FRANCHISE DISCLOSURE DOCUMENT

Reading Readiness Center, LLC
A California Limited Liability Company
4790 Irvine Blvd. Suite #105-576
Irvine, CA 92620
323-216-9541
r.readiness@gmail.com
www.readingreadiness.org

The franchise offered is an enrichment program to help early learners reach their academic goals, ~~and~~ build early literacy skills, and to help them become lifelong learners. It is a reading program. You may operate your program from a leased center location, a third party owned center, or a home-based center. ~~in addition to the eLearning site we have developed, and you can sell to your students. It will be a subscription-based business.~~

The total investment necessary to begin operation of a Reading Readiness Center~~Program~~ is $71,700 to $92,000. This includes the $10,000 that must be paid to the franchisor. The total investment necessary to begin operation under a three- to five-unit Multi-Unit Development Agreement (including the first unit) is $96,700 to $137,000. This includes $20,000 to $40,000 that must be paid to the franchisor. There is no minimum number of Reading Readiness units that you are required to develop under the Multi-Unit Development Agreement.

~~The franchise offered is an early child tutoring center with programs to help early learners reach their academic goals and build early literacy skills to help them become lifelong learners. You may operate your programs from a home-based center, a third party owned center, or a leased center location in addition to the online programing we will develop and you will sell to your students.~~

~~The total investment necessary to begin operation of a Reading Readiness Program is $73,800 to $142,500. This includes the $35,000 that must be paid to the franchisor. If you sign an area development agreement, you will also pay the franchise fee for each additional unit agreed to be developed in that agreement.~~

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, please contact Nabila Rangoonwala at 4790 Irvine Blvd. Suite #105-576, Irvine, CA 92620 and 323-216-9541.

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

This Disclosure Document was issued on ~~January 31, 2022~~March 29, 2023.

STATE COVER SHEETS

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.
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 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 READING READINESS CENTER business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a Reading Readiness Program?	Item 20 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~~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, you 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 C.

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

Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation on in California. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in California than in your own state.

2. **Short Operating History.** The franchisor is at an early state of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchisor with a longer operating history.

~~**Unregistered Trademark.** The primary trademark that you will use in your business is not federally registered. If the franchisor's right to use this trademark in your area is challenged, you may have to identify your business and its products or services with a name that differs from that used by other franchisees or the franchisor. This change can be expensive and may reduce brand recognition of the products or services you offer.~~

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

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

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EXHIBITS

A. MULTI-STATE ADDENDA
B. FRANCHISE AGREEMENT
C. DEVELOPMENT AGREEMENT
D. LIST OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

Receipt (2 copies)

To simplify the language in this Disclosure Document, the words "we," "our," and "us" refer to Reading Readiness Center, LLC, the franchisor of Reading Readiness Center businesses. "You" and "your" refer to the person who buys the franchise, whether you are an individual or a business entity. If you are a business entity, certain provisions of this disclosure also apply to your owners and will be noted. Unless otherwise defined in this FDD, all capitalized terms are defined in Section 1 of the Franchise Agreement attached as Exhibit A.

Item 1: The Franchisor, and any Parents, Predecessors, and Affiliates.

Our Franchise Opportunity

The franchise offered is an enrichment program to help early learners reach their academic goals, ~~and~~ build early literacy skills, and to help them become lifelong learners. It is a reading program. You may operate your program from a leased center location, a third party owned center, or a home-based center. ~~In addition to the eLearning site we have developed, and you can sell to your students. It will be a subscription-based site.~~ ~~---~~ ~~The franchise offered is an early child tutoring center with programs to help early learners reach their academic goals and build early literacy skills to help them become lifelong learners. You may operate your programs from a home based center, a third party owned center, or a leased center location in addition to the online programing we will develop and you will sell to your students.~~

The Market and Competition

We operate in the early education market that is well developed and ~~year round~~year-round. Our services are offered year-round. You will compete for customers with independent and franchised businesses offering early literacy skill development and growth.

The Franchisor

We are a California limited liability company, organized on September 3rd, 2020, for the purpose of offering Reading Readiness Program franchises. We do not operate a business of the type being franchised, but our affiliate does. or engage in any other business. Our principal business address is 4790 Irvine Blvd. Suite #105-576, Irvine, CA 92620. We have offered Reading Readiness Program franchises since October 19th, 2020. We do not offer franchises in any other line of business. Our agent for service of process in California is Nabila Rangoonwala ~~whom~~who can be reached at 4790 Irvine Blvd. Suite #105-576, Irvine, CA 92620. Our agents for service of process in other states are disclosed in Exhibit B.

The Franchisor's Predecessors, Parents, and Affiliates

We do not have any Predecessors or Parents. Our Affiliate is Reading Readiness Program with a principal place of business of 4790 Irvine Blvd. Suite #105-576, Irvine,

CA 92620. Our Affiliate has operated a Reading Readiness Program business since August, 2010. Our Affiliate has not offered franchises.

Industry Regulations

Operation of a Reading Readiness Program will require you to be aware of federal, state and local regulations that are common to all businesses including federal, state, and local employment laws and regulations, specifically including minimum wage and wage requirements. We are not aware of any laws or regulations specific to the industry in which the franchise business operates.

Multiple Unit Development

We offer to qualified persons the right to develop multiple Franchised Businesses within a specified geographical area pursuant to our standard form multi-unit development agreement (the "MUDA") attached as Exhibit C to this disclosure document. The MUDA requires you to develop and open multiple outlets on an agreed-upon schedule. You will be required to sign our then-current franchise agreement for each outlet that you open. Upon establishing each additional outlet under the MUDA a developer may be required to sign a then-current franchise agreement, which may differ from the current franchise agreement included within this FDD.

Item 2: Business Experience.

Nabila Rangoonwala President			
Employer	**Position**	**Location**	**Dates**
Reading Readiness Center, LLC	Owner	Irvine, CA	9/2020-Current
Reading Readiness Program	Owner	Irvine, CA	8/2010-Current

Muhammad Ashraf Vice President			
Employer	**Position**	**Location**	**Dates**
Mobilite, LLC	Application Director	Newport Beach, CA	2/2014-Current

~~Chris Eby~~ ~~Director of Franchise Sales~~			
~~Employer~~	**~~Position~~**	**~~Location~~**	**~~Dates~~**

~~National Franchise Resales~~	~~President~~		~~October 2017 to Current~~
~~Firehouse Subs~~	~~Senior Franchise Development Manager~~		~~September 2010 to October 2017~~

Item 3: Litigation.

No litigation is required to be disclosed in this Item.

Item 4: Bankruptcy.

No bankruptcy is required to be disclosed in this Item.

Item 5: Initial Fees.

Single Unit Fees

The initial fees include the $10,000 franchise fee, $15,000 training fee, $5,000 and the marketing development fee~~, and the $5,000 site selection fee~~. The initial fees are not refundable.

Multi-Unit Development

If you and we agree that you will develop multiple Franchised Businesses, you will sign our ADA in the form of Exhibit C to this disclosure document. You will pay a development fee equal to the franchise fee for each outlet to be developed upon signing the ADA. The development fee is not refundable.

Item 6: Other Fees.

OTHER FEES

Type of Fee	Amount	Due Date	Remarks
Royalty Fee	7% of Gross Revenue	First Tuesday of each Month	You must pay your royalty fee directly to us from Gross Revenue generated through your business.
Marketing Fund Contribution	1% of Gross Revenue	First Tuesday of each Month (once implemented)	Once the Marketing Fund is implemented, you shall contribute 1%~~1%~~ of your monthly gross

			revenue to the corporate marketing fund to be used to promote, market, and grow the brand. We will implement the Marketing Fund once we have 10 franchised units in the system.
Software Subscription	$100	Monthly	This is for the operating software you will use to manage your day to day business.
Approval of Products or Suppliers	$0 to $1,000	Applies to the costs we expend in our evaluation of new suppliers you wish to purchase from or products you wish to purchase.	Applies to the costs we expend in our evaluation of new suppliers you wish to purchase from or products you wish to purchase. Costs vary depending on the availability of product samples for testing, shipping costs or travel costs to review the product, the type of product under review, whether the product or supplier has been rated and other similar factors. You pay our actual costs only.
New Designated Manager Training Fee	$15,000	At the time of transfer or hire	Payable to us at time training is required for a new designated manager.
"Under New Management" Advertising Fee	$1,000 to $5,000 depending on market size	Upon completion of transfer	We will design and implement a "under new management" Advertising & Marketing Campaign to promote your new management of the Franchise Business.

Audit Expenses	All costs and expenses associated with audit, approximately $500 to $2,000	Upon completion of audit.	Due if the audit shows you have not spent 4% of your monthly gross revenue on local advertising or if you underreported amounts you owe us by 3% or more. We assume costs vary depending on factors, including prevailing auditor's rates in your area, the business activity being audited and how well you keep your books and records. You pay our actual costs only. You should be able to investigate these costs by contacting auditors in your area. If during the audit it is found that you are in compliance with your franchise commitments, there would be no audit fee.
Late Fees	1.5% per month or the highest rate allowed by the state where you are located (whichever is lower)	As accrued.	Applies to all overdue fees you owe us. Also applies to any understatement in amounts due revealed by an audit. Late fees begin from the date payment was due, but not received, or date of underpayment.
Temporary Management	$600 per day	As Billed	If you are unable to act as or hire a Designated Manager and we elect to operate your Franchise Business due to your death or incapacity. If you receive a notice of termination and we decide to take over as temporary manager of your business.
Ongoing Training	$600 per day	As Billed	If we require additional training for your Designated Manger.

Transfer Fee	$2,000.	No Renewal Fee Upon Renewal	Our administrative fee for processing the transfer of your business.

NOTES

All of the fees noted above are uniform, payable only to us and are non-refundable. We do not impose and collect fees for a third party.

Item 7: Estimated Initial Investment.

YOUR ESTIMATED INITIAL INVESTMENT

Type of expenditure	Amount From	Amount To	Method of payment	When due	To whom payment is to be made
Franchise Fee[1]	$10,000	$10,000	Cashier's Check (direct deposit / wire)	Signing of Franchise Agreement	Franchisor
Training Fee[2]	$15,000	$15,000	Cashier's Check (direct deposit / wire)	Signing of Franchise Agreement	Franchisor
Marketing Setup Fee[3]	$5,000	$5,000	Cashier's Check (direct deposit / wire)	Signing of Franchise Agreement	Franchisor
~~Site Consultation Fee~~[4]	~~$5,000~~	~~$5,000~~	~~Cashier's Check (direct deposit / wire)~~	~~Signing of Franchise Agreement~~	~~Franchisor~~
Training Expenses[4~~5~~]	$~~5~~0	$1~~6~~,000	Not Specified	During Training	Airlines, Hotels, Restaurants
Location Lease[5~~6~~]	$0	$2~~6~~,000	Not Specified	Before Beginning Operations	Landlord
~~Leasehold Improvements~~[7]	~~$5,000~~	~~$10,000~~	~~Not Specified~~	~~Before Beginning Operations~~	~~Contractor~~

~~Computer Hardware and Software[8]~~	~~$1,000~~	~~$5,000~~	~~Not Specified~~	~~Before Beginning Operations~~	~~Supplier~~
Center Supplies[9][6]	$2,500	$5,000	Not Specified	Before Beginning Operations	Supplier
Signage[10][7]	$500	$2,000	Not Specified	Before Beginning Operations	Supplier
~~Furniture and Equipment[11]~~	~~$2,000~~	~~$10,000~~	~~Not Specified~~	~~Before Beginning Operations~~	~~Supplier~~
~~Utilities[12]~~	~~$100~~	~~$500~~	~~Not Specified~~	~~Before Beginning Operations~~	~~Utility Provider~~
Grand Opening Advertising[13][8]	$5,000	$~~2~~5,000	Not Specified	Before Beginning Operations	Approved Supplier
Insurance[14][9]	$200	$2,000	Not Specified	Before Beginning Operations	Insurance Agent
Licenses and Permits[10][5]	$1,000	$3,000	Not Specified	Before Beginning Operations	Relevant Organizations
Legal and Accounting[11][6]	$1,000	$3,000	Not Specified	Before Beginning Operations	Accountants, Lawyers
Additional Funds – First 3-4 Months[12][7]	$5~~2~~0,000	$1~~3~~0,000	Not Specified	Upon Beginning Operations	Suppliers / Working Capital
Total[13][8]	$71,700	$92,000			

YOUR ESTIMATED INITIAL INVESTMENT - AREA DEVELOPER AGREEMENT

Type of expenditure	Amount From - To		Method of payment	When due	To whom payment is to be made
First franchise (see table above)	$71,700	$92,000	Varies	Varies	Franchisor
Additional initial franchise fees for 3-5 Locations[1~~4~~]	$20,000	$40,000	Cashier's Check (direct deposit / wire)	Signing of the ADA	Franchisor
Business planning and miscellaneous expenses	$5,000	$5,000	Cashier's Check (direct deposit / wire)	Signing of the ADA	Vendors and suppliers
Total[1~~3~~]	$96,700	$137,000			

REMARKS

All of the fees noted above are uniform, payable only to us and are non-refundable. We do not impose and collect fees for a third party.

FOOTNOTES

[1] Franchise Fee: The franchise fee This fee is non-refundable. The franchise fee includes the rights to use the Reading Readiness, all the manuals (Operations/Training), the curriculum (a set of 17 books), applications/software (registration app, sign in app), local website and eLearning site (Subscription based).

[2] Training Fee: The Training Fee covers 1-week of mandatory training at the Franchisors headquarters in Irvine, Ca. including a combination of the classroom sessions and on-site live training sessions. It also covers an option to attend a second week of live on-site observation/training. Going over all the manuals, customer service, applications, website, eLearning site, materials and the entire business process. The Training Expenses covers the transportation and expenses for meals and lodging while attending training. Check with your providers to determine if these fees will be refundable.

[3] Marketing Setup Fee. The Marketing Setup Fee covers the downloadable marketing package with link/access to all the brochures, business cards, flyers and hosting fee. It also includes consultation on the local advertising for your territory.

~~[4] Site Consultation Fee. The Site Consultation Fee covers our support with your location and site approval process. Help negotiate best lease terms.~~

[4~~5~~] Training Expenses. This is an estimated amount for the travel, lodging and meal expense. Paid directly to Airlines, Hotels, Restaurants.

[5~~6~~] Location Lease. The average Approved Center will operate out of a commercial space ranging up to 1~~2~~,0~~3~~00 square feet and should be located in a safe, inviting area. The spaces should have room for a classroom, lobby area and ideally rooms for private tutoring. Lease costs will vary based upon square footage and cost per square foot. The cost of a security deposit is included. Estimated rental costs for 3 months are included with the category "Additional Funds".

~~[7] Leasehold 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.~~

~~[8] Computer Hardware & Software. This is for computers, monitors, battery backups and other IT work. This also accounts for the POS system for the Outlet. You should inquire about the return and refund policy of the suppliers at or before the time of purchasing. The amounts you pay for a computer and software are typically non-refundable, or if refundable, may be subject to a "re-stocking" fee.~~

[6~~9~~] Center Supplies. You will need to equip your centers with educational toys, play toys, books for kids to read, flash cards, art supplies, stationery supplies, office supplies, pencils, erasers, containers, sanitizers, wipes, cleaning supplies, etc. You should inquire about the return and refund policy of the supplier at or before the time of purchase. We will supply you with a list of required items.

[7~~10~~] Signage. You will purchase an applicable Reading Readiness sign for the center. It is subject to all local ordinances. These costs are typically not refundable.

~~[11] Furniture & Equipment. Tables and chairs, carpets, cubbies/drawers, office furniture, office phone, printer supplies, network setup, cameras etc.~~

~~[12] Utilities. Electricity, Power, internet connection and cleaning services.~~

[8~~13~~] Grand Opening Advertising. We will consult with you to develop your grand opening advertising strategy that will include a digital marketing campaign geo-targeting parents in your territory. This campaign will focus on lead generation/ student acquisition for enrollment pre-launch. Our assistance is covered by the marketing setup fee. ~~We will consult with you to develop your grand opening advertising strategy that will include a digital marketing campaign geo-targeting parents in your territory. This campaign will focus on lead generation/ student acquisition for enrollment pre-launch. Our assistance is covered by the marketing setup fee.~~

[9~~14~~] Insurance. You must purchase 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, or higher if your state law requires. A 20 percent 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 is included in the high estimate. Factors that may affect your cost of insurance include the size and location of the Approved Centers equipment, inventory, number of employees and other factors. The amounts you pay for insurance are typically

non-refundable. You should inquire about the cancellation and refund policy of the insurance carrier or agent at or before the time of purchase.

[10~~5~~] Licenses & Permits. State and local government agencies typically charge fees for occupancy permits, operating licenses and permits to make improvements to your office and storage area. These fees are typically non-refundable.

[11~~6~~] Legal & Accounting. You will need to employ an attorney, an accountant and other consultants to assist you in establishing your Outlet. These fees may vary from location to location depending on the prevailing rates of local attorneys, accountants and consultants and your existing relationships. These fees are typically non-refundable. You should inquire about the refund policy of the attorney, accountant or consultant at or before the time of hiring.

[12~~7~~] Additional Funds. We recommend that you have a minimum amount of money available to cover operating expenses for the first 3-4 months that the Outlet 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. Additional working capital may be required if sales are low or operating costs are high. These expenses are typically non-refundable.

[13~~8~~] Total. We do not offer direct or indirect financing for any part of the Estimated Initial Investment.

[14~~9~~] Multi-Unit Development Agreement. This estimate assumes you sign a ADA for three to five franchises. The franchise fee for your first unit is counted in the "Estimated Initial Investment – Franchise Agreement" table. You will pay all franchise fees upon signing the ADA.

Item 8: Restrictions on Sources of Products and Services.

Generally

You are required to purchase or lease the following goods and/or services in this Item either directly from us, from an Approved Supplier, or according to our specifications. To the extent that our Affiliates or we will derive revenue or other material consideration from these required purchases or leases, such information is disclosed here. None of our Approved Suppliers are owned by any of our officers.

Required Purchases and Leases

~~Real Estate: We will provide you with specifications for real estate locations that will be suitable for operation of your business.~~

Inventory: We will provide you with a list of Approved Suppliers for the inventory.

~~Equipment: We will provide you with specifications for the equipment necessary to open your business location.~~

~~Computer System: We will provide you with specifications for the computer system.~~

Signage: We will provide you with specifications and examples of the proper signage to emphasize your connection with our brand.

Business Insurance: We will provide you with the specific types of insurance you will be required to purchase and the required policy limits where applicable.

Advertising: We will provide you with advice on advertising procedures that have been effective as well as approved suppliers for marketing services that are applicable.

Supplier Approval Process

We permit you to contract with alternative suppliers for products or services where we require the use of an Approved Supplier, where your supplier is first approved by us. We do not have a specific criterion for approving suppliers that is available to you but will provide guidance as to what we are looking for upon your request. You will send us sufficient information, specifications and samples for us to evaluate the supplier. We will decide within a reasonable time (usually 14 days) after receiving the required information whether we approve your supplier. We will provide reasonable notice (usually 14 days) if we decide to revoke the approval of your supplier.

Our Specifications

Any specifications we may have for goods, services or suppliers will be provided to you in the Operations Manual or other written material when you go through your initial training. As the Operations Manual or other written materials are updated, we will provide you a copy of the updated versions.

Estimated Proportions

We estimate that 60%-80% of your purchases made in establishing your Outlet will be made according to our specifications. We estimate that 50%-80% of your purchases made in operating your Outlet will be made according to our specifications.

Miscellaneous

There are no purchasing or distribution cooperatives. We do not negotiate purchase agreements with suppliers on your behalf. We do not provide material benefits to you based on the purchase of particular products or services or use of particular suppliers.

Item 9: Franchisee's Obligations

This table lists Franchisee's principal obligations under the franchise and other agreements. It will help Franchisee find more detailed information about Franchisee's obligations in these agreements and in other ITEMS of this Disclosure Document.

Obligation	Section in Agreement	Disclosure Document Item

a.	Site selection and acquisition/lease	Franchise Agreement (FA): § 5 Area Developer Agreement (ADA): Not Applicable	11
b.	Pre-opening purchases/leases	FA: §§ 5, 13 ADA: Not Applicable	7, 8
c.	Site development and other pre-opening requirements	FA: § 5 ADA: § 1	11
d.	Initial and ongoing training	FA: § 8 ADA: Not Applicable	6, 7, 11
e.	Opening	FA: §§ 5, 8, 11 ADA: § 1	11
f.	Fees	FA: §§ 3, 11 ADA: § 2	5, 6, 7
g.	Compliance with standards and policies/Operations Manual	FA: §§ 9, 12, 13 ADA: Not Applicable	8, 14, 16
h.	Trademarks and proprietary information	FA: §§ 2, 6 ADA: Not Applicable	13, 14
i.	Restrictions on products/services offered	FA: § 13 ADA: Not Applicable	8, 16
j.	Warranty and customer service requirements	FA: § 13 ADA: Not Applicable	16
k.	Territorial development and sales quotas	FA: N/A ADA: § 1	12
l.	Ongoing product/service purchases	FA: § 13 ADA: Not Applicable	8, 11
m.	Maintenance, appearance and remodeling requirements	FA: §§ 5, 13 ADA: Not Applicable	6
n.	Insurance	FA: § 14 ADA: Not Applicable	6, 7, 8
o.	Advertising	FA: § 11 ADA: Not Applicable	6, 7, 11
p.	Indemnification	FA: § 20 ADA: Not Applicable	N/A
q.	Owner's participation/ management/ staffing	FA: §§ 8, 13 ADA: Not Applicable	15
r.	Records and reports	FA: § 12 ADA: Not Applicable	11
s.	Inspections and audits	FA: §§ 6, 12 ADA: Not Applicable	6, 11, 13
t.	Transfer	FA: § 17 ADA: § 3	6, 17
u.	Renewal	FA: § 4 ADA: § 4	17
v.	Post-termination obligations	FA: § 16 ADA: Not Applicable	17

w.	Noncompetition covenants	FA: § 7 ADA: Not Applicable	17
x.	Dispute resolution	FA: § 22 ADA: Not Applicable	17
y.	Right of First Refusal	FA: § 18 ADA: Not Applicable	N/A

Item 10: Financing

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

Item 11: Franchisor's Assistance, Advertising, Computer Systems and Training.

