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Franchise Disclosure Document

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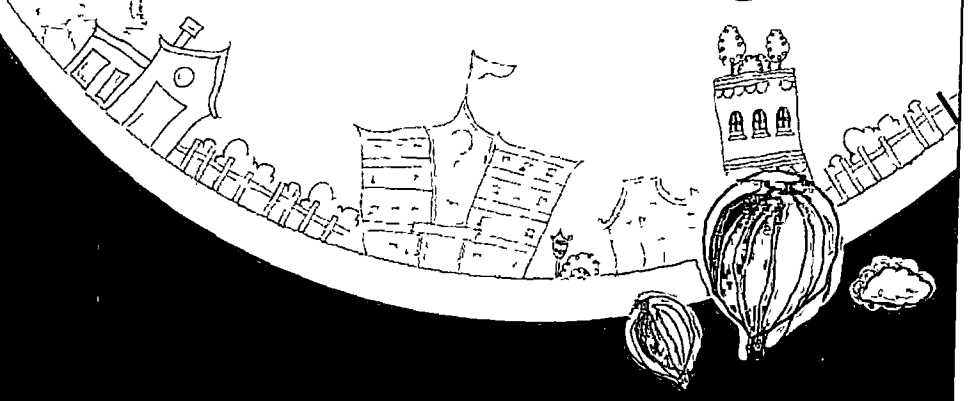

ReadingTown

Franchise Disclosure Document

Good Servant, Inc
A New York Corporation
DBA
Reading Town
"Read, Think, and Present"

44-07 Little Neck Parkway
Little Neck, NY 11363
Phone 718-229-6400 Fax 718-229-0038
www readingtown com

You will operate a business of tutoring and learning center related services You will provide these services to students from Pre-K to 12th grade, operating under the Marks and using the System of Reading Town

The Initial Franchise Fee is $35,000 00 for territory A and $25,000 for territory B The estimated required initial investment including Franchisee fee is ranged from $99,500 (for territory B) to $163,600 (for territory A)

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

You may wish to receive your disclosure document in another format that is more convenient for you To discuss the availability of disclosures in different formats, contact the Franchise Administration Department at 44-07 Little Neck Parkway, Little Neck, NY 11363, or send e-mail to drsong@readingtown com

The terms of your contract will govern your franchise relationship Do not 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 accountant

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

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

ISSUING DATE December 20th, 2016

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STATE COVER PAGE

Your state may have franchise laws that require a franchisor to register or file with a state franchise administrator before offering or selling in your state REGISTRATION OF A FRANCHISE BY A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS THE FRANCHISE OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT

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

Call the state franchise administrator listed in Attachment "F" for information about the franchisor, or about franchising in your state

MANY FRANCHISE AGREEMENTS DO NOT ALLOW YOU TO RENEW UNCONDITIONALLY AFTER THE INITIAL TERM EXPIRES YOU MAY HAVE TO SIGN A NEW AGREEMENT WITH DIFFERENT TERMS AND CONDITIONS IN ORDER TO CONTINUE TO OPERATE YOUR BUSINESS BEFORE YOU BUY, CONSIDER WHAT RIGHTS YOU HAVE TO RENEW OUR FRANCHISE, IF ANY, AND WHAT TERMS YOU MIGHT HAVE TO ACCEPT IN ORDER TO RENEW

Please consider the following RISK FACTORS before you buy this franchise

1 THE FRANCHISE AGREEMENT REQUIRES YOU TO ARBITRATE DISPUTES WITH US AND CONDUCT THE ARBITRATION IN THE STATE OF -NEW YORK OUT OF STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES IT MAY ALSO COST YOU MORE TO ARBITRATE WITH US IN NEW YORK THAN IN OTHER STATES

THE FRANCHISE AGREEMENT STATES THAT THE STATE OF NEW YORK GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW YOU MAY WANT TO COMPARE THESE LAWS

2 THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE

NOTE THE AGREEMENT PROVISIONS REFERRED TO IN THE RISK FACTORS MAY BE VOID UNDER SOME STATE FRANCHISE LAWS AND SOME STATE FRANCHISE LAWS MAY REQUIRE DISCLOSURE OF ADDITIONAL RISK FACTORS SEE EXHIBIT "G"

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We use the services of one or more FRANCHISE BROKERS or referral sources to assist us in selling our franchise A franchise broker or referral source represents Us, not you We pay this person a fee for selling our franchise or referring you to us You should be sure to do your own investigation of the franchise

EFFECTIVE DATE _____

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Item 1 The Franchisor, and Any Parents, Predecessors and Affiliates

