC located at 220 Maple Avenue West, Vienna, Virginia 22180. Its telephone number is 1-877-200-7836.

The franchise sellers for this offering are:

X Dr. Abdelghani Bellaachia, PhD, 220 Maple Ave. West, Vienna, Virginia 22180, 1-877-200-7836; and/or

__ _____: _____

Date of Issuance: April 18, 2025

I have received a disclosure document April 18, 2025 which included the following Exhibits:

A. List of Agencies/Agents for Service of Process
B. Franchise Agreement (with Attachments)
C. List of Franchisees
D. Former Franchisees
E. Table of Contents of Operations Manual
F. General Release (Sample Form)
G. Financial Statements
H. Franchise Disclosure Questionnaire
I. State Specific Addenda to Disclosure Document
J. State Effective Dates
K. Receipts

Date	Signature	Printed Name

Please sign, date, and retain this copy for your records

EXHIBIT K
RECEIPT

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If Stemtree Franchising, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. Michigan requires that we give you this Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first. New York requires that we give you this 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 we do not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Exhibit A. See Exhibit A for our registered agents authorized to receive service of process.

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G. Financial Statements
H. Franchise Disclosure Questionnaire
I. State Specific Addenda to Disclosure Document
J. State Effective Dates
K. Receipts

Date	Signature	Printed Name

Please sign, date, and return this copy to Stemtree Franchising, LLC
220 Maple Avenue West, Vienna, Virginia 22180