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

Initial Obligations of Franchisor

Before you open, we will assist you in selecting a location for your Outlet by approving your site selection based on the condition of the premises, demographics of the surrounding area, proximity to other franchisees and affiliates, proximity to Competitive Businesses, or the size of the location and lease requirements. (§5.1) We will designate a geographic area your site selection will fall ~~within, if~~within if you have not already received approval for your location when you sign the Franchise Agreement. (§2.5) We will approve or disapprove of your site selection within 30 days of receiving a proposed location. (§5.1) We will review and approve the lease contract for your site. (§5.3) If you fail to receive approval for your site within six months of signing the Franchise Agreement, we will have the right to terminate that Agreement. (§5.2) We do not generally own the location and sublease it to you. An unrelated third party will own the location and lease it to you.

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. ~~We will provide you with specifications for the development, remodeling, or decoration of the centers. (§5.4)~~ We will provide training for Franchisee, your Designated manager and 1 assistant. (§8.1) We are not obligated to assist you in the hiring or training of your staff, but we will provide other general training/opening assistance. (§8.2) We will not provide you with the necessary equipment, signs, fixtures, opening inventory and supplies required to open for business directly.

Development Timetable

We estimate that the typical length of time between the signing of the Franchise Agreement and the opening of the franchise location is 3-4 months. Factors that may affect Franchisee's beginning operations include ability to obtain a lease, financing or

building permits, zoning and local ordinances, weather conditions, shortages, or delayed installation of equipment, fixtures, and signs. (§§5.2, 1.1~~5.5~~ and 5.5~~5.7~~)

Ongoing Obligations of Franchisor

As we continue to develop our System, we will provide you with developments to by providing updated copies of the Operations Manual or other written documents. (§§7.2 and 9.2) We are not obligated to assist you in the hiring or training of your staff but we will provide additional training to the Designated Manager as necessary and training for newly named Designated Managers. (§§8.4 and 8.5) 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. (§8.6) We will prescribe a standard accounting system in the Operations Manual. (§12) We will provide you with set pricing for all services. (§13.1) We will also make periodic visits to your centers to provide you with consultation, assistance and guidance in various aspects of the operation and management of the Outlet. (§8.7)

Advertising Program

We will conduct national advertising by maintaining the Reading Readiness Center Website but we are not obligated to advertise directly in your territory. (§11.5) We will maintain the main Reading Readiness website, but you are permitted to use other internet advertising. You will be permitted to use your own advertising material for local advertising provided that we first approve the material. (§11.2)

We do not have an advertising council. You will not be required to participate in an advertising cooperative.

You must participate in a System-wide Marketing Fund. We will implement the Marketing Fund once we have a total of 10 franchised units in our system. All franchises will contribute 1%~~1%~~ of their Gross Sales Monthly to the Marketing Fund. We will administer the fund and will have an accounting available to you upon request, of the marketing fund prepared each year at the marketing fund's expense. We did not have a franchisee in the past fiscal year and thus have not yet established the Marketing Fund. If excess amounts remain in any 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 fund, and next out of prior year contributions and then out of current contributions. The System-wide Marketing Fund will not be used to solicit new franchise sales. (§11.4)

Computer System

You ~~are required to purchase~~will be provided with the following computer hardware and software:

Hardware	Software

POS Hardware	Registration/Payment POS System Software
Computer	Attendance App
Backup Drive	Curriculum

~~The approximate cost of the Computer System is $1,000 to $5,000.~~ We will be permitted full access your computer and point of sale data without contractual limitation. (§12.4) We ~~are not obligated to repair or~~will maintain your computer system ~~and do not require you to purchase a maintenance package, but you may decide to hire an IT professional for this purpose~~at a cost of $100 per month. To the extent possible and to the extent limited by the contract with the service providers, we will have independent access to the information generated or stored in your computer system.

Operations Manual

Our Operations Manual includes the following topics:

Manual Section	Number of Pages
Preface & Introduction	24
Establishing My Franchise Business	27
Personnel	32
Administrative Procedures	34
Daily Procedures	31
Selling & Marketing	27
Total Number of Pages	**175**

Franchisor's Training Program

As of our last fiscal year end, our training program consisted of the following:

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Intro to Reading Readiness	3	0	Center Location, Irvine CA
Customer Service	5	0	Center Location, Irvine CA
Administration	2	0	Center Location, Irvine CA
First Aid CPR	3	0	Center Location, Irvine CA
Management	3	0	Center Location, Irvine CA
Programs	0	20	Center Location, Irvine CA
Policies and Procedures	2	0	Center Location, Irvine CA
Technology	5	0	Center Location, Irvine CA

Total	23 hours	20 hours	

The initial training program will be conducted on an as needed basis, approximately months before the opening of your Outlet, and will be held at our location. The training materials include the Operations Manual and related written materials. Nabila Rangoonwala has been working in the children's education industry in the Reading Readiness Program system since 2010. In addition to the training fee, you must pay for all travel costs and living expenses any attendees. Your designated manager is required to attend and satisfactorily complete the initial training program. (§8.3). Additional training programs may be required but are not currently scheduled. (§8.5)

Item 12: Territory

Your Location

If you have already selected a specific location for your business, we will approve that location and include its information in the franchise agreement. If we have not already approved a specific location for your Outlet, you shall select and submit possible sites within the Designated Area for our approval. There is no minimum size for a Territory and the size of your Territory will vary depending on the population and business counts. You are not granted the right to open additional franchise outlets in this Agreement. Additional franchise outlets will be governed by additional franchise agreements.

Protected territory

We grant you an exclusive territory. We will be offering territories based on ~~a population in a specific market, ideally 50,000-100,000 in the MSA~~the number of elementary schools in the area. Your territory will typically encompass 5 elementary schools or will have a 5 mile radius, whichever is smaller. The continuation of your territorial protection does not depend on achieving a certain sales volume, market penetration, or other contingency. Neither our Affiliate nor we have retained the right to use other channels of distribution within the Territory under our Marks or different trademarks. You shall not directly market to or solicit customers located within the Territory of another franchisee or Affiliate but may otherwise solicit customers located outside of your Territory. We are not permitted to solicit or accept orders within your exclusive territory.

Neither our Affiliate nor we operate or has plans to operate a business under a different trademark that will compete with you. You do not receive any options, rights of first refusal or similar rights to acquire additional franchises in our franchise agreement.

Area Development Territory

You will receive an exclusive territory for the development of additional units under our area Developer agreement. We will not operate or grant others the right to operate a ~~SmallBusiness~~ Reading Readiness within your defined territory. We will

approve the location of future units and territories for those units by using our then-current standards. If you do not meet your development schedule in the ADA, we have the right to terminate the agreement and your right to develop future units.

Item 13: Trademarks

Principal Trademark(s)

The following are the principal trademarks that we license to you for which we have obtained registration on the principal register of the United State Patent and Trademark Office:

Trademark	~~Application~~ Registration Date	~~Serial~~ Registration Number	Renewal Date
	1/25/2022	6627353	1/25/2027

This trademark is owned by us. It is registered on the Principal Register of the United States Patent and Trademark Office. Because the federal trademark registration is less than six years old, no affidavits are required at this time. The registration has not yet been renewed.

Material Determinations

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 pertaining to any of our Marks. We know of no pending material federal or state court litigation regarding our use or ownership rights in any of the Marks.

Trademark Agreements

We do not have any agreements that materially affect our rights to our trademarks.

Trademark Liabilities

We are not required to protect your right to use the principal trademark or to protect you against claims of infringement or unfair competition arising out of your use of the Marks. You must immediately notify us when you learn about an infringement of, or challenge to your use of, any Mark, or any claim by any person of any rights in any Marks, 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 Marks. We will reimburse you for all of your expenses reasonably incurred in any legal proceeding disputing your authorized use of any Mark, 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.

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

Superior Rights and Infringements

We know of no prior superior uses that could materially affect the use of the Marks in any state in which the Outlet is to be located. We know of no infringing uses that could materially affect your use of the principal trademarks in your state.

Item 14: Patents, Copyrights and Proprietary Information (Trade Secrets).

Patents

We do not own rights in, or licenses to, patents or patent applications that are material to the franchise.

Copyrights

All of our original works of authorship fixed in a tangible medium of expression, including but not limited to our Operations Manual, are automatically protected under the U.S. Copyright Act. We have not sought a copyright registration for any of these materials. You may use our copyrighted materials during the term of the franchise, in a manner consistent with our ownership rights, solely for the purpose of operating your Outlet. There are no material determinations of the United States Copyright Office or any court regarding any of our copyrighted materials. We are not obligated to protect the copyright or to defend you against claims arising from your use of the copyrighted items.

Trade Secrets

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 our franchised business.

Item 15: Obligation to Participate in the Actual Operation of the Franchised Business.

You are required to personally participate or appoint a Designated Manager to provide personal on-premises supervision of the Outlet. The Designated Manager must successfully complete our training program, any additional trainings we designate, and will be required to sign nondisclosure and noncompetition agreements in a form the same as or similar to the Nondisclosure and Noncompetition agreement attached to the Franchise Agreement. If you are a business entity, we do not require that your Designated Manager own an equity interest in your business entity.

Item 16: Restrictions on What the Franchisee May Sell.

You are only permitted to offer the services authorized by us and you must discontinue offering any services that we may disapprove. You are obligated to sell all of the services authorized by us. We may periodically change required or authorized services. There are no limits on our right to do so, except that your investment required to change required or authorized services will not exceed $5,000 during the initial term of the franchise. There is no personal on-premises supervision of the Outlet otherwise required for you.

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

THE FRANCHISE RELATIONSHIP

This table lists certain important provisions of the franchise and related agreements. Franchisee should read these provisions in the agreement attached to this Disclosure Document. Franchisee should refer to Franchisee's state's-specific addendum attached to this Disclosure Document for exceptions to this ITEM 17.

Provision	Section in Franchise or Other Agreement	Summary
a. Length of franchise term	Franchise Agreement (FA): § 4.1 Area Developer Agreement (ADA): None	The initial term is 10 years.
b. Renewal or extension of term	FA: § 4.2 ADA: None	After the initial term you will be required to sign then current Franchise Agreement that may contain materially different terms and conditions than Franchisee's original contract.

c. Requirements for franchisee to renew or extend	FA: § 4.2 ADA: None	You may renew the then-current Franchise Agreement if you: have fully complied with the provisions of the Franchise Agreement; have the right to maintain possession of the approved centers or an approved substitute location for the term of the renewal; have made capital expenditures as necessary to maintain uniformity with the System; have satisfied all monetary obligations owed to us; are not in default of any provision of the Franchise Agreement or any other agreement with us; have given timely written notice of your intent to renew; sign a current Franchise Agreement, which may have different terms and conditions than your original Franchise Agreement; comply with current training requirements; and sign a general release in a form the same as or similar to the General Release attached to the Franchise Agreement.
d. Termination by franchisee	FA: § 15.1 ADA: § 5	You may terminate the Franchise Agreement if you are in compliance with it, we materially breach it, and we fail to begin to cure our breach within 30 days of receiving your written notice.
e. Termination by franchisor without cause	None	
f. Termination by franchisor with cause	FA: § 15.2 ADA: § 5	See g and h below.
g. "Cause" defined-curable defaults	FA: § 15.2.2 ADA: None	If a default arises from your failure to comply with a mandatory specification in the Franchise Agreement or Operations Manual, you can avoid termination of the Franchise Agreement if you cure the following defaults: your failure to maintain insurance; your failure to make payments due to us; your failure to comply with any mandatory Specification, standard or operating

		procedure prescribed in the Operations Manual or otherwise prescribed in writing; or any other default not explicitly stated in the Franchise Agreement.
h. "Cause" defined- non-curable defaults	FA: § 15.2.1 ADA: None	We have the right to terminate the Franchise Agreement without giving you an opportunity to cure if you: fail to timely select an approved site for or establish, equip and begin operations; fail to have your Designated Manager satisfactorily complete training; make a material misrepresentation or omission in the application for the franchise; after notice to cure, fail to refrain from activities, behavior or conduct likely to adversely affect the reputation of either party or the brand; are convicted of or plead no contest to a felony or other crime or offense likely to affect the reputation of either party or the brand; use the Operations Manual, Training Manuals, trade secrets or other confidential information in an unauthorized manner; if required, fail to have your owners (and members of their immediate families and households), officers, directors, managers, executives and professional staff, and other individuals having access to trade secrets or other confidential information sign nondisclosure and non-competition agreements or, if requested, fail to provide us with copies of all signed nondisclosure and non-competition agreements; abandon the Outlet for 5 or more consecutive days; surrenders or transfers control of the Outlet in an unauthorized manner; fail to maintain the Outlet under the supervision of a Designated Manager following ITS death or disability; submit reports on 2 or more separate occasions understating any amounts due by more than 3%; are adjudicated bankrupt, insolvent or make

		a general assignment for the benefit of creditors; misuse or make unauthorized use of the Marks; fail on 2 or more occasions within any 12 months to submit reports or records or to pay any fees due to us or any Affiliate; violate on 2 or more occasions any health, safety or other laws or operate the Outlet in a manner creating a health or safety hazard to customers, employees or the public; take any action reserved to us; fail to comply with applicable law after notice; breach the franchise agreement or fail to comply with specifications on 2 or more occasions within any 12 months; or default under any other agreement with us (or an Affiliate) so that they have the right to terminate such agreement.
i. Franchisee's obligations on termination/nonrenewal	FA: § 16.1 ADA: None	If the Franchise Agreement is terminated or not renewed, you must: stop operating the Outlet; stop using any trade secrets, confidential information, the System and the Marks; if requested, assign your interest in the franchise location to us; cancel or assign to us any assumed names; pay all sums owed to us including damages and costs incurred in enforcing the Franchise Agreement; return the Operations Manual, trade secrets and all other confidential information; assign your telephone and facsimile numbers to us; comply with the covenants not to compete and any other surviving provisions of the Franchise Agreement.
j. Assignment of contract by franchisor	FA: § 17.1 ADA: § 3	There are no restrictions on our right to assign our interest in the Franchise Agreement.
k. "Transfer" by franchisee-definition	FA: § 17.2 ADA: § 3	"Transfer" means to 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 Centers,

		its assets, or any part or all of the ownership interest in Franchisee.
l. Franchisor's approval of transfer by franchisee	FA: § 17.2 ADA: None	You may not transfer your interest without our prior written consent.
m. Conditions for franchisor approval of transfer	FA: § 17.2 ADA: § 3	We will consent to a transfer if: we have not exercised our right of first refusal; all obligations owed to us are paid; you and the transferee have signed a general release in a form the same as or similar to the General Release attached to the Franchise Agreement; you or the transferee have paid the transfer fee of $15,000 plus attorney's fees, the prospective transferee meets our business and financial standards; the transferee and all persons owning any interest in the transferee sign the then current Franchise Agreement; you provide a copy of all contracts and agreements related to the transfer; you or the transferee pay the transfer fee; the transferee or the owners of transferee have agreed to be personally bound by all provisions of the Franchise Agreement; you have agreed to guarantee performance by the transferee, if requested by us; the transferee has obtained all necessary consents and approvals of third parties; you or all of your equity owners have signed a noncompetition agreement in a form the same as or similar to the Nondisclosure and Noncompetition attached to the Franchise Agreement; the transferee has agreed that its Designated Manager will complete the initial training program before assuming management of the Outlet; and the transferee has obtained all necessary types of insurance.

n. Franchisor's right of first refusal to acquire franchisee's business	FA: § 18 ADA: None	We may match an offer for the Outlet or an ownership interest you propose to sell.
o. Franchisor's option to purchase franchisee's franchised business	FA: § 16.4 ADA: None	Except as described in (n) above, we do not have the right to purchase the Outlet; however, during the 30-day period after the termination or expiration of the Franchise Agreement, we have the right to purchase any assets of the Outlet for fair market value.
p. Death or disability of franchisee	FA: § 17.6 ADA: None	Following the death or incapacity of an owner of the Outlet or the death or incapacity of any holder of a legal or beneficial interest in the Outlet, you or your representative must transfer, subject to the terms of the Franchise Agreement, the individual's interest in the Outlet within 180 days of death or incapacity or we may terminate the Franchise Agreement.
q. Noncompetition covenants during the term of the franchise	FA: § 7.3 ADA: None	You, your owners (and members of their families and households) and its officers, directors, executives, managers, professional staff and employees are prohibited from: attempting to divert any business or customer of the Outlet to a competitive business or causing injury or prejudice to the Marks or the System; owning or working for a competitive business.
r. Noncompetition covenants after the franchise is terminated or expires	FA: § 16.2 ADA: None	For 1 year after the termination or expiration of the Franchise Agreement, you, your owners (and members of their families and households) and your officers, directors, executives, managers or professional staff are prohibited from: owning or working for a competitive business operating within 25 miles of the franchise location or within the area of primary responsibility (whichever is

		greater), or within 25 miles of any other franchisee or affiliate; or soliciting or influencing any of our customers, employees or business associates to compete with us or terminate their relationship with us.
s. Modification of the agreement	FA: §§ 9.2, 21.7 ADA: § 7	The Franchise Agreement can be modified only by written agreement between you and us. We may modify the Operations Manual without your consent if the modification does not materially alter your fundamental rights.
t. Integration/ merger clause	FA: § 21.6 ADA: None	Only the terms of the Franchise Agreement are binding. Any representations or promises made outside of the disclosure document and franchise agreement may not be enforceable. Nothing in this or in any related agreement, however, is intended to disclaim the representations we make in this franchise disclosure document.
u. Dispute resolution by arbitration or mediation	None	
v. Choice of forum	FA: § 22.2 ADA: None	Subject to state law, any litigation must be pursued in courts located in Orange County, California.
w. Choice of law	FA: § 22.1 ADA: None	Subject to state law, California Law applies; except that disputes over the Marks will be governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sec. 1051 et seq.) and disputes over copyrights will be governed by federal copyright laws of the United States.

Item 18: Public Figures.

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

Item 19: Financial Performance Representation.

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the Disclosure Document. Financial performance information that differs from that included in ITEM 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet Franchisee is 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.

1/01/2022~~1~~ – 12/31/2022~~1~~ Financial Results

The following chart contains selected January 1st, 2022~~1~~ to December 31st, 2022~~1~~ financial performance information for one Reading Readiness business owned by our affiliate that were open for this time period. This location is in Southern California.

Gross Sales:	**$~~243,064.26~~235,819.76**
Estimated Royalties:	$~~17,014.50~~16,507.38
Estimated Marketing Fund:	$~~2,430.64~~2,358.20

Notes:

1. The foregoing data are historic financial performance representations. They are not projections of future performance.
2. "Gross Sales" means the total revenue derived from the sale of goods or services less sales tax, discounts, and returns.
3. Our Affiliates do not pay royalties or marketing fees to us; however, we have shown the estimated expenditures (7% Royalty, 1% Marketing Fund) for each Affiliate had they incurred those expenses.
4. **Some outlets have sold and earned this amount. Your individual results may differ. There is no assurance that you'll sell or earn as much.**
5. ~~1.~~Written substantiation of the information contained in this Item 19 will be made available to prospective franchisees upon reasonable request.

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should

report it to the franchisor's management by contacting Nabila Rangoonwala, 4790 Irvine Blvd. Suite #105-576, Irvine, CA 92620, and 323-216-9541, the Federal Trade Commission, and the appropriate state regulatory agencies.

Item 20: Outlets and Franchise Information.

Table No. 1
Systemwide Outlet Summary For Years 2020 to 2022

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2020	0	0	0
	2021	0	0	0
	2022	0	0	0
Company-Owned	2020	1	1	0
	2021	1	1	0
	2022	1	1	0
Total Outlets	2020	1	1	0
	2021	1	1	0
	2022	1	1	0

Table No. 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor) For Years 2020 to 2022

State	Year	Number of Transfers
N/A	2020	0
	2021	0
	2022	0
Total	2020	0
	2021	0
	2022	0

Table No. 3
Status of Franchised Outlets For Years 2019 to 2021

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of the Year

N/A	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
Total	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0

Table No. 4
Status of Company-Owned Outlets For Years 2020 to 2022

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
CA	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
Total	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1

Table No. 5
Projected Openings as of December 31, 2022

State	Franchise Agreements Signed But Outlet Not Yet Opened	Projected New Franchised Outlet In The Next Fiscal Year	Projected New Company-Owned Outlet in the Next Fiscal Year
CA	0	1	0
Total	0	1	0

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with our franchise system. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

List of Current Franchisees

The following is a list of the current franchisees in our system:

None.

List of Terminated Franchisees

The following is a list of the franchisees who have had an outlet terminated, cancelled, transferred, not renewed or otherwise voluntarily or involuntarily ceased to do business under a franchise agreement during the most recently completed fiscal year or who have not communicated with Franchisor within 10 weeks of the application date:

None.

List of Units for Sale

The following is a list of the franchised outlets now under Franchisor control that Franchisor is selling:

None.

Item 21: Financial Statements.

We are a new franchisor and therefore do not have three years of financial statements. What follows is our audited financial statements as of December 31, 2022, December 31, 2021, and December 31, 2020. Our fiscal year end is December 31 each year.