1 1 Definitions

To simplify this Franchise Disclosure Document, 'We" or "we" means Good Servant, Inc, (d/b/a/ Reading Town), the franchisor Sometimes "Our", "our", "Us", or "us" refers to Good Servant, Inc (d/b/a/ Reading Town), when appropriate "You" or "you" means the person who buys the franchise If you are a legal entity, "you" includes all owners of any equity interest in the entity "Licensed Business" means the business you will operate under the Franchise Agreement, offering tutoring and learning center services operating under our Marks and following our System

1 2 Our Names

We do business under our corporate name, Good Servant, Inc , the name "Reading Town", "Reading Town Education Center", "Reading Town Academy", and the words "Read, Think, and Present", "Reading Kids, Leading Kids", "Reading the World, Leading the World ', "You are what you read" and brand names such as Tae Learning, Leading Kids, Encore, Ivy Rule, English Miracle, Math 6 Month, Writing 6 Month and RT Prep We do not do business under any other names

1.3 Our Address and Agent for Service

Our principal business address is 44-07 Little Neck Parkway, Little Neck, N Y 11363 The agent for service in the State of California is Mr Soon Phil Song at 1222 S Idaho St Suite A, La Habra, CA 90631

1 4 Our Business Form

We are a New York State corporation, organized October 1, 2001

1 5 Our Business and Franchises Offered

Under the franchise we offer, you will operate a business that offers tutoring and learning center services in reading, writing, math, and speech In addition, you will conduct diagnostic assessments and provide academic counseling to parents as well as to students You will provide these services to students from K to 12th grades, operating under the marks and using the System of Reading Town

The market for your services is primarily students from K to 12th grades and specifically that segment that seeks academic tutoring in reading, writing, math, and speech You will compete with other national, regional and local tutoring or learning centers, generally in well-developed markets Your Licensed Business may operate in close proximity to major competitors Some competitors will offer many goods and services that are the same as or similar to those you offer We have four corporate-owned centers and

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fifteen franchisee centers

1.6 Prior Business Experience

We do not have any predecessors We had operated a tutoring business since 1986, starting in Flushing, New York under the name of Good Servant Learning Center After we had operated ten years, we formed Lord Servant, Inc , doing business as Reading Town, and changed the name of Good Servant Learning Center to Reading Town

We established Good Servant, Inc in 2001, and began to standardize systems, and curriculum to share with other prospective franchisees- Then, some Korean educators visited the Reading Town campus in Flushing, New York, and we agreed to start Reading Town businesses first in Korea In 2002, we established Reading World Inc in Korea, and opened four Reading Town centers We registered Reading World, Inc as a franchisor in Korea in 2004 We have offered franchise of Reading Town for six years starting in 2010 in the U S , and we have not offered franchises in any other line of business in the U S

1 7 Affiliates

Our affiliates include

1 7 1 Reading Town, LTD, located at 38-21 1201ho, Digitalro 31gil, Guro-gu, Seoul, Korea, which is rendering the internet-based learning service called www readingtownusa com

1 7 2 Reading World, LTD, located at 38-21 1201ho, Digitalro 31gil, Guro-gu, Seoul, Korea, which supports more than fifty-one Reading Town franchisees in Korea

1 8 Laws Affecting Your Licensed Business

In most states you do not have to obtain a license from the state, but some may require a license

There may be many federal, state and local regulations specific to the operation of a tutoring and learning center business You will also be subject to state and local licensing laws, codes, and regulations, particularly as they relate to the operation of a tutoring and learning center business There may be other laws applicable to the business and we urge you to make further inquiries about these laws You should consult a lawyer with experience dealing with tutoring and learning center issues to be sure you are familiar with the current statutes and regulations that might apply within your territory

There are, of course, statutes and regulations that are common to all businesses, including those governing health and labor issues, zoning and safety You should obtain a complete copy of the relevant statutes and regulations of the Federal government and of your state and discuss them with your attorney You should also investigate applicable county and city ordinances and regulations

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Item 2 Business Experience

Dr. Soonho (Joshua) Song
President and CEO

Dr Soonho Song founded Reading Town in 1986 and has been engaged in the tutoring business since then He has worked as President and CEO, representing Reading Town since January 1st, 2001

Mrs Seonyong (Sarah) Song
Vice President and CFO

Mrs Seonyong Song has been working for Good Servant, Inc since January 1st, 2001 She has been in charge of developing the curriculum and managing finances since then Mrs Song is working for Good Servant, Inc as a vice president and chief finance officer