Reading Readiness Center, LLC

Audited Financial Statements

For the year ended December 31, 2022

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Independent Auditors' Report

To the Board of Directors and Shareholders

Reading Readiness Center, LLC

Report on the Financial Statements

Opinion

We have audited the accompanying balance sheet of Reading Readiness Center, LLC "The Company", as of December 31, 2022, and the related statements of profit and loss, statement of cash flows, statement of changes in equity, and the notes to the financial statements for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

In our opinion, the financial statements referred to above, present fairly, in all material respects, the financial position of The Company as of December 31, 2022, and the results of its operations for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Basis of Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

Management's Responsibility 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations or has no realistic alternative but to do so.

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 a guarantee that an audit conducted in accordance with the auditing standards generally accepted in United States of America will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identified and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. 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.

- Obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Concluded on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Stephanie Drenchko
02/16/2023

Stephanie Drenchko, *CPA*
Partner,
GDS International Co
License #: 098780
Contact: +1 (949) 354-4109
9 Knollwood DrBallston Lake, NY 12019

Independent Auditor

Reading Readiness Center, LLC

Balance Sheet

As of December 31, 2022

In US Dollars

	Notes	Amount
Assets		
Non-current Assets		
Property, plant, and equipment		-
Total Non-current assets		**-**
Current Assets		
Cash and Bank Balances	7	5,177
Total Current assets		**5,177**
Total Assets		**5,177**
Liabilities and Equity		
Current Liabilities		
Current Liabilities		-
Total Current liabilities		**-**
Total Liabilities		-
Equity		
Capital		7,007
Retained Earnings		(1,831)
Total Equity		**5,177**
Total Liabilities and Owner's Equity		**5,177**

The annexed notes 01 to 12 form an integral part of these financial statements.

Accounts Manager **Chief Executive**

Reading Readiness Center, LLC

Income Statement

For the year ended December 31, 2022

In US Dollars

	Notes	Amount
Total Revenue	8	-
Less: Cost of Sales		-
Gross Profit		-
Operating Expenses		
General & Administrative Expenses	9	2,526
Selling & Marketing Expenses	10	599
Total Expenses		**(3,125)**
Operating Profit / (Loss)		**(3,125)**
Other Incomes		-
Net Profit / (Loss) for the year		**(3,125)**

The annexed notes 01 to 12 form an integral part of these financial statements.

Accounts Manager **Chief Executive**

Reading Readiness Center, LLC

Statement of Cash Flows

For the year ended December 31, 2022

In US Dollars

	Notes	Amount
Cashflow from Operating Activities		
Profit / (Loss) for the period		**(3,125)**
Adjustments for:		
Accounts Receivable		-
Cash used in Operating Activities		**(3,125)**
Cashflow from Investing Activities		
Purchase of Property, plant & Equipment		-
Cash used in Investing Activities		**-**
Cashflow from Financing Activities		
Funds contributed by Members		7,007
Cash generated from Financing Activities		**7,007**
Net Cash generated during the year		**3,883**
Cash & Cash equivalents at the beginning of the year		1,294
Cash & Cash equivalents at the end of the year		**5,177**

The annexed notes 01 to 12 form an integral part of these financial statements.

Accounts Manager **Chief Executive**

Reading Readiness Center, LLC

Statement of Changes in Equity

As of December 31, 2022

PARTICULARS	Capital	Retained Earnings	Total
	----------USD----------		
Balance as of January 01, 2022	**-**	**1,294**	**1,294**
Add: Owner's Investment	7,007		7,007
Profit / (Loss) for the period	-	(3,125)	(3,125)
Balance as of December 31, 2022	**7,007**	**(1,831)**	**5,177**

The annexed notes 01 to 12 form an integral part of these financial statements.

Accounts Manager **Chief Executive**

Reading Readiness Center, LLC

Notes to the Financial Statements

For the year ended December 31, 2022

In US Dollars

These notes form an integral part of the financial statements.

The financial statements were authorized for issue by the Board of Directors on [date]

Note

1 LEGAL STATUS AND NATURE OF BUSINESS

1.1 Reading Readiness Center, LLC is incorporated in US. The office of the company is located at 118 TELSTAR IRVINE, CA 92618-1169

2 STATEMENT OF COMPLIANCE

2.1 The accompanying Financial Statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("US GAAP").

3 BASIS OF MEASUREMENT

These financial statement have been prepared under the historical cost convention. In these financial statement, except for the amounts reflected in the cash flow statement, all transactions have been accounted for on accrual basis.

4 JUDGMENT, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements is in conformity with approved accounting standards which requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and related assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. The estimates and related assumptions are reviewed on an ongoing basis. Accounting estimates are revised in the period in which such revisions are made and in any future periods affected.

Significant management estimates in these financial statements relate to the useful life of property, plant and equipment, provisions and doubtful receivables. However, the management believes that the change in outcome of estimates would not have a material effect on the amounts disclosed in the financial statements.

4.1 Revenue Recognition

In addition, data used to determine revenue recognition are:
- the timing of the satisfaction of performance obligations, and
- the transaction price and the amounts allocated to performance obligations

The Company elects to use the practical expedient regarding the following:
- The existence of a significant financing component
- The incremental costs of obtaining a contract.

Revenue has not been impacted by economic factors and are consistently recognized as stated above. The Company applies a practical expedient to expense costs as incurred for costs to obtain a contract with a customer when the amortization period would have been one year or less. These costs include our internal sales force compensation program and certain partner sales incentive programs as The Company has determined annual compensation is commensurate with annual sales activities.

Reading Readiness Center, LLC

Notes to the Financial Statements

For the year ended December 31, 2022

In US Dollars

4.2 Provisions

Provisions are based on best estimate of the expenditure required to settle the present obligation at the reporting date, that is, the amount that the Company would rationally pay to settle the obligation at the reporting date or to transfer it to a third party.

4.3 Impairment

The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment loss. If any such indication exists, recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment loss is recorded on judgmental basis, for which provision may differ in the future years based on the actual expense.

5 FUNCTIONAL AND PRESENTATION CURRENCY

These financial statement are prepared in United States Dollars which is the Business' functional currency.

6 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in preparation of these financial statements are set out below. These policies have been consistently applied to all years prescribed, unless otherwise stated.

6.1 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand and cash with banks in current and saving accounts.

6.2 Property and equipment

Property and equipment are initially recognized at acquisition cost including any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management. Subsequently, property and equipment are stated at cost less accumulated depreciation and any identified impairment losses. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the companies and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to income statement during the year in which they are incurred.

Depreciation is charged to income statement on reducing balance method by applying the depreciation rates as disclosed in note 7 so as to write off the depreciable amount of assets over their estimated useful lives. Depreciation on additions is charged from the month the asset is available for use, while no depreciation is charged in the month in which the asset is disposed off.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and carrying amount of the asset) is included in the income statement in the year the asset is derecognized.

Reading Readiness Center, LLC

Notes to the Financial Statements

For the year ended December 31, 2022

In US Dollars

6.3 Subsequent Events

Management has evaluated subsequent events for recognition and disclosure in the financial statements through December 31, 2022, which is the date the financial statements were available to be issued. Through December 31, 2022, no subsequent events required recognition or disclosure in the financial statements.

6.4 Taxation

The business has recognized in the financial statements the effects of all tax positions and continually evaluates expiring statutes of limitations, audits, changes in tax law, and new authoritative rulings. The business is not aware of any circumstances or events that make it reasonably possible that unrecognized tax benefits may increase or decrease within 12 months of the statement of financial position date. Penalties and interest assessed by taxing authorities are included in the provision for income taxes, if applicable. There were no penalties or interest paid during the reporting period.

6.5 Provisions

A provision is recognized when, and only when, the companies has a present obligation (legal or constructive) as a result of past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

6.6 Use of estimates

The preparation of financial statements require the certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectation of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgments were exercised in application of accounting policies are below:

- Operating fixed assets – tangible or intangible
- Loans and advances - net
- Assessment of provision for contingencies

Reading Readiness Center, LLC

Notes to the Financial Statements

For the year ended December 31, 2022

In US Dollars

These notes form an integral part of the financial statements.

Note 7

Cash and Bank Balances

	Amount
Cash and Bank Balances	5,177
Total	**5,177**

Note 8

Revenue

	Amount
Sales	-
Total	**-**

Note 9

General & Administrative Expenses

	Amount
Bank Charges & Fees	156
Legal & Professional Fees	2,370
Total	**2,526**

Note 10

Selling & Marketing Expenses

	Amount
Advertisement & Marketing	599
Total	**599**

Note 11

Date of Authorization of Financial Statements

These financial statements were authorized for issue on _____ by the Board of Directors.

Note 12

General

Figures have been rounded off to the nearest dollar.

Accounts Manager **Chief Executive Officer**

READING READINESS CENTER LLC

REPORT ON AUDIT

December 31, 2021

John F. Coggin, CPA PLLC
Certified Public Accountant

Reading Readiness Center LLC

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John F. Coggin CPA PLLC
3300 E Walnut St. Ste B
Pearland, TX 77581

INDEPENDENT AUDITOR'S REPORT

To the Members and Officers
of Reading Readiness Center LLC
Irvine, CA

Opinion

We have audited the accompanying financial statements of Reading Readiness Center, LLC (a Texas Limited Liability Company), which comprise the balance sheets as of December 31, 2021 and 2020, and the related statements of income, member's equity, and cash flows for the years 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 Reading Readiness Center, LLC as of December 31, 2021 and 2020, 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 audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Reading Readiness Center, LLC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Reading Readiness Center, 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 are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Reading Readiness Center, 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 Reading Readiness Center, LLC's ability to continue as a going concern for a reasonable period of time.

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

John F. Coggin, CPA PLLC

Pearland, Tx.

January 31, 2022

2

READING READINESS CENTER LLC
BALANCE SHEET
December 31, 2021 and 2020

	2021	2020
ASSETS		
Current Assets		
Checking/Savings	8,301	20,249
Total Current Assets	8,301	20,249
TOTAL ASSETS	**8,301**	**20,249**
LIABILITIES & EQUITY		
Liabilities		
Current Liabilities	-	6,200
Long Term Liabilities	-	-
Total Liabilities	-	6,200
Member's Equity	8,301	14,049
Total Equity	8,301	14,049
TOTAL LIABILITIES & EQUITY	**8,301**	**20,249**

The attached notes are an integral part of these financial statements
3

READING READINESS CENTER LLC
Statement of Income and Changes in Member's Equity
For the Year Ended December 31, 2021 and 2020

	2021	2020
Income		
Revenue	$ -	$ -
Expense		
Bank service fees	89	121
CRM set up fees	1,200	800
FB Advertisement fees	8,601	4,179
GG Advertisement fees	4,944	-
Legal fees	2,176	551
Marketing consultant fees	5,538	11,200
Total Expense	22,548	16,851
Net Loss	(22,548)	(16,851)
Beginning Equity	14,049	
Member's Contributions	17,000	31,000
Member's draw	(200)	(100)
Ending Member's Equity	**8,301**	**14,049**

The attached notes are an integral part of these financial statements
4

READING READINESS CENTER LLC
Statement of Cash Flows
For the Year Ended December 31, 2021 and 2020

	2021	2020
Cash Flows from Operating Activities		
Net Loss	$ (22,548)	$ (16,851)
Adjustments to reconcile Net Income to net cash provided by (used in) operating activities:		
Changes in operating assets and liabilities:	(6,200)	6,200
Loans from Members		
Increase in Formation Costs	-	-
Net Cash Provided by (Used in) Operating Activities	(28,748)	(10,651)
Net Cash Provided by (Used in) Investing Activities		
Cash Flows from Financing Activities		
Member's Equity	16,800	30,900
Net Cash Provided by (Used in) Financing Activities	16,800	30,900
Net Increase (Decrease) in Cash and Cash Equivalents	(11,948)	30,900
Cash and Cash Equivalents, beginning of year	20,249	-
Cash and Cash Equivalents, end of year	8,301	20,249
Supplemental Disclosure of Cash Flow Information		
Cash Paid for Interest	-	-
Cash Paid for Taxes	-	-

The attached notes are an integral part of these financial statements
5

READING READINESS CENTER LLC
Notes to Financial Statements
December 31, 2021

1 – NATURE OF ORGANIZATION

Reading Readiness Center LLC (The "Company") presently serves the operating location and area from its four locations in Irvine, California. The Company was organized and has been in existence since September 8, 2020. The Company is to be managed by managers.

2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

METHOD OF ACCOUNTING

The Company maintains it books and records, and corresponding financial statements, on the accrual method of accounting in compliance with generally accepted accounting principles recognized in the United States of America.

REVENUE RECOGNITION

Revenue is recognized once the following four criteria are met: i) persuasive evidence of an arrangement exists, ii) delivery of product has occurred (which is upon shipment or when customer-specific acceptance requirements are met) or services have been rendered, iii) the price of the product or service is fixed and determinable, and iv) collectability is reasonably assured. The Company records its revenue net of any value added, sales or use tax.

Actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS

Cash equivalents are short term, interest bearing, highly liquid investments with original maturities of three months or less, unless the investments are held for meeting restrictions of a capital nature. Also, certificates of deposit are considered a current asset as they can be converted immediately into cash despite a penalty for early withdrawal.

BALANCE SHEET CLASSIFICATIONS

A one-year time period is used in classifying all current assets and liabilities.

PROGRAMS

The Company offers its clients the complete range of professional consulting services for the formation of Franchise operations.

CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject The Company to credit risk include cash on deposit with a financial institution if they exceed $250,000, the FDIC insured limits.

ESTIMATES

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and

READING READINESS CENTER LLC
Notes to Financial Statements
December 31, 2021

2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

liabilities at the date of the financial statements and reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Management periodically evaluates estimates used in the preparation of the financial statements for continued reasonableness. Appropriate adjustments, if any, to the estimates used are made prospectively based upon such periodic evaluation. It is reasonably possible that changes may occur in the near term that would affect management's estimates with respect to these estimates. Estimates include the stability in the marketplace, availability of Franchise operations and continued favorable economic conditions.

CONCENTRATIONS

There are concentrations on revenue for the Company. The Company is located in California and is accordingly impacted by the economic environment.

CONTRACT ASSET AND CONTRACT LIABILITY DISCLOSURES

Contract assets — Contract assets include unbilled amounts typically resulting from sales under contracts when revenue recognition is utilized, and revenue recognized exceeds the amount billed to the customer. The amounts may not exceed their estimated net realizable value. Contract assets are classified as current based on our contract operating cycle.

Contract liabilities — Contract liabilities (formerly referred to as customer advances and amounts in excess of costs incurred) include advance payments and billings in excess of revenue recognized. Contract liabilities are classified as current based on our contract operating cycle and reported on a contract-by-contract basis, net of revenue recognized, at the end of each reporting period.

REVENUE RECOGNITION

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration The Company expect to receive in exchange for those products or services. The Company enter into contracts that can include various combinations of products and services, which are generally capable of being distinct and accounted for as separate performance obligations. Revenue is recognized net of allowances for returns and any taxes collected from customers, which are subsequently remitted to governmental authorities.

SIGNIFICANT JUDGMENTS

Judgment is required to determine the Stand-alone Selling Prices (SSP) for each distinct performance obligation. The Company use a single amount to estimate SSP for items that are not sold separately.

In instances where SSP is not directly observable, such as when The Company do not sell the product or service separately, The Company determine the SSP using information that may include market conditions and other observable inputs.

READING READINESS CENTER LLC
Notes to Financial Statements
December 31, 2021

PROCESS

The process for achieving the core revenue recognition principle can be broken down into five steps:

1. Identify the contract with a customer.
2. Identify the performance obligations in the contract.
3. Determine the transaction price.
4. Allocate the transaction price to the performance obligations in the contract.
5. Recognize revenue when (or as) the entity satisfies the performance obligation.

3 – INCOME TAX

The Company is an LLC formed in the State of California.

The Company reports annually to the Internal Revenue Service on partnership form 1065, Partnership.

The Federal IRS filed returns remain open to potential examination by the IRS for a period of three years after the returns are filed. The current open year is 2020, the year of formation. Any penalties or interest resulting from Federal Taxes are reflected in other expenses.

If it is probable that an uncertain tax position will result in a material liability and the amount of the liability can be estimated, then the estimated liability is accrued. If the Company were to incur any income tax liability in the future, interest on any income tax liability would be reported as interest expense, and penalties on any income tax would be reported as income taxes. The Company's federal and state income tax returns are open for years including and after December 2020. As of December 31, 2020, there were no uncertain tax positions.

4 – RELATED PARTY LOAN PAYABLE

The Company presently has no related party loans.

5 – RELATED PARTY TRANSACTIONS

The Company had no related party transactions.

6 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through January 31, 2022, which is the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.

READING READINESS CENTER LLC
Notes to Financial Statements
December 31, 2021

7 – COMMITMENTS AND CONTINGENCIES

The Company is subject to various claims and legal proceedings covering a wide range of matters that arise in the ordinary course of its business activities. Management believes that any liability that may ultimately result from the resolution on these type matters will not have a material effect on the financial condition or results of operations of the Company. Presently management is of the opinion that there are no pending legal or claim matters.

The sole shareholder personally guarantees certain contracts.

8 – EMPLOYEE BENEFIT PLANS

There are currently no employees of the Company. There are no benefit plans currently in place.

9 - MEMBERS' EQUITY

The Company is structured as a partnership. Each member owns their respective shares per the operating agreement.

10 – LEASES

The Company has no leases in place as of December 31, 2021.

11 - REVENUE RECOGNITION AND LEASES

The Company adopted ASC 606 using the modified retrospective method applied to all contracts not completed for annual reporting periods beginning after December 15, 2019. Results for reporting periods beginning after December 15, 2019 are presented under ASC 606 while prior period amounts continue to be reported in accordance with legacy GAAP. The adoption of ASC 606 did not result in a change to the accounting for any of the in-scope revenue streams; as such, no cumulative effect adjustment was recorded.

The Company elects not to provide specific disclosures related to the following:

- Quantitative disaggregation disclosures
- Contract balances
- Transaction price allocated to remaining performance obligations
- Information related to significant judgements
- Use of practical expedients
- Certain information related to costs incurred to obtain or fulfill a contract with a customer

Also, performance obligations disclosures components are:

- When the entity typically satisfies its performance obligations (for example, upon shipment, upon delivery, as services are rendered, or upon completion of service)
- The significant payment terms
- The nature of the goods or services

READING READINESS CENTER LLC
Notes to Financial Statements
December 31, 2021

- Obligations for returns, refunds, and
- Types of warranties and related obligations

Concerning the disclosure of significant judgments, there have been no changes in judgments, that significantly affect the determination of the amount and timing of revenue from contracts with customers.

In addition, data used to determine revenue recognition are:

- the timing of the satisfaction of performance obligations, and
- the transaction price and the amounts allocated to performance obligations

The Company elects to use the practical expedient regarding the following:

- The existence of a significant financing component
- The incremental costs of obtaining a contract

Revenue has not been impacted by economic factors and are consistently recognized as stated above.

The Company applies a practical expedient to expense costs as incurred for costs to obtain a contract with a customer when the amortization period would have been one year or less. These costs include our internal sales force compensation program and certain partner sales incentive programs as The Company has determined annual compensation is commensurate with annual sales activities.

LEASES

In February 2016, the FASB issued ASU 2016-02, Leases. This updated requires lessees to recognize at the lease commencement date a lease liability which is the lessee's obligation to make lease payments arising from a lease, measured on a discounted basis, and a right of use assets, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. In June 2020, the FASB issued ASU 2020-05, which allowed The Company certain entities that have not yet issued financial statements to defer application of the new recognition guidance by one additional year, making these changes effective for the Company for annual reporting periods beginning after December 15, 2021. The Company elected to defer application and is currently evaluating the impact of the adoption of this standard on its financial statement.

READING READINESS CENTER LLC

REPORT ON AUDIT

December 31, 2020

John F. Coggin, CPA PLLC
Certified Public Accountant

Reading Readiness Center LLC

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John F. Coggin CPA PLLC
3300 E Walnut St. Ste B
Pearland, TX 77581

Independent Auditor's Report

To the Members of
Reading Readiness Center LLC
Irvine, CA

We have audited the accompanying financial statements of Reading Readiness Center LLC (the "Company"), (a State of California LLC) as of December 31, 2020 and the related statement of income, changes in equity, and cash flows for the year then ended, and the related notes to the financial statement.

Management's Responsibility 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the balance sheet based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the December 31, 2020 financial statements referred to above present fairly, in all material respects, the financial position of Reading Readiness Center LLC as of December 31, 2020, and the results of their operations and their cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

John F. Coggin CPA PLLC
Pearland, TX
January 31,2021

2

READING READINESS CENTER LLC
BALANCE SHEET
December 31, 2020

	2020
ASSETS	
Current Assets	
Checking/Savings	20,249
Total Current Assets	20,249
TOTAL ASSETS	**20,249**
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	6,200
Long Term Liabilities	-
Total Liabilities	6,200
Member's Equity	14,049
Total Equity	14,049
TOTAL LIABILITIES & EQUITY	**20,249**

The attached notes are an integral part of these financial statements
3

READING READINESS CENTER LLC
Statement of Income and Changes in Member's Equity
For the Year Ended December 31, 2020

	2020
Income	
Revenue	$ -
Expense	
Bank service fees	91
CRM set up fees	800
FB Advertisement fees	4,179
Legal fees	551
Marketing consultant fees	11,200
Other fees	30
Total Expense	16,851
Net Loss	(16,851)
Member's Contributions	31,000
Member's draw	(100)
Ending Member's Equity	**14,049**

The attached notes are an integral part of these financial statements
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READING READINESS CENTER LLC
Statement of Cash Flows
For the Year Ended December 31, 2020

		2020
Cash Flows from Operating Activities		
Net Loss	$	(16,851)
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Changes in operating assets and liabilities:		6,200
Loans from Members		
Increase in Formation Costs		(0)
Net Cash Provided by (Used in) Operating Activities		(10,651)
Net Cash Provided by (Used in) Investing Activities		
Cash Flows from Financing Activities		
Member's Equity		30,900
Net Cash Provided by (Used in) Financing Activities		30,900
Net Increase (Decrease) in Cash and Cash Equivalents		30,900
Cash and Cash Equivalents, beginning of year		0
Cash and Cash Equivalents, end of year		20,249
Supplemental Disclosure of Cash Flow Information		
Cash Paid for Interest		0
Cash Paid for Taxes		0

The attached notes are an integral part of these financial statements
5

READING READINESS CENTER LLC
Notes to Financial Statements
December 31, 2020

1 – NATURE OF ORGANIZATION

Reading Readiness Center LLC (The "Company") presently serves the operating location and area from its four locations in Irvine, California. The Company was organized and has been in existence since September 8, 2020. The Company is to be managed by managers.

2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

METHOD OF ACCOUNTING

The Company maintains it books and records, and corresponding financial statements, on the accrual method of accounting in compliance with generally accepted accounting principles recognized in the United States of America.

REVENUE RECOGNITION

Revenue is recognized once the following four criteria are met: i) persuasive evidence of an arrangement exists, ii) delivery of product has occurred (which is upon shipment or when customer-specific acceptance requirements are met) or services have been rendered, iii) the price of the product or service is fixed and determinable, and iv) collectability is reasonably assured. The Company records its revenue net of any value added, sales or use tax.

Actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS

Cash equivalents are short term, interest bearing, highly liquid investments with original maturities of three months or less, unless the investments are held for meeting restrictions of a capital nature. Also, certificates of deposit are considered a current asset as they can be converted immediately into cash despite a penalty for early withdrawal.

BALANCE SHEET CLASSIFICATIONS

A one-year time period is used in classifying all current assets and liabilities.

PROGRAMS

The Company offers its clients the complete range of professional consulting services for the formation of Franchise operations.

CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject The Company to credit risk include cash on deposit with a financial institution if they exceed $250,000, the FDIC insured limits.

ESTIMATES

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and

READING READINESS CENTER LLC
Notes to Financial Statements
December 31, 2020

2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

liabilities at the date of the financial statements and reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Management periodically evaluates estimates used in the preparation of the financial statements for continued reasonableness. Appropriate adjustments, if any, to the estimates used are made prospectively based upon such periodic evaluation. It is reasonably possible that changes may occur in the near term that would affect management's estimates with respect to these estimates. Estimates include the stability in the marketplace, availability of Franchise operations and continued favorable economic conditions.

CONCENTRATIONS

There are concentrations on revenue for the Company. The Company is located in California and is accordingly impacted by the economic environment.

3 – INCOME TAX

The Company is an LLC formed in the State of California.

The Company reports annually to the Internal Revenue Service on partnership form 1065, Partnership.

The Federal IRS filed returns remain open to potential examination by the IRS for a period of three years after the returns are filed. The current open year is 2020, the year of formation. Any penalties or interest resulting from Federal Taxes are reflected in other expenses.

If it is probable that an uncertain tax position will result in a material liability and the amount of the liability can be estimated, then the estimated liability is accrued. If the Company were to incur any income tax liability in the future, interest on any income tax liability would be reported as interest expense, and penalties on any income tax would be reported as income taxes. The Company's federal and state income tax returns are open for years including and after December 2020. As of December 31, 2020, there were no uncertain tax positions.

4 – RELATED PARTY LOAN PAYABLE

The Company presently has no related party loans.

5 – RELATED PARTY TRANSACTIONS

The Company had no related party transactions.

6 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through January 31, 2021, which is the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.

READING READINESS CENTER LLC
Notes to Financial Statements
December 31, 2020

7 – COMMITMENTS AND CONTINGENCIES

The Company is subject to various claims and legal proceedings covering a wide range of matters that arise in the ordinary course of its business activities. Management believes that any liability that may ultimately result from the resolution on these type matters will not have a material effect on the financial condition or results of operations of the Company. Presently management is of the opinion that there are no pending legal or claim matters.

The sole shareholder personally guarantees certain contracts.

8 – EMPLOYEE BENEFIT PLANS

There are currently no employees of the Company. There are no benefit plans currently in place.

9 - MEMBERS' EQUITY

The Company is structured as a partnership. Each member owns their respective shares per the operating agreement.

10 – LEASES

The Company has no leases in place as of December 31, 2020.

Item 22: Contracts.

All proposed agreements regarding the franchise offering are attached:

Exhibit A	Franchise Agreement
Exhibit 1	General Release
Exhibit 2	Approved Center Addendum
Exhibit 3	Nondisclosure and Noncompetition Agreement
Exhibit 5	Multi-State Addenda to Franchise Agreement
Exhibit 6	Agreement with Landlord
Exhibit 7	Telephone Numbers & Directory Advertising Assignment
Exhibit 8	Deposit Agreement
Exhibit 9	Conversion Addendum
Exhibit E	Franchisee Disclosure Questionnaire
Exhibit F	Multi-State Addend to the Franchise Disclosure Document

Item 23: Receipts.

Two copies of the receipt for this disclosure document are attached as the last pages. Please sign and return one copy to us and keep the other copy for your records.

MULTI STATE ADDENDA

FOR THE STATE OF CALIFORNIA

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

2. §31125 of the California Corporations Code requires Franchisor to give Franchisee a Disclosure Document in a form containing the information that the commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.

3. You must sign a general release if Franchisee renew or transfer Franchisee's franchise. California Corporations Code §31512 voids a waiver of Franchisee's rights under the Franchise Investment Law (California Corporations Code §§31000 through 31516). Business and Professions Code §20010 voids a waiver of Franchisee's rights under the Franchise Relations Act (Business and Professions Code §§20000 through 20043).

4. Neither the franchisor, any person or franchise broker in ITEM 2 of the Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling these persons from membership in the association or exchange.

5. ITEM 17 of the Disclosure Document is amended to add the following:

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

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

- The Franchise Agreement contains a covenant not to compete that extends beyond the term of the agreement. This provision might not be enforceable under California law.

- The Franchise Agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

- The following URL address is for the franchisor's website: www.readingreadiness.org

6. FRANCHISOR'S 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 INNOVATIONAT www.dfpi.ca.gov.

7. The Department of Financial Protection and Innovation requires that the franchisor defer the collection of all initial fees from California franchisees until the franchisor has completed all its pre-opening obligations and franchisee is open for business.

FOR THE STATE OF HAWAII

1. The following list reflects the status of Franchisor's franchise registrations in the states that have franchise registration and/or disclosure laws:

- This registration is not currently effective in any state.

- This proposed registration is on file with or will shortly be on file with the States of California, Connecticut, Florida, Hawaii, Illinois, Indiana, Kentucky, Maine, Maryland, Michigan, Minnesota, Nebraska, New York, North Carolina, North Dakota, Rhode Island, South Carolina, South Dakota, Texas, Utah, Virginia, Washington and Wisconsin.

- There are no states that have refused, by order or otherwise, to register these franchises.

- There are no states that have revoked or suspended the right to offer these franchises.

2. The Franchise Agreement has been amended as follows:

- The Hawaii Franchise Investment Law provides rights to the franchisee concerning nonrenewal, termination and transfer of the Franchise Agreement. If the Franchise Agreement, and more specifically, §§4.2 and 15 and 17, contains a provision that is inconsistent with the Hawaii Franchise Investment Law, the Hawaii Franchise Investment Law will control.

- §§4.2.9, 17.2.3 and 17.2.6 of the Franchise Agreement require franchisee to sign a general release as a condition of renewal or transfer of the franchise and §§5.2, 1.1~~5.5~~ and 8.3 require franchisee to sign a general release as a condition to receiving a refund of a portion of the franchise fee following a termination of the

franchise; this release shall exclude claims arising under the Hawaii Franchise Investment Law.

- §15.2.1.12 of the Franchise Agreement, which terminates the Franchise Agreement upon the bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, *et seq.*).

3. The Receipt Pages are amended to add the following:

- THIS FRANCHISE WILL BE/HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

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

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

FOR THE STATE OF ILLINOIS

- No action for liability under the Illinois Franchise Disclosure Act shall be maintained unless brought before the expiration of 3 years after the act or transaction constituting the violation upon which it is based, the expiration of 1 year after the franchisee becomes aware of facts or circumstances reasonably indicating that he may have a claim for relief in respect to conduct governed by the Act, or 90 days after delivery to the franchisee of a written notice disclosing the violation, whichever shall first expire.

- Illinois law governs the Franchise Agreement (without regard to conflict of laws), and jurisdiction and venue for court litigation shall be in Illinois.

- Any provision in the Franchise Agreement requiring a general release is void if the provision requires a waiver of compliance with the Illinois Franchise Disclosure Act.

- Any provision in the Franchise Agreement that designates jurisdiction or venue in a forum outside the State of Illinois is void.

ITEM 17 of the Disclosure Document is amended to add the following:

- The conditions under which a franchise can be terminated and Franchisee's rights upon nonrenewal, as well as the application by which Franchisee must bring any claims, may be affected by Sections 705/19 and 20 of the Illinois Franchise Disclosure Act of 1987, 815 ILCS 705/19 and 705/20.

- The Illinois Franchise Disclosure Act provides that any provision in the Franchise Agreement which designates jurisdiction or venue in a forum outside of Illinois is void with respect to any cause of action which otherwise is enforceable in Illinois.

FOR THE STATE OF MARYLAND

1. ITEM 17 of the Disclosure Document is amended to add the following:

   - 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.

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

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

   - In the event of a conflict of laws if required by the Maryland Franchise Registration and Disclosure Law, Maryland law shall prevail.

   - The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, *et seq.*).

2. Exhibit E to the Disclosure Document is amended as follows:

- 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

FOR THE STATE OF MINNESOTA

1. ITEM 13 of the Disclosure Document is amended as follows:

- As required by the Minnesota Franchise Act, Minn. Stat. Sec. 80C.12(g), Franchisor will reimburse Franchisee for any costs incurred by Franchisee in the defense of Franchisee's right to use the Marks, so long as Franchisee were using the Marks in the manner authorized by us, and so long as Franchisor are timely notified of the claim and given the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim.

2. ITEM 17 of the Disclosure Document is amended as follows:

- With respect to franchises governed by Minnesota law, Franchisor will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5, which require, except in certain specified cases, that Franchisee be given 90-day notice of termination (with 60 days to cure) and 180-day notice of nonrenewal of the Agreement.

- ITEM 17 shall not provide for a prospective general release of claims against Franchisor that may be subject to the Minnesota Franchise Law. Minn. Rule 2860.4400D prohibits a franchisor from requiring a franchisee to assent to a general release.

- Minn. Stat. §80C.21 and Minn. Rule 2860.4400J prohibit Franchisor from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Disclosure Document or Franchise Agreement can abrogate or reduce any of Franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or Franchisee's rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

FOR THE STATE OF NEW YORK

1. The following information is added to the cover page of the Franchise Disclosure Document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK

STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NEW YORK 10005. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following is added at the end of Item 3:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of Item 4:

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

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

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

5. 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.

6. The following language replaces the "Summary" section of Item 17(d), titled **"Termination by franchisee"**:

You may terminate the agreement on any grounds available by law.

7. The following is added to the end of the "Summary" section of Item 17(j), titled "**Assignment of contract by franchisor"**:

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

8. 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.

FOR THE STATE OF NORTH DAKOTA

1. ITEM 5 of the Disclosure Document is amended by the addition of the following language to the original language:

- Refund and cancellation provisions will be inapplicable to franchises operating under North Dakota Law, North Dakota Century Code Annotated Chapter 51-19, Sections 51-19-01 through 51-19-17. If franchisor elects to cancel this Franchise Agreement, franchisor will be entitled to a reasonable fee for its evaluation of Franchisee and related preparatory work performed and expenses actually incurred.

2. ITEM 17 of the Disclosure Document is amended to add the following:

- No general release shall be required as a condition of renewal, termination and/or transfer that is intended to exclude claims arising under North Dakota Law.

- In the case of any enforcement action, the prevailing party is entitled to recover all costs and expenses including attorneys' fees.

- The Franchise Agreement is amended to state that the statute of limitations under North Dakota Law will apply.

- ITEMS 17(i) and 17(q) are amended to state that covenants not to compete upon termination or expiration of the Franchise Agreement are generally unenforceable in the State of North Dakota except in limited instances as provided by law.

- ITEM 17(v) is amended to state a provision requiring litigation to be conducted in a forum other than North Dakota is void with respect to claims under North Dakota Law.

- ITEM 17(w) is amended to state in the event of a conflict of laws, North Dakota Law will control.

FOR THE STATE OF RHODE ISLAND

ITEM 17 of the Disclosure Document is amended to add the following:

- The Rhode Island Franchise Investment Act, R.I. Gen. Law Ch. 395 Sec. 19-28.1-14 provides that a provision in a Franchise Agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.

- Any general release as a condition of renewal, termination or transfer will be void with respect to claims under the Rhode Island Franchise Investment Act.

FOR THE COMMONWEALTH OF VIRGINIA

ITEM 17 (h) of the Disclosure Document is amended to add the following:

- Pursuant to §13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause or to use undue influence to induce a franchisee to surrender any right given by any provision contained in the franchise, specifically §15.2.1.19 of the Franchise Agreement. If any grounds for default or termination stated in the Franchise Agreement do not constitute "reasonable cause", as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

FOR THE STATE OF WASHINGTON

ITEM 17 of the Disclosure Document is amended to add the following:

- In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

- A general release or waiver of rights signed by Franchisee will not include rights under the Washington Franchise Investment Protection Act.

- Provisions that unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act, including the right to a jury trial may not be enforceable.

- Transfer fees are collectable if they reflect Franchisor's reasonable estimated or actual costs in effecting a transfer.

- The Franchise Agreement requires any litigation to be conducted in a state other than Washington; the requirement shall not limit any rights Franchisee may have under the Washington Franchise Investment Protection Act to bring suit in the State of Washington.

ITEM 21 of the Disclosure Document is amended to add the following:

- We have not been in business for three years or more and cannot include all the financial statements required by the Rule.

- All franchise fees will be deferred until Franchisor has fulfilled its initial pre-opening obligations to Franchisee and the Franchisee is open for business.

FOR THE STATE OF WISCONSIN

ITEM 17 of the Disclosure Document is amended to add the following:

- The Wisconsin Fair Dealership Law Title XIV-A Ch. 135, Section 135.01-135.07 may affect the termination provision of the Franchise Agreement.

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.

Reading Readiness Center, LLC:	Franchisee:_____
By: _____	By: _____
Title:_____	Title: _____

EXHIBIT B TO THE DISCLOSURE DOCUMENT
FRANCHISE AGREEMENT

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8. DEPOSIT AGREEMENT
9. CONVERSION ADDENDUM

Reading Readiness Program Franchise Agreement

Franchisor:
Reading Readiness Center, LLC
4790 Irvine Blvd. Suite #105-576
Irvine, CA 92620

Franchisee:

_____
_____
_____

This Franchise Agreement is by and between Franchisor, and Franchisee for the purpose of establishing a franchise relationship between the parties;

Whereas Franchisor intends to sell and Franchisee intends to own and operate a Reading Readiness Program Outlet;

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:

"Agreement" means this agreement entitled "Reading Readiness Program Agreement" including the exhibits.

"Approved Center" means a site for the operation of the Outlet 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) goods or services the same as or similar to those provided by READING READINESS CENTER 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 any business operated under a Franchise Agreement with Franchisor.

"Confidential Information" means information used in or related to READING READINESS CENTER and not commonly known by or available to the public, including, without limitation, Trade Secrets, the customer list 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 Outlet.

"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.

"Gross Revenue" means the aggregate of all revenue collected from all sources in connection with the Outlet, whether for check, cash, credit or otherwise including, without limitation, all proceeds from any business interruption insurance, 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 Outlet 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 "READING READINESS CENTER" 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 the System;

"Operations Manual" means the READING READINESS CENTER 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.

"Outlet" means the READING READINESS CENTER business authorized by this Agreement and located at an Approved Center.

"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 READING READINESS CENTER 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

READING READINESS CENTER business 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 Territory

2.1 Grant

Franchisor hereby grants to Franchisee, upon the terms and conditions herein contained, a revocable, limited license to operate one Outlet using the System.

2.2 Trademark License

Franchisor hereby grants to Franchisee, a revocable, limited license to use the Marks within the Territory to promote and operate its business and otherwise as authorized in this agreement. Franchisee acknowledges that Franchisor owns all rights, title, and interest in and to the Marks. Franchisee agrees not to challenge in any court of law or in any other manner the validity of the Marks. Franchisee acknowledges that all use of the Marks by Franchisee shall inure to the benefit of Franchisor and its good will associated with the Marks.

2.3 Territory

Franchisee will receive an exclusive territory to be mutually agreed upon by Franchisor and Franchisee and depicted in the map in §2.5 below ("Territory"). Franchisee will operate the Outlet within the designated Territory and shall limit all direct marketing, advertising, and business activities as stated in §2.8. As long as this Agreement is in full force and effect and Franchisee is not in default under any of the terms hereof, Franchisor shall not limit or alter the boundaries of Franchisee's Territory. Franchisee's rights in the Territory are subject to Franchisor's rights articulated in §2.7.

2.4 Additional Franchise Outlets

Franchisee shall not be permitted to open additional outlets within their territory. Additional outlets shall be governed by an additional franchise agreement.

2.5 Map or Description of Territory

The Territory shall be defined by and exist within the following zip codes or other physical, political or natural boundaries: _____

_____

_____

_____

_____

[*or Insert Map Here*]

2.6 Sub-Franchising/Agents

Franchisee shall not sublicense the use of the System or Marks to any person or entity. Except as permitted in §17, Franchisee shall not grant any person or entity the right to perform any part of Franchisee's rights or obligations licensed hereunder.

2.7 Franchisor's Rights

2.7.1 Franchisee acknowledges that Franchisor expressly retains all rights and discretion with respect to the Marks and System, including the right to:

2.7.1.1 establish, own or operate, and license others to establish, own or operate, READING READINESS CENTER Businesses outside of the Territory;

2.7.1.2 establish, own or operate, and license others to establish, own or operate other businesses under other systems using other trademarks at locations inside and outside of the Territory;

2.7.1.3 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;

2.7.1.4 provide the services and sell the products authorized for READING READINESS CENTER Businesses using the Marks or other trademarks through an alternate channel of distribution on such terms and conditions as Franchisor deems appropriate; and

2.7.1.5 purchase or otherwise acquire the assets or controlling ownership of one or more Competitive Business some or all of which may be located anywhere, including within the Territory.

2.7.2 If Franchisor purchases or acquires a Competitive Business within the Territory, Franchisor may, in its sole discretion:

2.7.2.1 offer to sell any such businesses to Franchisee or to Franchisee at the business's fair market value to be operated as an READING READINESS CENTER; or

2.7.2.2 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 Marketing and Solicitation Restrictions

2.8.1 Except as part of cooperative advertising implemented pursuant to §11.3, Franchisee shall not advertise in any media whose primary circulation is within the area of primary responsibility of another franchisee or Affiliate. Franchisor shall make reasonable efforts to enforce these restrictions with regard to Franchisee and any other

Reading Readiness Programs, but under no circumstances shall Franchisor be required to engage in litigation or similar actions with regard to these restrictions.

2.8.2 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 Centers within the Territory.

§3 Fees

3.1 Franchise Fee

Franchisee shall pay Franchisor the Franchise Fee of $10,000 to Franchisor. The Franchise Fee shall be earned over the course of the term of this Agreement and is nonrefundable.

3.2 Training Fee

Franchisee shall pay Franchisor the Training Fee of $15,000 to Franchisor. The Training Fee shall be deemed fully earned upon execution of this Agreement and is nonrefundable.

3.3 Marketing Setup Fee

Franchisee shall pay Franchisor the Marketing Setup Fee of $5,000 to Franchisor. The Marketing Setup Fee shall be deemed fully earned upon execution of this Agreement and is nonrefundable.

~~**3.4 Site Consultation Fee**~~

~~Franchisee shall pay Franchisor the Site Consultation Fee of $5,000 to Franchisor. The Franchise Fee shall be deemed fully earned upon execution of this Agreement and is nonrefundable.~~

~~3.5~~3.4 Monthly Royalty Fee

On or before the first Tuesday of each Month, for so long as this Agreement shall be in effect, Franchisor shall be entitled to a fee ("Royalty Fee") equal to 7%~~7%~~ of the Gross Revenue for the previous month. The Royalty Fee will be deemed late if not received by the last day of the month in which it becomes due.

~~3.6~~3.5 Late Fees

For all Royalty Fees, Marketing Fund Contributions, amounts due for purchases by Franchisee from Franchisor, time is of the essence. Late fees at the rate of 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 shall be assessed. 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.

~~3.7~~3.6 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 & Renewal

4.1 Term

This Agreement shall be effective and binding for an initial term of ten years from the Effective Date, unless sooner terminated pursuant to §15.

4.2 Successor Franchise

4.2.1 Franchisee will have the option, at the expiration of the Term of this Agreement, to enter into a new franchise agreement with Franchisor with terms that may be different from 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 the then-current Franchise Fee. Franchisee's renewal option is subject to the following:

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

4.2.1.2 Franchisee has access to and the right to remain in possession of the Approved Centers, or a suitable substitute location approved by Franchisor, which is in full compliance with Franchisor's then-current specifications and standards;

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

4.2.1.4 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;

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

4.2.1.6 Franchisee has complied with Franchisor's then-current qualifications for a new franchisee and has agreed to comply with any training requirements;

4.2.1.7 Franchisee has executed a general release, in a form the same as or similar to the General Release attached as Exhibit 1, 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 Outlet is located; and

4.2.1.8 Franchisee does not pay Franchisor a Successor Franchise Fee to process the new Franchise Agreement. We have no renewal fee at this time.

§5 Approved Centers

5.1 Selection of Site

Franchisee shall select their residence, a third party owned venue and/or a facility to lease or purchase to operate one or more Reading Readiness Centers to be approved by Franchisor ("Approved Centers"). If an Approved Center has not been determined as of the Effective Date, Franchisee shall promptly select a site 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 an Approved Center. If Franchisor does not approve of such selection, Franchisee shall select and notify Franchisor of new sites until Franchisor approves a Reading . Franchisor shall provide Franchisee with general guidelines to assist Franchisee in selecting a sites suitable for Approved Centers. 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 READING READINESS CENTER Outlets, proximity to Competitive Businesses, or the size of the location and lease requirements. Franchisee shall not begin operating 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 Outlet will be profitable or successful at an Approved Center. Franchisee is solely responsible for identifying Approved Centers.***

5.2 Failure to Select Site

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

5.3 Lease of Approved Center

5.3.1 If Franchisee is to execute a lease for, or a binding agreement to purchase, an Approved Center, Franchisee must obtain Franchisor's approval of the terms. 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 an Approved Center 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 an Approved Center 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 an Approved Center be collaterally assigned by Franchisee to Franchisor, pursuant to the terms of its standard collateral assignment of lease 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:

5.3.1.1 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; and 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; and that Franchisee shall not be entitled to a return of its security deposit;

5.3.1.2 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;

5.3.1.3 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;

5.3.1.4 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;

5.3.1.5 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;

5.3.1.6 a provision prohibiting the premises from being used for any purpose other than the operation of the Outlet;

5.3.1.7 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;

5.3.1.8 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 Centers and operate the Outlet 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

5.3.1.9 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 Centers**~~

~~5.4.1 Franchisor shall make available to Franchisee, at no charge to Franchisee, specifications for the development of an Approved Center, including specifications for improvements, supplies and equipment that are necessary for the development and operation of the Outlet. In connection with the development of an Approved Center, Franchisee shall:~~

~~5.4.1.1 obtain all necessary permits and licenses required for operation of the Outlet, and certify in writing that all such permits and certifications have been obtained;~~

~~5.4.1.2 purchase any supplies or inventory necessary for the operation of the Outlet, as specified in the Operations Manual;~~

~~5.4.1.3 purchase and install all equipment, furniture and fixtures, including any software and computer equipment, required by Franchisor for the operation of the Outlet; and~~

~~5.4.1.4 establish broadband or high-speed Internet access and obtain at least one telephone number solely dedicated to the Outlet.~~

~~**5.5 Failure to Develop an Approved Center**~~

~~Should Franchisee fail to develop an Approved Center within 6 Months after the site approval, Franchisor has the right to terminate approval of that site. 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, the same as or similar to the General Release attached as Exhibit 1, 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~~5.4 Opening

~~5.6.1~~5.4.1 Before opening the Outlet and commencing business, Franchisee must:

~~5.6.1.1~~5.4.1.1 fulfill all of the obligations of Franchisee otherwise stated in §5;

~~5.6.1.2~~5.4.1.2 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;

~~5.6.1.3~~5.4.1.3 complete initial training to the satisfaction of Franchisor;

~~5.6.1.4~~5.4.1.4 hire and train the personnel necessary or required for the operation of the Outlet;

~~5.6.1.5~~5.4.1.5 if Franchisee is a business entity, cause each of its stock certificates or other ownership interest certificates to be conspicuously endorsed upon the face thereof a statement in a form satisfactory to Franchisor that such ownership interest is held subject to, and that further assignment or transfer thereof is subject to, all restrictions imposed upon transfers and assignments by this Agreement;

~~5.6.1.6~~5.4.1.6 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

~~5.6.1.7~~5.4.1.7 pay in full all amounts due to Franchisor.

~~5.7~~5.5 Failure to Open

Time is of the essence. Should Franchisee fail to commence operations of the Outlet within 12 Months after the site approval, Franchisor has the right to terminate this Agreement.

~~5.8 Use of Approved Centers~~

~~Franchisee shall not use the Approved Centers for any purpose other than for the operation of an Reading Readiness Center in full compliance with this Agreement and the Operations Manual, unless approved in writing by Franchisor.~~

§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 but shall register a trade name (aka assumed name or dba) for READING READINESS CENTER and link such registration to Franchisee. 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 an READING READINESS CENTER. 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 an Approved Center, a prominent notice stating that the Outlet is an "Independently Owned and Operated Franchise of Reading Readiness Center, LLC".

6.3 Notifications

Franchisee shall immediately notify Franchisor of any third-party use of the Marks they become aware of, any challenge made to their use of any of the Marks or any published statements that attack the reputation of the brand. 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 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 §6.3 and has complied with this Agreement and Franchisor's directions in responding to such proceeding. 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 or more additional or substitute trade names, trademarks, service marks or other commercial symbols, Franchisee shall comply with Franchisor's directions within ten business days after notice to Franchisee by Franchisor and subject to the limitations in §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 Outlet, Franchisor and its designees have the right to enter and inspect an Approved Center 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, products, supplies, reports, forms and documents and related data to ensure that Franchisee is operating the Outlet in accordance with the quality control provisions and performance standards established by Franchisor. Franchisor and its agents shall have the right, at any reasonable time, to remove sufficient quantities of products, supplies or other items to test whether such products or items meet Franchisor's then-current standards. Franchisor or its designee has the right to observe Franchisee and its employees during the operation of the Outlet and to interview and survey (whether in

person or by mail) customers and employees and to photograph or videotape the operations.

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 "READING READINESS CENTER" 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

Both parties acknowledge that they shall disclose Confidential Information to each other. Neither party shall acquire any interest in the Confidential Information disclosed, other than the right to use it in the development and operation of the Outlet and in performing their duties, during the term of this Agreement. Both parties acknowledge that the use or duplication of the Confidential Information in any other business venture would constitute unfair competition. Both parties acknowledge that the Confidential Information is proprietary and is disclosed solely on the condition that no one shall: (a) use the Confidential Information in any other business or capacity; (b) break the absolute confidentiality of the Confidential Information during or after the term of this Agreement; (c) make any unauthorized copies of any portion of the Confidential Information disclosed; and (d) fail to adopt and implement all reasonable procedures to prevent unauthorized use or disclosure of the Confidential Information. Both parties shall enforce this Section as to its employees, agents and representatives and shall be liable for any unauthorized disclosure or use of 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 for the benefit of all franchisees. 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

7.3.1 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 Reading Readiness Programs if owners 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, partnership, corporation, limited liability company or other business entity, shall:

7.3.1.1 divert or attempt to divert any business or customer of the Outlet 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

7.3.1.2 own an interest in, manage, operate, or perform services for any Competitive Business wherever located.

7.4 Business Records

Franchisee acknowledges and agrees that Franchisor owns all Business Records with respect to customers, crafts persons, employees, and other service professionals of, and/or related to, Franchisee's Business; including, without limitation, all databases (whether in print, electronic or other form) with customer and potential customers, names, addresses, phone numbers, e-mail addresses, and customer purchase records, and all other records contained in the database. Franchisee further acknowledges and agrees that, at all times during and after the termination, expiration or cancellation of this Agreement, Franchisor may access such Business Records, and may utilize, transfer, or analyze such Business Records as Franchisor determines to be in the best interest of the System, in Franchisor's sole discretion.

7.5 Nondisclosure and Noncompetition 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 noncompetition agreement, in a form the same as or similar to the Nondisclosure and Noncompetition Agreement attached as Exhibit 2, 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 noncompetition 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.

7.6 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.

7.7 Customer Lists

Franchisee shall maintain a currently updated customer list including all customer data applicable to the continued service and solicitation of the customers and shall treat the customer list as Confidential Information.

§8 Training and Assistance

8.1 Initial Training

Franchisor's initial training program is available to the Franchisee, one Designated Manager and one assistant, as part of the Franchise Fee. The Designated Manager must attend and successfully complete, to Franchisor's satisfaction, the initial training program sixty days prior to the opening of the Outlet. The Initial Training program will pertain to the operation and administration of the business including, but not limited to, sales and marketing methods; financial controls; maintenance of quality standards; operational procedures; customer service techniques; record keeping; and reporting procedures and other operational issues. Franchisor shall conduct the initial training program at its headquarters, Franchisee's Approved Center or at another designated location. 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.

8.2 Opening Assistance

In conjunction with the beginning of operation, but not to exceed sixty days from the opening of the Outlet, Franchisor shall make available to Franchisee, at Franchisor's expense, a minimum of one of Franchisor's representatives, experienced in the System, for the purpose of familiarizing Franchisee's staff with the System and for the purpose of providing general assistance and guidance in connection with the opening of the Outlet.

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.

8.4 New Designated Manager Training

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 within thirty days of being named. Franchise shall pay Franchisor an amount equal to the Franchise Fee for the New Designate Manager Training. 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 charge a fee of $600 per day 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 Ongoing Assistance

Franchisor shall make available to Franchisee, at Franchisor's expense, a minimum of one of Franchisor's representatives, experienced in the System, for the purpose of providing consultation, assistance, guidance and general assistance in connection with the operation of the Outlet. Franchisor may charge Franchisee a fee of $600 per day, plus expenses to provide Ongoing Assistance.

8.7 Periodic Visits

Franchisor or Franchisor's representative shall, at the request of Franchisee, travel to the Franchisee for the purposes of providing Ongoing Assistance. All expenses incurred by Franchisor in making the visit including, but not limited to, travel costs, room and board expenses and employees' salaries, shall be the sole responsibility of Franchisee

§9 Operations Manual

9.1 Loan by Franchisor

While this Agreement is in effect, Franchisor will provide access to the Operations Manual for Franchisee. Franchisee shall operate the Outlet in strict accordance with the provisions set forth in the Operations Manual. The Operations Manual may consist of one 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 upon expiration or termination of

this Agreement, Franchisee shall return all physical copies to Franchisor and delete all digital copies within seven days.

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 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; 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 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. 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) $1.00 during the first year of the term of this Agreement; (b) $25,000.00 in the aggregate during the initial term of this Agreement or (c) 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 §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 Outlet. 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 Grand Opening Advertising

Franchisor shall specify the time at which Franchisee shall conduct Grand Opening Advertising. Prior to, and/or during a period of approximately twelve months following the initial opening of the Outlet, Franchisee shall spend an amount specified by Franchisor on local advertisement and promotion of the initial opening ("Grand Opening Advertising"). Franchisor shall approve a plan for Grand Opening Advertising based upon Franchisor's general assessment of the Territory and taking into account other potentially relevant factors, such as prevailing costs of advertising in the area, the time of year of opening and other similar factors in consultation with Franchisee. Prior to their use, all materials to be used in Grand Opening Advertising must be approved by Franchisor through the process set forth in §11.2.1. Grand Opening 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 Outlet ("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 days after the end of each quarter, Franchisee shall furnish to Franchisor an accurate accounting of the expenditures on Local Advertising for the preceding quarter.

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 days from the date all requested material is received by Franchisor. If Franchisor does not approve submitted materials by the end of such twenty-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 Cooperative Advertising

Franchisor has the right, but not the obligation, to create a cooperative advertising program for the benefit of outlets 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.

11.4 System-Wide Marketing Fund

11.4.1 Franchisor will established and administers a System-wide marketing, advertising and promotion fund to assist in Franchisor's regional and national advertising ("Marketing Fund") once there are a total of 10 franchised units in the Reading Readiness Center system. Once implemented, Franchisee shall be required to contribute 1%~~1%~~ of Gross Sales Monthly to the Marketing Fund ("Marketing Fund Contribution"). Marketing Fund Contributions shall be made at the time and in the manner provided for Royalty Fees in §3.4~~3.5~~. Franchisor shall notify Franchisee at least thirty days before changing Marketing Fund Contribution requirements. Marketing Fund shall be maintained and administered by Franchisor or its designee as follows:

11.4.1.1 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.

11.4.1.2 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.

11.4.1.3 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.

11.4.1.4 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.

11.4.1.5 Each franchisee and Affiliate shall make Marketing Fund Contributions at the same rate as this Outlet.

11.4.1.6 An 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.

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

11.5 Internet, Website and Social Media Marketing

Franchisee may not establish a presence on, or market using, the Internet including but not limited to any website or Social Media (Facebook, LinkedIn, Twitter, YouTube, blogs, and other online social networks, wikis, forums, content sharing communities, etc.) without Franchisor's prior written consent. Franchisor has established and maintains the READING READINESS CENTER Website at the uniform resource

locator www.readingreadiness.org that provides information about the System and the products and services that Franchisor and its franchisees provide. Franchisor will include at the READING READINESS CENTER Website an intranet section or an interior page containing information about your location. Franchisor may 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.

§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 years thereafter, all books and records related to the operation of the Outlet 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 the Gross Revenue and shall deliver to Franchisor via facsimile transmission, email, or the intranet, a signed and verified statement of monthly Gross Revenue ("Gross Revenue Report") by the tenth 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, at its expense, supply to Franchisor on or before the tenth day of each month following the close of a quarter a balance sheet, income statement and fiscal year-to-date as of the end of the last day of the preceding quarter. Such financial statements shall be prepared in accordance with GAAP, applied on a consistent basis. As required by Franchisor, such financial statements shall be reviewed or audited by a certified public accountant. Franchisee shall submit to Franchisor such other periodic reports in the manner and at the time specified in the Operations Manual or otherwise in writing. Franchisee shall submit to Franchisor copies of all state sales tax returns filed with the appropriate governmental agency. Franchisor shall have the right to use all financial and operational information relating to the Outlet in a financial performance representation for prospective franchisees.

12.4 Computer Equipment

Franchisee shall purchase, install and use computer and point-of-sale systems consisting of hardware and software in accordance with Franchisor's

recommendations/specifications. Franchisor shall be permitted full access to all of Franchisee's computer and point-of-sale data and systems and all related information upon Franchisor's reasonable request.

12.5 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 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 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.

12.6 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 Outlet 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 services to its customers. Accordingly, Franchisee shall provide for sale at the Outlet all of the home care services that Franchisor from time to time includes in the System.

13.1.2 Franchisor shall provide Franchisee, in the Operations Manual or other written or electronic form, with a list of specifications, pricing for services and a list of Approved Suppliers for the supplies, signs, furniture, fixtures, 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 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 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 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 make a determination. Franchisee shall bear all expenses incurred by Franchisor in connection with determining whether it shall approve an item, service or supplier. Franchisor will decide within a reasonable time (usually thirty 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 products 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 §10.3 and shall not create any rights in Franchisee to provide the same products or services.

13.1.5 Franchisor retains the rights to any business for which Franchisee is solicited but for which Franchisee does not provide the requested products or services. Franchisee shall promptly notify Franchisor of any offers or solicitations they receive but are not equipped at that time to handle so that the franchise system may benefit from that business. Time is of the essence and a prompt reply shall be judged by the individual circumstances of each situation.

13.2 Appearance and Condition of the Unit

Franchisee shall maintain the Approved Centers, equipment fixtures, supplies, inventory and signage in "like new" condition, and shall repair or replace such as necessary to comply with the health and safety standards and specifications of Franchisor, 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 §10.2.

13.3 Ownership and Management

13.3.1 The Outlet shall, at all times, be under the direct supervision of Franchisee who will appoint a Designated Manager to provide personal "on premises" supervision of the Unit. If the Designated Manager is not an owner, officer or otherwise covered under the Nondisclosure and Noncompetition Agreement signed by Franchisee, then the Designated Manager will be required to sign the Nondisclosure and Noncompetition Agreement so they may be granted access to all of the relevant information. The Designated Manger is required to devote sufficient efforts to the management of the day-to-day operation of the Outlet, which shall entail not less than thirty-five hours per week, excluding vacation, sick leave and similar absences. 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.

13.3.2 If the Franchisee's owners are no longer able to manage the Franchised Business personally or by means of hiring a Designated Manager, due to death or other incapacitation, Franchisor will have the option to either temporarily take over the management of the Franchised Business until Franchisee is able to transfer the Franchised Business for a fee of $600 per day, or terminate this Agreement and proceed with the closure of the Location.

13.4 Days of Operation

Franchisee shall keep the Outlet open for business during normal business hours on the 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 Outlet and shall operate the Outlet 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 Unit. Franchisee shall be solely responsible for investigating and complying with all such laws, ordinances and regulations with regard to the operation of the Unit.

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 not more

than seven 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, and of the issuance of any order, writ, injunction, judgment, award or decree in such suit not more than seven days after notice of such commencement or issuance. Franchisee shall deliver to Franchisor not more than seven 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 Unit. Franchisee shall at all times give prompt, courteous and efficient service to its customers. Franchisee 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. Franchisor will take disciplinary action by giving written notice for failing to comply with good business practices. Termination will occur after 3 notices have been issued within 12 months. Franchisee shall reimburse Franchisor for all costs incurred by Franchisor in servicing Franchisee's customer pursuant to this Section.

13.9 Uniforms

Franchisee shall abide by any uniform or dress code requirements.

13.10 E-Mail

Franchisee shall, at all times and at Franchisee's expense, maintain an e-mail address and account for communicating with Franchisor. Franchisee may change its e-mail address by giving written notice of such change of address to Franchisor.

13.11 Best Efforts

Franchisee shall use its best efforts to promote and increase the sales and recognition of services offered. 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 products and services provided as part of the System.

§14 Insurance

14.1 Types and Amounts of Coverage

14.1.1 All policies (except any workers' compensation insurance) shall:

14.1.1.1 expressly name Franchisor as an additional insured or loss payee;

14.1.1.2 contain a waiver of all subrogation rights against Franchisor and its successors and assigns;

14.1.1.3 have a rating of B+ or higher from Moody's or a similar insurance ratings agency.

14.1.2 Within sixty days of the Effective Date, in addition to any other insurance that may be required by applicable law, or by lender or lessor, at Franchisee's sole expense, Franchisee shall procure and maintain in full force and effect during the term of this Agreement:

14.1.2.1 "all risk" property insurance coverage on all assets including inventory, furniture, fixtures, equipment, supplies and other property used in the operation of the Unit. 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;

14.1.2.2 workers' compensation insurance that complies with the statutory requirements of the state in which the Outlet is located and employer liability coverage with a minimum limit of $100,000.00 or, if higher, the statutory minimum limit as required by state law;

14.1.2.3 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 Outlet, or Franchisee's conduct of business pursuant to this Agreement, with a minimum liability coverage of $1,000,000.00 per occurrence or, if higher, the statutory minimum limit required by state law;

14.1.2.4 such insurance as necessary to provide coverage under the indemnity provisions set forth in §20.3.

14.2 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.

14.3 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.

14.4 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 §20.3. 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 days' prior written notice to Franchisor and shall reflect proof of payment of premiums.

14.5 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.

§15 Default and Termination

15.1 Termination by Franchisee

If Franchisee is in full compliance with all of the terms of this Agreement and Franchisor materially breaches this Agreement and fails to commence reasonable efforts to cure such breach within 30 days after receiving written notice identifying the claimed breach, Franchisee may elect to terminate this Agreement unless the breach cannot reasonably be cured within such 30 days. If the breach cannot reasonably be cured in such thirty days, Franchisee may elect to terminate this Agreement only if Franchisor does not promptly undertake and continue efforts to cure such material breach within a reasonable period of time and furnish Franchisee reasonable proof of such efforts.

15.2 Termination by Franchisor

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

15.2.1.1 fails to timely select an approved site for or establish, equip and commence operations of the Outlet pursuant to 4.2.1.8;

15.2.1.2 fails to have its Designated Manager satisfactorily complete any training program pursuant to §8;

15.2.1.3 makes any material misrepresentation or omission in its application for the Franchise or otherwise to Franchisor in the course of entering into this Agreement;

15.2.1.4 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 brand;

15.2.1.5 after notice to cure, fails to refrain from activities, behavior or conduct likely to adversely affect the reputation of Franchisor, Franchisee or the brand;

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

15.2.1.7 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 noncompetition agreement, in a form the same as or similar to the Nondisclosure and Noncompetition Agreement attached as Exhibit 2, 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 noncompetition agreements signed pursuant to §7.5 if requested by Franchisor;

15.2.1.8 abandons, fails or refuses to actively operate the Outlet for five or more consecutive days (unless the Outlet has not been operational for a purpose approved by Franchisor);

15.2.1.9 surrenders or transfers control of the operation of the Outlet 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;

15.2.1.10 fails to maintain the Outlet under the primary supervision of a Designated Manager during the one hundred eighty days following the death or Incapacity of Franchisee or any holder of a legal or beneficial interest in Franchisee pursuant to §17.6;

15.2.1.11 submits to Franchisor on two 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 3% for any accounting period and Franchisee is unable to demonstrate that such understatements resulted from inadvertent error;

15.2.1.12 is adjudicated as bankrupt, becomes insolvent, commits any affirmative act of insolvency, or files any action or petition of insolvency; 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 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 Centers or equipment is instituted against Franchisee and not dismissed within thirty days or is not in the process of being dismissed;

15.2.1.13 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;

15.2.1.14 fails on two or more separate occasions within any period of twelve 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;

15.2.1.15 violates on two or more occasions any health or safety law, ordinance or regulation, or operates the Outlet in a manner that presents a health or safety hazard to its customers, employees or the public;

15.2.1.16 engages in any activity exclusively reserved to Franchisor;

15.2.1.17 fails to comply with any applicable law or regulation within ten days after being given notice of noncompliance;

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

15.2.1.19 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.

15.2.2 Except as otherwise provided in §15.2.1, 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:

15.2.2.1 within five days of receiving notice of Franchisee's failure to pay any amounts due to Franchisor;

15.2.2.2 within ten days of receiving notice of Franchisee's failure to maintain insurance as specified in §14 of this Agreement; or

15.2.2.3 within thirty 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.

15.3 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.

15.4 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 §15.2, 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.

15.5 Right of Franchisor to Operate The Unit

Following the delivery of a notice of termination pursuant to §15.2, if necessary in Franchisor's discretion, Franchisor shall have the right, but not the obligation, to assume the operation of the Outlet 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 $600.00 per day, and Franchisor shall be entitled to reimbursement of any expenses Franchisor incurs that are not paid out of Franchisee's operating cash flow. Should Franchisor elect to assume the operation of the Outlet on a temporary basis, Franchisor shall have no responsibility or liability for the obligations, debts or payments under the lease for an Approved Center (if any) or otherwise.

15.6 Right of Franchisor to Purchase the Assets

Following the delivery of a notice of termination pursuant to §15.2, if necessary in Franchisor's discretion, Franchisor shall have the right, but not the obligation, to purchase the assets of the business, including but not limited to the equipment, fixtures, signage, computer and POS system, and inventory at a fair market value to be determined by an independent 3rd party appraiser approved by both Franchisor and Franchisee.

§16 Rights and Duties Upon Expiration or Termination

16.1 Actions to be Taken

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

16.1.1.1 immediately cease to operate the Outlet and shall not thereafter, directly or indirectly, represent to the public or hold itself out as a present or former franchisee of Franchisor;

16.1.1.2 cease to use the Trade Secrets, customer list 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;

16.1.1.3 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 an Approved Center to Franchisor and Franchisee shall furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within thirty 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;

16.1.1.4 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 "READING READINESS CENTER" or any other Mark, and Franchisee shall furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within thirty days after termination or expiration of this Agreement;

16.1.1.5 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, appellate or bankruptcy proceedings, unpaid Royalty Fees, loss of future Royalty Fee payments incurred by Franchisee as a result of any early termination of this Agreement, and any other amounts due to Franchisor or any Affiliate;

16.1.1.6 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;

16.1.1.7 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 Outlet (all of which are acknowledged to be Franchisor's property);

16.1.1.8 assign all telephone listings and numbers for the franchised business to Franchisor, 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, authorize transfer of same to or at the direction of Franchisor, and execute such instruments required effectuate such transfer; and

16.1.1.9 comply with all other applicable provisions of this Agreement.

16.2 Post-Termination Covenant Not to Compete

16.2.1 Franchisee acknowledges that the restrictive covenants contained in this Section and in §7.5 are fair and reasonable and are justifiably required for purposes including, but not limited to, the following:

16.2.1.1 to protect the Trade Secrets and other Confidential Information of Franchisor;

16.2.1.2 to induce Franchisor to grant a Franchise to Franchisee; and

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

16.2.2 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 one year after the expiration or termination of this Agreement, regardless of the cause of termination, either directly or indirectly, for themselves or through, on behalf of or in conjunction with, any person, persons, partnership, corporation, limited liability company or other business entity:

16.2.2.1 own an interest in, manage, operate or provide 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 franchisee of affiliate in existence at the time of termination or expiration; or

16.2.2.2 solicit or otherwise attempt to induce or influence any customer, employee or other business associate of Franchisor to terminate or modify his, her or its business relationship with Franchisor or to compete against Franchisor.

16.2.3 In furtherance of this Section, Franchisor has the right to require certain individuals to execute standard form nondisclosure or noncompetition agreements in a form the same as or similar to the Nondisclosure and Noncompetition Agreement attached as Exhibit 2.

16.2.4 If for whatever reason, either the above area or time frame covered by the Nondisclosure and Noncompetition 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.

16.3 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. If Franchisor elects not to receive an assignment or sublease of an Approved Center, Franchisee shall make such modifications or alterations to the Approved Center (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 Center. Franchisee shall make such specific additional changes to the Approved Centers 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 an Approved Center 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.

16.4 Franchisor's Option to Purchase Certain Business Assets

Franchisor has the Right of first refusal under §18 of this Agreement (but not the obligation), for a period of thirty days after termination or expiration of this Agreement, to purchase any or all assets of the Outlet 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.

16.5 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.

§17 Transferability of Interest

17.1 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.

17.2 Transfer by Franchisee to a Third Party

17.2.1 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, 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:

17.2.1.1 Franchisee has complied with the requirements set forth in §18;

17.2.1.2 all obligations owed to Franchisor, and all other outstanding obligations relating to the Outlet, are fully paid and satisfied;

17.2.1.3 Franchisee (and any transferring owners, if Franchisee is a business entity) has executed a general release, in a form the same as or similar to the General Release attached as Exhibit 1, of any and all claims against Franchisor, including its officers, directors, shareholders, managers, members, partners, owners, employees and agents (in their corporate and individual capacities), including, without limitation, claims arising under federal, state or local laws, rules or ordinances, and any other matters incident to the termination of this Agreement or to the transfer of Franchisee's interest herein or to the transfer of Franchisee's ownership of all or any part of the Franchise; provided, however, that if a general release is prohibited, Franchisee shall give the maximum release allowed by law;

17.2.1.4 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 business;

17.2.1.5 the transferee and, if Franchisor requires, all persons owning any interest in the transferee, have executed the then-current franchise agreement 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;

17.2.1.6 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;

17.2.1.7 Franchisee, or the transferee, has paid to Franchisor a transfer fee in the amount of the Franchise Fee;

17.2.1.8 Franchisee has agreed to be bound to the obligations of the new franchise agreement and to guarantee the full performance thereof by the transferee, if required by Franchisor;

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

17.2.1.10 Franchisee has, and if Franchisee is an entity, all of the holders of a legal and beneficial interest in Franchisee have executed and delivered to Franchisor a nondisclosure and noncompetition agreement in a form satisfactory to Franchisor and in substance the same as the nondisclosure and noncompetition covenants contained in §§7.5 and 16.2;

17.2.1.11 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 §8.1 prior to assuming the management of the day-to-day operation of the Unit; and

17.2.1.12 the transferee has obtained all necessary types of insurance as described in §14.1.

17.3 Transfer to a Controlled Entity

17.3.1 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:

17.3.1.1 the Controlled Entity intends to use the same Designated Manager;

17.3.1.2 the Controlled Entity is newly organized and its charter provides that its activities are confined exclusively to the operation of the Unit;

17.3.1.3 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;

17.3.1.4 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 §17.2.1.7;

17.3.1.5 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 Unit. 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;

17.3.1.6 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;

17.3.1.7 each stock certificate or other ownership interest certificate of the Controlled Entity has conspicuously endorsed upon the face thereof a statement in a form satisfactory to Franchisor that it is held subject to, and that further assignment or transfer thereof is subject to, all restrictions imposed upon transfers and assignments by this Agreement;

17.3.1.8 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; and

17.3.1.9 Franchisee, or the transferee, has paid to Franchisor a transfer fee in the amount of $15,000.00 plus attorney's fees.

17.3.2 The term of the transferred franchise shall be the unexpired term of this Agreement.

17.3.3 Franchisor's consent to a transfer of any interest in this Agreement, or of any ownership interest in the Outlet, 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.

17.4 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 Outlet 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 Outlet by an intended transferee identified by Franchisee.

17.5 For-Sale Advertising

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

17.6 Transfer by Death or Incapacity

17.6.1 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 days following such event, transfer such individual's interest in the Outlet 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. During such one hundred eighty-day period, the Outlet must remain at all times under the primary management of a Designated Manager who otherwise meets Franchisor's management qualifications.

17.6.2 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 Outlet 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 $600.00 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 Unit.

§18 Right of First Refusal

18.1 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 §17.6) the Outlet (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.

18.2 Franchisor's Right to Purchase

Franchisor shall, for thirty 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 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.

18.3 Non-Exercise of Right of First Refusal

If Franchisor does not exercise its right of first refusal within thirty 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 §17.2. Should the sale fail to close within one hundred eighty days after the offer is delivered to Franchisor, Franchisor's right of first refusal shall renew and be implemented in accordance with this Section.

18.4 Sales or Transfers to Family Excepted

If Franchisee, or any of its owners, proposes to sell or otherwise transfer the Outlet (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 shall be inapplicable. Nothing in this Section shall be construed to relieve Franchisee from full compliance with the terms and conditions of §17.3 prior to a sale or transfer to family pursuant to this Section.

§19 Beneficial Owners of Franchisee

Franchisee represents, and Franchisor enters into this Agreement in reliance upon such representation, that the individuals identified in Exhibit 3 are the sole holders of a legal or beneficial interest (in the stated percentages) of Franchisee.

§20 Relationship and Indemnification

20.1 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 or employee 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 Outlet operating the Outlet pursuant to a franchise agreement with 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 Centers 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 Unit. Any third party contractors and vendors retained by Franchisee to convert or construct the premises are independent contractors of Franchisee alone.

20.2 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.

20.3 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 an Approved Center; (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 Unit; (d) Franchisee's breach of the lease for an Approved Center; (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 operation of the Outlet 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.

20.4 Right to Retain Counsel

Franchisee shall give Franchisor immediate notice of any action, suit, demand, claim, investigation or proceeding that may give rise to a claim for indemnification by a Franchisor. 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.

§21 General Conditions and Provisions

21.1 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.

21.2 Injunctive Relief

As any breach by Franchisee of any of the restrictions contained in §§6.2, 7.1 and 16.2 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. Franchisor's rights herein shall include pursuing injunctive relief through arbitration or in a state or federal court.

21.3 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 business days after being sent via guaranteed overnight delivery by a commercial courier service; or (d) five 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:

Reading Readiness Center, LLC
Attn: Nabila Rangoonwala
4790 Irvine Blvd. Suite #105-576
Irvine, CA 92620

21.4 Cost of Enforcement or Defense

If Franchisor or Franchisee is required to enforce this Agreement in a judicial or arbitration proceeding, the prevailing party shall be entitled to reimbursement of its costs, including reasonable accounting and attorneys' fees, in connection with such proceeding.

21.5 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.

21.6 Entire Agreement

This Agreement and all exhibits 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.

21.7 Severability and Modification

21.7.1 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.

21.7.2 Notwithstanding the above, each of the covenants contained in §7 and §16 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.

21.8 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.

21.9 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.

21.10 Timing

Time is of the essence. Failure to perform any act within the time required or permitted by this Agreement shall be a material breach.

21.11 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.

21.12 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.

21.13 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.

21.14 Multiple Originals

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

§22 Dispute Resolution

22.1 Choice of Law

Except to the extent this Agreement or any particular dispute is governed by the U.S. Trademark Act of 1946 or other federal law, this Agreement shall be governed by and construed in accordance with the laws of the State of California (without reference to its conflict of laws principles). 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.

22.2 Consent to Jurisdiction

Any action brought by either party shall only be brought in the appropriate state or Federal courts located in or serving Irvine, California. The parties waive all questions of personal jurisdiction or venue for the purposes of carrying out this provision. Claims for injunctive relief may be brought by Franchisor 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.

22.3 Cumulative Rights and Remedies

No right or remedy conferred upon or reserved to Franchisor or Franchisee by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be in addition to every other right or remedy. Nothing contained herein shall bar Franchisor's right to obtain injunctive relief against threatened conduct that may cause it loss or damages, including obtaining restraining orders and preliminary and permanent injunctions.

22.4 Limitation of Damages

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 Acknowledgements

23.1 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 calendar-days prior to the date on which this Agreement was executed, the Disclosure Document required by the Trade Regulation Rule of the Federal Trade Commission entitled Disclosure Requirements and Prohibitions Concerning Franchising and Business Opportunity Ventures.

23.2 Independent Counsel

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.

23.3 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.

23.4 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 franchise 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.

23.5 No Guarantee of Success

Franchisee represents and acknowledges that it has not received any guarantee, express or implied, as to the revenues, profits or likelihood of success of the Unit. 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.

23.6 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.

23.7 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.

Reading Readiness Center, LLC
Franchisor

_____
Signature

Nabila Rangoonwala
Name Printed

_____
Title:

_____
Franchisee

_____
Signature

_____
Name Printed

_____
Title

EXHIBIT 1 TO THE FRANCHISE AGREEMENT

GENERAL RELEASE

This General Release is made by RELEASOR in consideration of the execution by Reading Readiness Center, LLC, A California limited liability company ("RELEASEE"), of a Franchise Agreement between RELEASOR and RELEASEE and other good and valuable consideration, the adequacy of which is hereby acknowledged.

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

Any action brought by either party regarding this Release, shall only be brought in the appropriate state or federal court located in or serving Irvine, California. The parties waive all questions of personal jurisdiction or venue for the purposes of carrying out this provision.

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

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

RELEASOR:_____

Signature:_____

Title:_____

Date:_____

APPROVED CENTER ADDENDUM

THIS APPROVED CENTER ADDENDUM is signed on _____ _____between Reading Readiness Center, LLC ("we, "us" or "our") and_ _____ ("you" or "your").

BACKGROUND

A. The parties signed a Reading Readiness Program Franchise Agreement (the "Agreement") on _____;

B. You have now selected a location that we have approved.

The parties agree as follows:

TERMS

1. We hereby approve a space for use as an Approved Center under the Agreement located at _____ and described as _____

_____

_____ (the "Premises").

2. Upon any inconsistency between the terms of the Franchise Agreement and the terms of this Addendum, the terms of this Addendum supersede and control. In all other respects, the parties ratify and confirm the terms of the Franchise Agreement.

IN WITNESS WHEREOF, the parties have signed this Addendum.

Reading Readiness Center, LLC:

_____

(You)_____:

_____

NONDISCLOSURE AND NONCOMPETITION AGREEMENT (MANAGER)

This "Agreement" is by and between Reading Readiness Center, LLC, ("Franchisor") and _____ ("Manager").

W I T N E S S E T H:

WHEREAS, _____ ("Franchisee") is a party to a Franchise Agreement with Franchisor;

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

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

WHEREAS, Manager understands the necessity of not disclosing any such information to any other party or using such information to compete against Franchisor or any of its affiliates or franchisees (i) that offers or provides (or grants franchises or licenses to others to operate a business that offers or provides) products or services 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 Franchisor or any of its affiliates or franchisees (hereinafter, "Competitive Business"); provided, however, that the term Competitive Business shall not apply to any business operated under a Franchise Agreement with Franchisor.

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

Manager understands Franchisor 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 nontechnical 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 Franchise 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 nontechnical information used in or related to the Franchise 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 Franchisor or 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 Manager; (ii) Manager 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 Franchisor 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 Manager of his or her obligations hereunder in respect of information otherwise constituting Trade Secrets or Confidential Information. Manager understands Franchisee's providing of access to the Trade Secrets and other Confidential Information creates a relationship of confidence and trust between Manager and Franchisee with respect to the Trade Secrets and other Confidential Information.

2. <u>Confidentiality/Nondisclosure</u>

a) Manager 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, Manager must take all steps reasonably necessary and/or requested by Franchisor or Franchisee to ensure that the Confidential Information and Trade Secrets are kept confidential pursuant to the terms of this Agreement. Manager must comply with all applicable policies, procedures and practices that Franchisor has established and may establish from time to time with regard to the Confidential Information and Trade Secrets.

b) Manager's obligations under paragraph 2(a) of this Agreement shall continue in effect after termination of Manager'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 Manager'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 Manager or any of its affiliates or assigns becomes an investor, partner, joint venturer, broker, distributor or the like in a Competitive Business.

3. Noncompetition

a) During the term of Manager's relationship with Franchisee and for a period of one year after the expiration or termination of Manager's relationship with Franchisee, regardless of the cause of expiration or termination, Manager shall not, directly or indirectly, for themselves or through, on behalf of or in conjunction with, any person, persons, partnership, corporation, limited liability company or other business entity, 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 Franchisor's trademark "READING READINESS CENTER" and such other trade names, trademarks, service marks, trade dress, designs, graphics, logos, emblems, insignia, fascia, slogans, drawings and other commercial symbols as the Franchisor designates to be used in connection with READING READINESS CENTER.

b) During the term of Manager's relationship with Franchisee, Manager shall not, directly or indirectly, for themselves or through, on behalf of or in conjunction with, any person, persons, partnership, corporation, limited liability company or other business entity, work for, render services to, or own or share in the earnings of any Competitive Business anywhere within Franchisee's Territory, without the express written consent of Franchisor, except for any stock ownership in a Competitive Business purchased on the open stock market.

c) For a one year period following the term of Manager's relationship with Franchisee, regardless of the cause of termination, Manager shall not, directly or indirectly, for themselves or through, on behalf of or in conjunction with, any person, persons, partnership, corporation, limited liability company or other business entity, work for, render services to, or own or share in the earnings of any Competitive Business within Franchisee's Territory, or within the territory of any other READING READINESS CENTER Business without the express written consent of Franchisor, except for any stock ownership in a Competitive Business purchased on the open stock market.

d) During the term of Manager's relationship with Franchisee and for a period of one year thereafter, regardless of the cause of termination, Manager shall not, directly or indirectly, solicit or otherwise attempt to induce or influence any employee or other business associate of Franchisee, Franchisor or any other READING READINESS CENTER Business to compete against, or terminate or modify his, her or its employment or business relationship with, Franchisee, Franchisor or any other READING READINESS CENTER Business.

4. Reasonableness of Restrictions

Manager acknowledges that each of the terms set forth herein, including the restrictive covenants, are fair and reasonable and are reasonably required for the

protection of Franchisor and Franchisor's Trade Secrets and other Confidential Information, the Franchisor's business system, network of franchises and trade and service marks, and Manager 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 Manager 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, Nonsolicitation and Noncompetition

Manager further acknowledges that an actual or threatened violation of the covenants contained in this Agreement will cause Franchisee and Franchisor 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 Franchisor shall be entitled, as a matter of right, to an injunction from any court of competent jurisdiction restraining any further violation by Manager 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 Franchisor 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 Manager and Franchisor. 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 the U.S. Trademark Act of 1946 or other federal law, this Agreement shall be governed by and construed in accordance with the laws of the State of California (without reference to its conflict of laws principles). 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 Irvine, California. The parties waive all questions of personal jurisdiction or venue for the purposes of carrying out this provision. Franchisor 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) Manager 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 Manager and shall inure to the benefit of Franchisor, its subsidiaries, successors and assigns.

f) The failure of either party to insist upon performance in any one 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 Manager and Franchisor.

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

k) Except as otherwise expressly provided in this Agreement, no remedy conferred upon Franchisee or Franchisor 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.

MANAGER 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.

FRANCHISOR:

_____ Name:_____

Title:_____

MANAGER:

_____ Name:_____

HOLDERS OF LEGAL OR BENEFICIAL INTEREST IN FRANCHISEE, OFFICERS AND DIRECTORS

OWNERSHIP INFORMATION

1. **Form of Ownership.** Franchisee is a (check one):

_____ *Sole Proprietorship*
_____ *Partnership*
_____ *Limited Liability Company*
_____ *Corporation*

State of incorporation / organization / residence: _____

2. **Sole Proprietor**

Name	Social Security Number

3. **Owners.** If Franchisee is a partnership, limited liability company or corporation:

Name	Shares or Percentage of Ownership

4. **Officers.** If Franchisee is a limited liability company or corporation:

Name	Title

MULTI-STATE ADDENDA

FOR THE STATE OF CALIFORNIA

This Addendum to the Franchise Agreement is agreed to this ___ day of _____, 20___, is by and between Reading Readiness Center, LLC and _____ _____.

1. New §16.6 is inserted into the Franchise Agreement and states as follows:

If termination is the result of Franchisee's default, Franchisee will pay to Franchisor a lump sum payment (as liquidated damages for causing the premature termination of this Agreement and not as a penalty) equal to the total of all Royalty Fee payments for: (a) the twenty-four calendar months of operation of Franchisee preceding Franchisee's default; (b) the period of time Franchisee has been in operation preceding the notice, if less than twenty-four calendar months, projected on a twenty-four calendar month basis; or (c) any shorter period as equals the unexpired term at the time of termination. The parties agree that a precise calculation of the full extent of the damages that Franchisor will incur on termination of this Agreement as a result of Franchisee's default is difficult and the parties desire certainty in this matter and agree that the lump sum payment provided under this Section is reasonable in light of the damages for premature termination that Franchisor will incur. This payment is not exclusive of any other remedies that Franchisor may have including recovery of attorneys' fees and costs.

2. In recognition of the requirements of the California Franchise Investment Law, Cal. Corp. Code §§31000-31516 and the California Franchise Relations Act, Cal. Bus. And Prof. Code §§20000-20043, the Franchise Agreement for Reading Readiness Center, LLC is amended as follows:

- The California Franchise Relations Act provides rights to Franchisee concerning termination or nonrenewal of the Franchise Agreement, which may supersede provisions in the Franchise Agreement, specifically §§4.2 and 15.2.

- §15.2.1.12 that terminates the Franchise Agreement upon the bankruptcy of Franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, *et seq.*).

- §16.2 contains a covenant not to compete that extends beyond the expiration or termination of the Agreement; this covenant may not be enforceable under California Law.

- Paragraph 1 of this Addendum contains a liquidated damages clause. Under California Civil Code §1671, certain liquidated damages clauses are unenforceable.

3. 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.

FOR THE STATE OF HAWAII

This Addendum to the Franchise Agreement is agreed to this ___ day of _____, 20___, is by and between Reading Readiness Center, LLC and _____ _____.

1. In recognition of the requirements of the Hawaii Franchise Investment Law, Hawaii Revised Statutes, Title 26, Chapter 482E *et seq.*, the Franchise Agreement for Reading Readiness Center, LLC is amended as follows:

- The Hawaii Franchise Investment Law provides rights to Franchisee concerning nonrenewal, termination and transfer of the Franchise Agreement. If the Agreement, and more specifically §§4.2, 15.2 and 17.2 contain a provision that is inconsistent with the Hawaii Franchise Investment Law, the Hawaii Franchise Investment Law will control.

- §§4.2.1.7 and 17.2.1.3 require Franchisee to sign a general release as a condition of renewal or transfer of the Franchise; such release shall exclude claims arising under the Hawaii Franchise Investment Law.

- §15.2.1.12, which terminates the Franchise Agreement upon the bankruptcy of Franchisee, may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, *et seq.*).

2. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Hawaii Franchise Investment Law 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.

FOR THE STATE OF ILLINOIS

This Addendum to the Franchise Agreement is agreed to this ___ day of _____, 20___, is by and between Reading Readiness Center, LLC and _____ _____.

1. In recognition of the requirements of the Illinois Franchise Disclosure Act, 815 ILCS 705, the Franchise Agreement for Reading Readiness Center, LLC is amended as follows:

- §§ 4.2.1.7 and 17.2.1.3 are amended to add: No general release shall be required as a condition of renewal or transfer or as a condition to receiving a refund of a

portion of the Franchise Fee following a termination of the Franchise that is intended to require Franchisee to waive compliance with the Illinois Franchise Disclosure Act, 815 ILCS 705.

- §15, §16 and §22 are amended to add: The conditions under which the Franchise Agreement can be terminated and Franchisee's rights upon termination or nonrenewal, as well as the application by which Franchisee must bring any claims, are governed by the Illinois Franchise Disclosure Act, 815 ILCS 705/26, 27 (West 2012).

- §§22.1 and 22.2 are amended to add: The Franchise Agreement will be governed by Illinois law. Jurisdiction and venue for court litigations shall be in Illinois. Any provision in the Franchise Agreement that designates jurisdiction or venue in a forum outside the State is void, provided that a Franchise Agreement may provide for arbitration in a forum outside of Illinois.

- §22.3 is amended to add: No action for liability under the Illinois Franchise Disclosure Act shall be maintained unless brought before the expiration of three years after the act or transaction constituting the violation upon which it is based, the expiration of one year after Franchisee becomes aware of facts or circumstances reasonably indicating that the Franchisee may have a claim for relief in respect to conduct governed by the Act, or ninety days after delivery to Franchisee of a written notice disclosing the violation, whichever shall first expire.

FOR THE STATE OF MARYLAND

This Addendum to the Franchise Agreement is agreed to this ___ day of _____, 20___, is by and between Reading Readiness Center, LLC and _____ _____.

1. In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, Md. Code Ann., Bus. Reg. §§14-201-14-233, the Franchise Agreement for Reading Readiness Center, LLC is amended as follows:

- §§4.2.1.9, 17.2.1.3 and 17.2.1.6 require Franchisee to sign a general release as a condition of renewal or transfer of the Franchise and §5.5 requires Franchisee to sign a general release as a condition to receiving a refund of a portion of the Franchise Fee following a termination of the Franchise; such release shall exclude claims arising under the Maryland Franchise Registration and Disclosure Law.

- §15.2.1.12, which terminates the Franchise Agreement upon the bankruptcy of Franchisee, may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, *et seq.*).

- §22.1 requires that the Franchise be governed by the laws of the State of California; however, in the event of a conflict of laws to the extent required by the

Maryland Franchise Registration and Disclosure Law, the laws of the State of Maryland shall prevail.

- §§22.2 require litigation to be conducted in the State of California; a franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

- Any Section of the Franchise Agreement requiring Franchisee to assent to any release, estoppel or waiver of liability as a condition of purchasing the Franchise 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.

- §22.3 is amended to the extent that any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the Franchise.

2. 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.

FOR THE STATE OF MINNESOTA

This Addendum to the Franchise Agreement is agreed to this ___ day of _____, 20___, is by and between Reading Readiness Center, LLC and _____ _____.

1. In recognition of the Minnesota Franchise Law, Minn. Stat., Chapter 80C, §§80C.01 through 80C.22, and the Rules and Regulations promulgated pursuant thereto by the Minnesota Commission of Securities, Minnesota Rule 2860.4400, et. seq., the parties to the attached Franchise Agreement agree as follows:

- §§4 and 15 are amended to add that with respect to Franchises governed by Minnesota Law, Franchisor will comply with the Minnesota Franchise Law that requires, except in certain specified cases, that Franchisee be given 90-day notice of termination (with 60 days to cure) and 180-day notice of nonrenewal of the Agreement.

- §§4.2.1.9, 5.5, 17.2.1.3 and 17.2.1.6 do not provide for a prospective general release of any claims against Franchisor that may be subject to the Minnesota Franchise Law. Minn. Rule 2860.4400D prohibits a franchisor from requiring a franchisee to assent to a general release.

- §6 is amended to add that as required by Minnesota Franchise Act, Reading Readiness Center, LLC will reimburse Franchisee for any costs incurred by Franchisee in the defense of Franchisee's right to use the Marks, so long as Franchisee was using the Marks in the manner authorized by Reading Readiness Center, LLC , and so long as Reading Readiness Center, LLC is timely notified of the claim and is given the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim.

- §22.3 is amended to state that any claim concerning the Franchise or this Agreement or any related agreement will be barred unless an arbitration or an action for a claim that cannot be the subject of arbitration is commenced within three years from the date on which Franchisee or Franchisor knew or should have known, in the exercise of reasonable diligence, of the facts giving rise to or the claim.

- Minn. Stat. §80C.21 and Minn. Rule 2860.4400J prohibit Franchisor from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Disclosure Document or Franchise Agreement can abrogate or reduce any of Franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or Franchisee's rights to any procedure, forum or remedies provided for by the laws of the jurisdiction. However, Franchisor may seek such relief through the court system with or without a bond as determined by a court. Minn. Rule Part 2860.4400J prohibits Franchisee from waving its rights to a jury trial or waiving its rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction, or consenting to liquidated damages, termination penalties or judgment notes. To the extent that the Franchise Agreement requires Franchisee to waive these rights, the Franchise Agreement will be considered amended to the extent necessary to comply with the Minnesota Rule.

2. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Minnesota Franchise 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.

FOR THE STATE OF NEW YORK

This Addendum to the Franchise Agreement is agreed to this ___ day of _____, 20___, is by and between Reading Readiness Center, LLC and _____ _____.

1. In recognition of the requirements of the General Business Laws of the State of New York, Article 33, §§ 680 through 695, the Franchise Agreement for Reading Readiness Center, LLC is amended as follows:

- §§4.2.1.9, 5.5, 17.2.1.3 and 17.2.1.6 require Franchisee to sign a general release as a condition of renewal, transfer, or receiving a refund of a portion of the Franchise Fee following termination of the Franchise; such release shall exclude claims arising under the General Business Laws.

- Under §17.1, Franchisor shall not transfer and assign its rights and obligations under the Franchise Agreement unless the transferee will be able to perform Franchisor's obligations under the Franchise Agreement, in Franchisor's good faith judgment, so long as it remains subject to the General Business Laws of the State of New York.

- §20.3 is amended to provide that Franchisee will not be required to indemnify Franchisor for any liability imposed upon Franchisor as a result of Franchisee's reliance upon or use of procedures or products that were required by Franchisor, if such procedures or products were utilized by Franchisee in the manner required by Franchisor.

- §22.1 requires that the Franchise be governed by the laws of the state Franchisor's principal business is then located, such a requirement will not be considered a waiver of any right conferred upon Franchisee by Article 33 of the General Business Laws.

2. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the California 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.

FOR THE STATE OF NORTH DAKOTA

This Addendum to the Franchise Agreement is agreed to this ___ day of _____, 20___, is by and between Reading Readiness Center, LLC and _____ _____.

1. The North Dakota Securities Commission requires that certain provisions contained in the Agreement be amended to be consistent with North Dakota Law, including the North Dakota Franchise Investment Law, North Dakota Century Code Addendum, Chapter 51-19, Sections 51-19-01 *et seq.* Such provisions in the Agreement are hereby amended as follows:

- Under §§4.2.1.9, 5.5, 17.2.1.3 and 17.2.1.6, the execution of a general release upon renewal, transfer, or as a condition of receipt of a refund of a portion of the Franchise Fee following termination, shall be inapplicable to Franchises operating under the North Dakota Franchise Investment Law to the extent that such a release excludes claims arising under the North Dakota Franchise Investment Law.

- §7 is amended to add that the prevailing party in any enforcement action is entitled to recover all costs and expenses including attorneys' fees.

- §§16.1.5 and 16.1.6 are amended to state: If Franchisor or Franchisee is required to enforce this Agreement via judicial or arbitration proceedings, the prevailing party shall be entitled to reimbursement of its costs, including reasonable accounting and legal fees in connection with such proceeding.

- §16.2 is amended to add that covenants not to compete upon termination or expiration of the Franchise Agreement are generally unenforceable in the State of North Dakota except in limited instances as provided by law.

- §22.1 is amended to state that in the event of a conflict of laws, North Dakota Law shall prevail.

- §22.2 is amended to add that any action may be brought in the appropriate state or federal court in North Dakota with respect to claims under North Dakota Law.

- §22.3 is amended to state that the statute of limitations under North Dakota Law shall apply.

2. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the North Dakota 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.

FOR THE STATE OF RHODE ISLAND

This Addendum to the Franchise Agreement is agreed to this ___ day of _____, 20___, is by and between Reading Readiness Center, LLC and _____ _____.

1. In recognition of the requirements of The Rhode Island Franchise Investment Act §19-28.1-14, the Franchise Agreement for Reading Readiness Center, LLC is amended as follows:

- §§4.2.1.9, 5.5, 17.2.1.3 and 17.2.1.6, require Franchisee to sign a general release as a condition of renewal, transfer, or receipt of a refund of a portion of the Franchise Fee following termination of the Franchise; such release shall exclude claims arising under The Rhode Island Franchise Investment Act.

- §§22.1 and 22.2 are amended to state that restricting jurisdiction or venue to a forum outside the State of Rhode Island or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under The Rhode Island Franchise Investment Act.

2. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Rhode Island 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.

FOR THE COMMONWEALTH OF VIRGINIA

This Addendum to the Franchise Agreement is agreed to this ___ day of _____, 20___, is by and between Reading Readiness Center, LLC and _____ _____to amend and revise said Franchise Agreement as follows:

- §15.2.1.12, which terminates the Franchise Agreement upon the bankruptcy of Franchisee, may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, *et seq.*).

- §15.2.1.19 of the Franchise Agreement will not be applicable to the Franchise Agreement signed by the Virginia franchisee entering into the attached agreement.

FOR THE STATE OF WASHINGTON

This Addendum to the Franchise Agreement is agreed to this ___ day of _____, 20___, is by and between Reading Readiness Center, LLC and _____ _____.

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

2. RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

3. 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. A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

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

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

7. 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.

8. All franchise fees will be deferred until Franchisor has fulfilled its initial pre-opening obligations to Franchisee and the Franchisee is open for business.

FOR THE STATE OF WISCONSIN

This Addendum to the Franchise Agreement is agreed to this ___ day of _____, 20___, is by and between Reading Readiness Center, LLC and _____ _____ to amend and revise said Franchise Agreement as follows:

1. The Wisconsin Fair Dealership Law Title XIV-A Ch. 135, Sec. 135.01-135.07 shall supersede any conflicting terms of the Franchise Agreement.

2. This provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Wisconsin Fair Dealership 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.

Reading Readiness Center, LLC:	Franchisee:_____
By: _____	By: _____
Title:_____	Title: _____

AGREEMENT WITH LANDLORD

THIS AGREEMENT is signed on _____ among Reading Readiness Center, LLC, a limited liability company (the "Franchisor"); _____ _____ (the "Landlord") and _____ (the "Tenant/Franchisee").

BACKGROUND

A. The Tenant/Franchisee is a franchisee of the Franchisor under a Reading Readiness Center Agreement between the Franchisor and the Tenant/Franchisee (the "Franchise Agreement") for the operation of Reading Readiness Program (the "Franchise Business").

B. The Landlord and the Tenant/Franchisee are parties to a Lease Agreement (the "Lease") for the premises located at _____ (the "Premises") that the Franchisor has approved on condition that all the parties sign this Agreement.

C. In order to assure that a franchise business may continue to operate at the Premises, the Landlord grants certain rights to the Franchisor under the Lease to protect the Franchisor's interest under the Franchise Agreement.

TERMS

1. **Signage.** The Landlord agrees to the Franchisor's signage requirements for the Tenant/Franchisee, subject to local signage ordinances and approval by local governmental agencies, if necessary.

2. **Use of Premises**. The Landlord and the Tenant/Franchisee agree that the Tenant/Franchisee may only use the Premises for the operation of the Franchised Business, unless the Franchisor otherwise approves in writing. The Landlord acknowledges that this use does not violate any zoning restrictions, restrictive covenants or existing exclusive uses granted to any other tenant of the Landlord in the building/center or adjacent outparcel owned by the Landlord in which the Premises are located. The Landlord further acknowledges that during the term of the Lease or any extension of the Lease, the Landlord will not lease space within the building/center or outparcel to a business similar to the Franchised Business, or permit an existing tenant to offer products that compete with the Franchised Business.

3. **Tenant Information; Notices of Default**. The Landlord will send to the Franchisor at the address set forth below by regular U.S. mail copies of all sales reports, financial information, correspondence and other communications sent by the Landlord to the Tenant/Franchisee or sent by the Tenant/Franchisee to the Landlord. The Landlord will overnight to the Franchisor at the address below by USPS, FedEx or UPS copies of all written notices of default sent by the Landlord to the Tenant/Franchisee. Landlord

acknowledges that the Franchisor is not responsible for any actions of the Tenant/Franchisee or any of its employees, agents, suppliers or customers.

Reading Readiness Center, LLC
4790 Irvine Blvd. Suite #105-576
Irvine, CA 92620

4. **Right to Cure and Take Occupancy.**

a. If the Tenant/Franchisee defaults under the Lease, the Franchisor may (but is under no obligation to), within 30 days after receipt of written notice from the Landlord, cure the default (or a longer period of time if the default is not capable of being cured within 30 days and the Franchisor is diligently proceeding to cure the default). If the Franchisor cures the Tenant/Franchisee's default, the Franchisor has the right to occupy the Premises and operate the Franchised Business. The Tenant/Franchisee is deemed to have assigned the Lease to the Franchisor, but the Tenant/Franchisee and any guarantors are not released from their obligations under the Lease. From and after the deemed assignment, the Franchisor will assume and perform all of the obligations of the Tenant/Franchisee under the Lease until the Franchisor is released in accordance with Subsection 4(b).

b. The Franchisor may assign the Lease to another Reading Readiness Program with the Landlord's written approval of the new tenant/franchisee. The Landlord will not unreasonably withhold, delay or condition its approval of the new tenant/franchisee. Upon the permitted assignment by the Franchisor to the new tenant/franchisee, the Franchisor is released from all further obligations under the Lease.

5. **Franchisor's Rights Upon Termination or Expiration of Franchise Agreement.** The Landlord acknowledges that any landlord's lien or security interest does not include any property of the Tenant/Franchisee that includes any items bearing the Franchisor's trademarks including the signage and proprietary trade dress. If the Franchisor does not take occupancy of the Premises and does not assume the Lease, **t**he Landlord agrees to the Franchisor's rights under the Franchise Agreement, upon reasonable notice to the Landlord, to enter the Premises solely for the purposes of taking all steps necessary to protect its interest under the Franchise Agreement including the removal of all signs and other items bearing the Proprietary Marks of the Franchisor (without damage to the Premises).

6. **Modification of Lease.** The Landlord and the Tenant/Franchisee will not make any material modifications to the Lease without the Franchisor's written consent, which consent the Franchisor will not unreasonably withhold, delay or condition.

7. **Noncompetition.** If the Franchisor does not take over the Lease upon the termination or expiration of the Franchise Agreement and the Tenant/Franchisee remains in possession of the Premises, the Landlord and the Tenant/Franchisee agree that, for a period of 2 years after the expiration or termination of the Franchise Agreement, the Premises will not be used for a Competitive Business.

8. **Landlord's Statutory Lien or Security Interest**. The Landlord subordinates its statutory lien or security interest in the Tenant's property to the security interest of the Franchisor. The Landlord will further cooperate in signing all required documents to recognize the subordination.

9. **Attorneys' Fees**. If a party institutes any action to enforce any provision of this Agreement, the prevailing party is entitled to recover all attorneys' fees and costs incurred in connection with the action from the non-prevailing party.

10. **Governing Law; Venue**. This Agreement is governed by and construed in accordance with the laws of the state in which the Premises are located. Venue will be in the county in which the Premises are located.

11. **Conflict.** Upon any inconsistency between this Agreement and the terms of the Lease, this Agreement supersedes and controls.

12. **Binding Effect.** This Agreement is binding upon the personal representatives, heirs, successors and assigns of the parties.

IN WITNESS WHEREOF, this Agreement has been signed the date and year first above written.

FRANCHISOR:

Reading Readiness Center, LLC

_____

By:

_____

LANDLORD:

_____

By:

_____

Its:

_____

TENANT/FRANCHISEE:

By:

Its:

TELEPHONE NUMBER AND DIRECTORY ADVERTISING ASSIGNMENT AGREEMENT

THIS ASSIGNMENT AGREEMENT is signed on_____, between Reading Readiness Center, LLC, a California limited liability company ("we," "us" or "our") and _____ ("you" or "your").

BACKGROUND

A. The parties have entered into a Reading Readiness Program agreement (the "Franchise Agreement").

B. As a condition to signing the Franchise Agreement, we have required that you assign to us all of your right, title and interest in the telephone numbers, telephone listings, facsimile numbers, and telephone directory advertisements relating to the Reading Readiness Program (the "Franchise Business") upon the expiration or termination of the Franchise Agreement

The parties agree as follows:

TERMS

1. **Assignment**. In order to secure continuity and stability of our operation of the Franchise Business, immediately upon the expiration or termination of the Franchise Agreement, this Agreement constitutes your automatic assignment to us all of your right, title and interest in and to certain telephone numbers, facsimile numbers, email addresses, telephone listings and telephone directory advertisements, whether on the Internet or in print, pursuant to which you operate your Franchise Business in accordance with the terms of the Franchise Agreement without further action on your part.

2. **Assumption.** Immediately upon the expiration or termination of the Franchise Agreement, in consideration of the transfer of telephone service for the telephone numbers, we may assume and pay all future obligations for the telephone numbers, including the payment of all charges for future local and long distance service, telecommunications equipment, toll credit cards, public telephone service and equipment and directory advertising existing.

3. **Your Representation and Warranties**. You represent, warrant and covenant to us that:

(a) As of the effective date of the Assignment, all of your obligations and indebtedness for telephone services, telephone listing services and telephone directory advertisement services must be paid and current.

(b) As of the date of this Agreement, you have full power and legal right to enter into, sign, deliver and perform this Agreement.

(c) This Agreement is your legal and binding obligation enforceable in accordance with its terms.

(d) The signing, delivery and performance of this Assignment does not conflict with, violate, breach or constitute a default under any contract, agreement or instrument to which you are a party or by which you are bound, and no consent of nor approval by any third party is required.

(e) You have the specific power to assign and transfer your right, title and interest in your telephone numbers, telephone listings and telephone directory advertisements, and you have obtained all necessary consents to this Assignment.

4 **Other Documents**. You agree to sign any other documents required by the telephone service provider and/or publisher required to make the assignment effective.

5. **Miscellaneous**. The validity, construction and performance of this Assignment is governed by the laws of the State in which we are located. All agreements, covenants, representations and warranties made in this Agreement survive the signing of this Agreement. All our rights inure to our benefit and to the benefit of our successors and assigns.

IN WITNESS WHEREOF, each of the parties has signed this Assignment as of the day and year first written above.

Reading Readiness Center, LLC:

_____

_____(YOU):

_____

EXHIBIT C TO THE DISCLOSURE DOCUMENT
AREA DEVELOPER AGREEMENT

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EXHIBITS

A. DEVELOPMENT AREA
B. DEVELOPMENT SCHEDULE
C. STATE ADDENDA

READING READINESS CENTER

Area Developer Agreement

Franchisor:
Reading Readiness Center, LLC
4790 Irvine Blvd. Suite #105-576
Irvine, CA 92620

Developer:
_____
_____
_____

This Franchise Agreement is by and between Reading Readiness Center, LLC, a California limited liability company, ("Franchisor"), and _____, a business entity established in the State of _____ ("Developer") and is for the purpose of establishing the terms by which Developer will develop the Territory

The Franchisor has written this Agreement in plain English to make it easy to read and to help you become thoroughly familiar with all of the important rights and obligations that the Agreement covers before you sign it. In this Agreement, the Franchisor is referred to as "we," "us" or "our." The Developer is referred to as "you" or "your";

Whereas Franchisor and Developer will be signing a franchise agreement for Developer's first READING READINESS CENTER Outlet concurrently with the signing of this Agreement;

Whereas Franchisor intends to sell and Developer intends to purchase, own and operate additional READING READINESS CENTER outlets;

Franchisor and Developer, intending to be legally bound, agree as follows:

§1 Appointment of the Developer

1.1 Grant of Area Development Rights

We hereby grant to you the option and right to purchase, and you undertake the obligation to, construct, open and operate Franchised Businesses within the Development Area described in Section 1.2 and in accordance with the Development Schedule stated in Exhibit B subject to the terms in this Agreement. You may exercise these rights by signing our then current Franchise Agreement either yourself or with a new entity that you form and own at least 51% of the voting rights therein.

1.2 Development Area

1.2.1 Your Development Area is described in Exhibit A. All Franchise Businesses you construct and open must be within the Development Area.

1.2.2 While this Agreement remains in effect, we will not enter into Franchise Agreements for the purpose of operating Franchise Businesses in Traditional Sites with any person or business entity other than you within the Development Area, or establish any Company-Owned Units in Traditional Sites within the Development Area, except where it may be necessary to do so to prevent a Competitive Business from being located in the Development Area.

1.3 Development Schedule

You will use your best efforts to comply with the minimum Development Schedule described in Exhibit B. Your compliance will be judged by the current amount of active signed Franchise Agreements at the end of each calendar year. If a Franchise Agreement is terminated, we will deduct that Franchise Business from the number of Operating Franchise Businesses. A Franchise Business remains credited against the Development Schedule if relocated in accordance with its Franchise Agreement. You will maintain sufficient financial resources to construct, open and operate the Franchise Businesses. You will maintain a minimum net worth of $_____ during the Term or have a firm commitment from a lender reasonably satisfactory to us for financing the development of the Franchise Businesses. If you fail to achieve the Development Schedule, we have the right to terminate this Agreement and retain the entire Development Fee. If we terminate this Agreement for your failure to meet the Development Schedule, we may immediately grant other individuals and entities the right to develop and open Franchise Businesses in the Development Area, or ourselves open Company-Owned Units in the Development Area. You will retain all rights under the Franchise Agreements for the Franchise Businesses you have under lease, construction or in operation, provided you are not otherwise in default under the Franchise Agreements.

1.4 Acquisition of a Competitive Business

If Franchisor acquires a Competitive Business and units of the Competitive Business fall within Developer's Development Area, Franchisor will provide Developer with the option to purchase those units or Franchisor will otherwise close those units within one year of its acquisition.

§2 Fees and Payments

2.1 Development Fee

In consideration of the rights granted to you hereunder, you will pay to us a Development Fee of $_____at the same time this Agreement is signed. This is in addition to the Initial Fees that you pay for your first outlet. The Development Fee is nonrefundable and we fully earn it upon signing this Agreement.

2.2 Waiver of Training Fee

When you sign the franchise agreement for the development of your additional outlets, we will not charge you for the training fee if you use the same Designated Manger whom has already satisfactorily completed our training program.

§3 Transfer

3.1 Transfer by Franchisor

We have the absolute right to transfer, assign or delegate all or any part of our rights or obligations under this Agreement to any person without your consent.

3.2 Transfer by Developer

The rights and duties in this Agreement are personal to you. We have granted this Agreement in reliance on your business and personal skills, reputation, aptitudes and financial capacity. Accordingly, you agree that you cannot sell, assign, transfer, convey, give or encumber (collectively "transfer") this Agreement without our written consent (which may be granted or withheld by us in our sole and absolute discretion). The transfer of Area Development Rights under this Agreement must include all signed Franchise Agreements, unless we otherwise agree in writing. You may transfer this Agreement to a business entity owned by you but you continue to remain personally liable for all of your obligations under this Agreement. If you intend to transfer this Agreement as part of your sale of all of the assets comprising your Franchise Businesses under construction or in operation, we will consent to the transfer provided you pay us a transfer fee of $10,000 for the transfer of Area Development Rights. Any purported transfer by you, by operation of law or otherwise in violation of this Agreement is ineffective and is a material breach of this Agreement giving us the right to terminate this Agreement without affording you an opportunity to cure.

§4 Term

4.1 Term

The Term of this Agreement is _____ years.

4.2 Continuation of Development

If at the conclusion of the Term or at any point prior that Developer has fully met its obligations under the Development Schedule for this Agreement, the parties may agree to execute another Development Agreement for the further development of the Development Area, a contiguous territory or a new territory, on such terms as the parties agree to at that time.

§5 Default and Termination

5.1 Termination

If either party believes the other is in material breach of this Agreement, they may give the other party written notice of the nature of the breach. If the party in breach does not cure the breach within 30 days or within a longer reasonable period, if the nature of the breach is such that it cannot be cured within 30 days, then the noticing party will have the right to terminate this Agreement by providing notice of the termination. This Agreement may also be terminated upon the mutual written agreement.

5.2 Effect of Termination

Upon termination or expiration of this Agreement Franchisor is then free to open Company-Owned Units or grant Franchises to others within your former Development Area but outside any Exclusive Territories granted to you under Franchise Agreements for Franchised Units you are currently operating or are under construction.

§6 Definitions

As used in this Agreement, the following terms have the following meanings:

"**Agreement**" means this Reading Readiness Area Developmer Agreement, as it may be amended, supplemented or otherwise modified by a written agreement the parties sign.

"**Area Development Rights**" means the rights granted to you under Section 1 to construct and operate Franchise Businesses in the Development Area under the terms of this Agreement and the Franchise Agreements.

"**Company-Owned Unit**" means an READING READINESS CENTER business operating pursuant to the Business System owned by us or by any affiliate.

"**Franchise Business**" means the Reading Readiness Program we authorize you to establish and operate under a Franchise Agreement.

§7 Dispute Resolution

7.1 Mediation.

7.1.1 Disputes Subject to Mediation. Except as expressly provided in subsection (c) and (d), any controversy or claim between the parties (including any controversy or claim arising out of or relating to this Agreement or its formation and including any question of arbitrability) shall be resolved by mediation administered by an impartial mediator listed with the American Arbitration Association, and in accordance with its Model Standards of Conduct.

7.1.2 Location. The place of arbitration shall be the city and state where Franchisor’s headquarters are located.

7.1.3 Confidentiality. All documents, information, and results pertaining to the mediation will be confidential, except as required by law or as required for Franchisor to comply with laws and regulations applicable to the sale of franchises.

7.1.4 Performance During Mediation. Unless this Agreement has been terminated, Franchisor and Developer will comply with this Agreement and perform their respective obligations under this Agreement during the mediation process.

7.2 Choice of Law

Except to the extent this Agreement or any particular dispute is governed by the U.S. Trademark Act of 1946 or other federal law, this Agreement shall be governed by and construed in accordance with the laws of the State of New Mexico (without reference to its conflict of laws principles). 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.

7.3 Consent to Jurisdiction

Any action brought by either party shall only be brought in the appropriate state or Federal courts located in or serving Santa Fe, New Mexico. The parties waive all questions of personal jurisdiction or venue for the purposes of carrying out this provision. Claims for injunctive relief may be brought by Franchisor where Developer 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.

7.4 Cumulative Rights and Remedies

No right or remedy conferred upon or reserved to Franchisor or Developer by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be in addition to every other right or remedy. Nothing contained herein shall bar Franchisor's right to obtain injunctive relief against threatened conduct that may cause it loss or damages, including obtaining restraining orders and preliminary and permanent injunctions.

7.5 Limitation of Damages

In any claim or action brought by Developer against Franchisor concerning this Agreement, Developer's contract damages shall not exceed and shall be limited to refund of Developer's Franchise Fees. Any arbitration or other legal action arising from or related to this Agreement must be instituted within two years from the date such party discovers the conduct or event that forms the basis of the arbitration or other legal action. In any controversy or claim arising out of or relating to this Agreement, each party waives any right to punitive or other monetary damages not measured by the prevailing party's actual damages, except damages expressly authorized by federal statute and damages expressly authorized by this Agreement.

7.6 Waiver of Class Actions.

The parties agree that any claims will be mediated, litigated, or otherwise resolved on an individual basis, and waive any right to act on a class-wide basis.

§8 General

8.1 Amendments

The parties may only amend, supplement or change the provisions of this Agreement by an Amendment to Area Development Agreement signed by the parties except: (a) we may change the contents of the Operating Manual; (b) we may modify the Business System; and (c) a court may modify any provision of the Development Agreement in accordance with applicable law. Only our President has the authority to sign an Amendment to Area Development Agreement on our behalf.

8.2 Binding Effect

The provisions of this Agreement bind, benefit and are enforceable by the parties and their respective personal representatives, legal representatives, heirs, successors and permitted assigns.

8.3 Communications and Notices

All notices, requests, consents and other written communications required or permitted under this Agreement should be given by e-mail to the e-mail address below or to another e-mail address that one party provides to the other party except for those matters specifically required to be sent USPS, FedEx or UPS addressed to:

Franchisor:
Nabila Rangoonwala
4790 Irvine Blvd. Suite #105-576
Irvine, CA 92620
323-216-9541
r.readiness@gmail.com

Developer:

8.4 Headings

The headings and subheadings in this Agreement are for convenience of reference only, are not to be considered a part of this Agreement and do not limit or otherwise affect in any way the meaning or interpretation of this Agreement.

8.5 Severability

8.5.1 If any provision of this Agreement or any other agreement entered into under this Agreement is contrary to, prohibited by or invalid under applicable law or regulation, that term only will be inapplicable and omitted to the extent so contrary, prohibited or invalid. The parties agree that the remainder of this Agreement continues in full effect so far as possible. If any provision of this Agreement can be construed in more than one way, one that renders the term invalid or otherwise voidable or unenforceable, and another that renders the term valid and enforceable, that provision has the meaning that renders it valid and enforceable.

8.5.2 If a law of any applicable jurisdiction requires us to give a greater notice of the termination of or non-renewal of this Agreement (if permitted) than is required under this Agreement, or requires us to take of some other action not required under this Agreement, or if under a law of any applicable jurisdiction, any term of this Agreement or any of our requirements is invalid or unenforceable, the notice and/or other action required by that law will be substituted for the comparable provisions of this Agreement. We have the right, in our sole discretion, to modify any invalid or unenforceable requirement to the extent to make it valid and enforceable. Any modification to this Agreement will be effective only in that jurisdiction, unless we elect to give the modification greater applicability, and this Agreement is enforceable as originally entered into by the parties in all other jurisdictions.

8.6 Waivers

The failure or delay of a party to require performance by another party of any term of this Agreement, even if known, will not affect the right of that party to require performance of that provision or to exercise any right or remedy under this Agreement. Any waiver by any party of a breach of any term of this Agreement is not a waiver of any continuing or later breach of that term, a waiver of the term itself, or a waiver of any right or remedy under this Agreement. No notice to or demand on any party in any case, of itself, entitles that party to any other notice or demand in similar or other circumstances.

8.7 Remedies Cumulative

Except as otherwise stated in this Agreement, no remedy afforded a party in this Agreement is exclusive of any other remedy. Each remedy is cumulative and is in addition to every other remedy, now or later existing, at law, in equity, by statute or otherwise. No single or partial exercise by any party of any right or remedy under this Agreement precludes any other exercise of any other right or remedy.

8.8 Effectiveness Counterparts

This Agreement is not effective or binding and enforceable against us until we accept this Agreement at our home office and our President signs this Agreement. The parties may sign this Agreement in counterparts, each of which is a duplicate original, but together are the same document. Confirmation of signing by sending a PDF version of the signature page by e-mail binds the party to the confirmation.

8.9 Interpretation

Each of the parties agree that he, she or it had the opportunity to have been represented by its own counsel throughout the negotiations and at the signing of this Agreement and all of the other documents signed incidental to this Agreement. You will not, while this Agreement is effective or after its termination or expiration, claim or assert that any term of this Agreement or any of the other document be construed against us.

8.10 Entire Agreement

This Agreement represents the entire understanding and agreement between the parties on the subject matter of this Agreement, and supersedes all other negotiations, understandings and representations, if any, made between the parties. No representations, inducements, promises or agreements, oral or otherwise, if any, not embodied in this Agreement are of any effect. Nothing in the Agreement disclaims the representations we made in the Franchise Disclosure Document and Exhibits that we furnished to you.

8.11 Survival

All obligations of the parties that expressly or by their nature survive the expiration or termination of this Agreement, continue in full force and effect after its expiration or termination and until they are satisfied or by their nature expire.

8.12 Liability of Multiple Developers

If the Developer consists of more than one person, all persons are jointly and individually liable for your obligations under this Agreement.

8.13 Force Majeure

Neither party is liable for loss or damage or is in breach of this Agreement, if the failure to perform his, her or its obligations is based solely from the following causes beyond his, her or its reasonable control: (a) transportation shortages, inadequate supply of equipment, merchandise, supplies, labor, material, or energy; (b) compliance with any applicable law; or (c) war, terrorism, strikes, natural disaster or acts of God. Any delay resulting from any of these causes extends performance accordingly or excuses performance as may be reasonable, except that these causes do not excuse payments of amounts owed to us for any reason.

8.14 Third Parties

Nothing in this Agreement, whether express or implied, confers any rights or remedies under or based on this Agreement on any person other than the parties and their respective personal representatives, other legal representatives, heirs, successors and permitted assigns. Nothing in this Agreement relieves or discharges the obligation or liability of any third persons to any party to this Agreement, nor does any provision give any third person any right of subrogation or action over or against any party to this Agreement.

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

Reading Readiness Center, LLC
Franchisor

_____
Signature

_____
Name Printed

_____
Title:

_____
Developer

_____
Signature

_____
Name Printed

_____
Title

EXHIBIT A
DEVELOPMENT AREA

EXHIBIT B
DEVELOPMENT SCHEDULE

Number of Operating Outlets	**Date Due**
____	_____
____	_____
____	_____
____	_____

EXHIBIT C
STATE ADDENDA

WASHINGTON

This Addendum to the Franchise Agreement is agreed to this ___ day of _____, 20___, is by and between Reading Readiness Center, LLC and _____ _____.

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

2. RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

3. 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. A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

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

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

7. 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.

8. Any development fees owed under a development agreement will be prorated with a portion of the development fee being collected as each unit opens.

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.

Reading Readiness Center, LLC:	Franchisee:_____
By: _____	By: _____
Title:_____	Title: _____

LIST OF STATE ADMINISTRATORS

AND

AGENTS FOR SERVICE OF PROCESS

State	State Administrator	Agent for Service of Process
California	Department of Financial Protection and Innovation One Sansome Street, Suite 200 San Francisco, CA 94104-4428 (415) 972-8565	Department of Financial Protection and Innovation One Sansome Street, Suite 200 San Francisco, CA 94104-4428 (415) 972-8565
Connecticut	Connecticut Banking Commissioner Department of Banking Securities & Business Investments Division 260 Constitution Plaza Hartford, CN 06103	Connecticut Banking Commissioner Department of Banking Securities & Business Investments Division 260 Constitution Plaza Hartford, CN 06103
Florida	Division of Consumer Services Attn: Business Opportunities 2005 Apalachee Parkway Tallahassee, FL 32399-6500	Division of Consumer Services Attn: Business Opportunities 2005 Apalachee Parkway Tallahassee, FL 32399-6500
Hawaii	Commissioner of Securities Department of Commerce and Consumer Affairs P.O. Box 40 Honolulu, Hawaii 96810 (808) 586-2744	Commissioner of Securities Department of Commerce and Consumer Affairs P.O. Box 40 Honolulu, Hawaii 96810 (808) 586-2744
Illinois	Office of Attorney General 500 South Second Street Springfield, IL 62706 (217) 782-4465	Office of Attorney General 500 South Second Street Springfield, IL 62706 (217) 782-4465
Indiana	Indiana Secretary of State Securities Division Room E-111 302 W. Washington Street Indianapolis, Indiana 46204 (317) 232-6681	Indiana Secretary of State Securities Division Room E-111 302 W. Washington Street Indianapolis, Indiana 46204 (317) 232-6681
Kentucky	Office of the Attorney General Consumer Protection Division Attn: Business Opportunity 1024 Capital Center Drive Frankfort, KY 40601-8204	Office of the Attorney General Consumer Protection Division Attn: Business Opportunity 1024 Capital Center Drive Frankfort, KY 40601-8204

State	State Administrator	Agent for Service of Process
Maine	Department of Professional and Financial Regulations Bureau of Banking Securities Division 121 Statehouse Station Augusta, Maine 04333	Department of Professional and Financial Regulations Bureau of Banking Securities Division 121 Statehouse Station Augusta, Maine 04333
Maryland	Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Maryland Commissioner of Securities Office of Attorney General 200 St. Paul Place Baltimore, Maryland 21202-2020
Michigan	Michigan Attorney General's Office Consumer Protection Division Attn: Franchise Section 525 W. Ottawa Street Williams Building, 1st Floor Lansing, MI 48933 (517) 373-7117	Michigan Department of Commerce Corporations and Securities Bureau P.O. Box 30054 6546 Mercantile Way Lansing, Michigan 48909
Minnesota	Minnesota Department of Commerce Market Assurance Division 85 7th Place East, Suite 500 St. Paul, Minnesota 55101-2198 (651) 296-6328	Minnesota Department of Commerce Market Assurance Division 85 7th Place East, Suite 500 St. Paul, Minnesota 55101-2198 (651) 296-6328
Nebraska	Nebraska Department of Banking and Finance Commerce Court 1230 O Street, Suite 400 Lincoln, NE 68509	Nebraska Department of Banking and Finance Commerce Court 1230 O Street, Suite 400 Lincoln, NE 68509
New York	NYS Department of Law Investor Protection Bureau 28 Liberty St., 21st Floor New York, NY 10005 (212) 416-8236	Secretary of State 99 Washington Ave. Albany, New York 12231
North Carolina	Secretary of State Securities Division 300 North Salisbury Street, Suite 100 Raleigh, NC 27603-5909	Secretary of State Securities Division 300 North Salisbury Street, Suite 100 Raleigh, NC 27603-5909

State	State Administrator	Agent for Service of Process
North Dakota	North Dakota Securities Department 600 East Boulevard Avenue State Capitol – 5th Floor Department 414 Bismarck, North Dakota 58505-0510 (701) 328-4712	North Dakota Securities Department 600 East Boulevard Avenue State Capitol – 5th Floor Department 414 Bismarck, North Dakota 58505-0510 (701) 328-4712
Oregon	Department of Consumer & Business Services Division of Finance and Corporate Securities Labor and Industries Building Salem, Oregon 97310 (503) 378-4140	Department of Consumer & Business Services Division of Finance and Corporate Securities Labor and Industries Building Salem, Oregon 97310 (503) 378-4140
Rhode Island	Department of Business Regulation Securities Division 1511 Pontiac Avenue John O. Pastore Complex–69-1 Cranston, RI 02920-4407 (401) 462-9527	Department of Business Regulation Securities Division 1511 Pontiac Avenue John O. Pastore Complex–69-1 Cranston, RI 02920-4407 (401) 462-9527
South Carolina	Office of the Secretary of State 1205 Pendleton Street Edgar Brown Building, Suite 525 Columbia, South Carolina 29201	Office of the Secretary of State 1205 Pendleton Street Edgar Brown Building, Suite 525 Columbia, South Carolina 29201
South Dakota	Department of Revenue and Regulation Division of Securities 445 East Capitol Avenue Pierre, SD 57501-3185 (605) 773-4823	Department of Revenue and Regulation Division of Securities 445 East Capitol Avenue Pierre, SD 57501-3185 (605) 773-4823
Texas	Office of the Secretary of State Statutory Document Section 1019 Brazos Street Austin, Texas 78701	Office of the Secretary of State Statutory Document Section 1019 Brazos Street Austin, Texas 78701
Utah	Utah Department of Commerce Division of Consumer Protection 160 East Three Hundred South P.O. Box 146704 Salt Lake City, Utah 84114-6704	Utah Department of Commerce Division of Consumer Protection 160 East Three Hundred South P.O. Box 146704 Salt Lake City, Utah 84114-6704

State	State Administrator	Agent for Service of Process
Virginia	State Corporation Commission 1300 East Main Street 9th Floor Richmond, VA 23219 (804) 371-9051	Clerk State Corporation Commission 1300 East Main Street, 1st Floor Richmond, VA 23219
Washington	Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, WA 98507-9033 (360) 902-8760	Department of Financial Institutions Securities Division 150 Israel Road SW Tumwater, WA 98501 (360) 902-8760
Wisconsin	Division of Securities Department of Financial Institutions Post Office Box 1768 Madison, Wisconsin 53701 (608) 266-2801	Commissioner of Securities 345 West Washington Street, 4th Floor Madison, Wisconsin 53703

STATE EFFECTIVE DATES

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the states, 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	April 20, 2022

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 Reading Readiness Center, LLC offers you a franchise, Reading Readiness Center, LLC 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 unless otherwise stated in your state's addendum. The delivery of the Disclosure Document is to be received 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 in the States of Rhode Island and New York.

If Reading Readiness Center, LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the State Administrator listed in Exhibit C.

The following are the names, principal business addresses, and telephone numbers of each franchise seller offering the franchise:

Nabila Rangoonwala, 4790 Irvine Blvd. Suite #105-576, Irvine, CA 92620, 323-216-9541

Issuance Date: ~~January 31, 2022~~March 29, 2023

I have received a Franchise Disclosure Document including the following exhibits on the date listed below:

A. Multi-State Addenda
B. Franchise Agreement
C. Area Developer Agreement
D. List of State Administrators and Agents for Service of Process

Name: _____ Date: _____

Signature: _____

You should return this copy of the signed receipt either by signing, dating, and mailing it to Reading Readiness Center, LLC, 4790 Irvine Blvd. Suite #105-576, Irvine, CA 92620 or by scanning and emailing a copy of the signed receipt to: r.readiness@gmail.com

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 Reading Readiness Center, LLC offers you a franchise, Reading Readiness Center, LLC 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 unless otherwise stated in your state's addendum. The delivery of the Disclosure Document is to be received 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 in the States of Rhode Island and New York.

If Reading Readiness Center, LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the State Administrator listed in Exhibit C.

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D. List of State Administrators and Agents for Service of Process

Name: _____ Date: _____

Signature: _____

You may keep this copy for your records.