Mrs Insook (Monica) You
Director of Franchisee Support

Mrs Insook (Monica) You has been working for Reading Town since Feb 3rd, 2006 Her duties include providing franchisees with relevant support for the operation of the Reading Town program. Mrs You is also in charge of offering training in our computer systems, such as the C/S program, the ELG program, and the E-Scan program to new franchise owners, managers, and academic directors

Mrs Julie Hong
Asst. Director of Franchisee Support

Mrs Julie Hong has been working for Reading Town since August 1st, 2007, and her duties include contacting prospective franchisees, training them, and providing them with assistance relevant to the proper operation of the Reading Town program

Mrs Uria Song
Asst Director of Franchisee Support

Mrs Uria Song has joined the staff at Reading Town as an assistant director of franchisee support on July 1st, 2016 She used to work for Jason Flowers at 42-37 Utopia Parkway, Flushing, NY 11358 from Feb 1st 2014 to June 30th, 2015 as an assistant manager Her duty at Reading Town is to provide franchisees with assistance and support relevant to the proper operation of the Reading Town program

Ms Sunkyung Park
Director of Logistics

Ms Sunyung Park has joined the staff at Reading Town as director of logistics on April 1st, 2016 Ms Park used to work for Crown Academy at 248-12 Northern Blvd 2nd floor, NY 11363 from June 1st, 2009 to February 3rd, 2015 as a manager Her duties at Reading Town are to prepare the initial materials for new franchisees,

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to place orders of books with publishers, to monitor import of printed workbooks from overseas, and the maintain records of material stock and inventory

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Item 3 Litigation

3 1 No Pending Litigation

Neither READING TOWN nor any the person identified in Item 2 have any administrative, criminal or material civil action (or a significant number of civil actions irrespective of materiality) pending against such person alleging a violation of any franchise law, securities law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property or comparable allegations

3.2 No Prior Litigation

Neither READING TOWN nor any person identified in Item 2 has been convicted of a felony or pleaded no contest to a felony charge or, during the ten year period immediately preceding the effective date of this offering circular, been convicted of a misdemeanor or pleaded no contest to a misdemeanor charge or been held liable in any civil action by a final judgment or been the subject of a material complaint or other legal proceeding if such misdemeanor conviction or charge or civil action, complaint or other legal proceeding involved the violation of any franchise law, securities law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property or comparable allegations

3 3 No Injunctive or Restrictive Orders

Neither READING TOWN nor any person identified in Item 2 is subject to any currently effective injunctive or restrictive order or decree relating to the Franchises or any federal, state, securities, antitrust, trade regulation or trade practice law as a result of a concluded or pending action or proceeding brought by a public agency Neither READING TOWN nor any person identified in Item 2 is subject to any currently effective order of any national securities association or national securities exchange suspending or expelling any such person from membership in such association or exchange

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Item 4 Bankruptcy

Reading Town, the affiliates in Item 1 7, and officers identified Item 2 have not been adjudged bankrupt or reorganized due to insolvency, or involved as a debtor in proceedings under the US Bankruptcy Code required to be disclosed in this Item, or was a principal officer of any company or a general partner of any partnership that was adjudged bankrupt or reorganized due to insolvency during or within one year after the period that the officer held such position in such a company or partnership No such company or person is the subject of any bankruptcy or reorganization proceeding

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Item 5. Initial Fees

5 1 Initial Fee

There are two types of territories in Reading Town Territory A and Territory B The Initial Franchise Fee is $35,000 for Territory A and $25,000 for Territory B

Territory A has more than 5,000 school-age children (5-17 years old), and Territory B has less than 5,000 school-age children (5-17 years old) All figures are based on data from latest U S Census Bureau Each Territory is delineated by geographical or political boundaries, streets or an area within a specified radius from an identified point Your license permits you to operate one Reading Town within your Territory Regarding the details of territory specification, please refer to Item 12

5 2 Payment of Initial Fee

A deposit in the amount of $5,000 00 is payable in certified check payable to Reading Town, upon signing the Reading Town Application for Franchise (Attachment I-A or I-B) The balance of the Initial Fees ($30,000 for territory A, and $20,000 for territory B, respectively) is payable in full, in certified check payable to Reading Town, upon signing the Agreement which will be within seven (7) days after We approve Your application

5 3 Refund of Initial Franchise Fee

If We disapprove Your application for a franchise for any reason before You sign the Franchise Agreement, We will refund Your deposit in full After We have approved Your Application, We will not refund the Initial Franchise Fee except if, through no fault of You, We determine that You have not successfully completed the initial training If that happens, We will refund one-half of the Initial Franchise Fee We will determine whether You have successfully completed the initial training based upon knowledge test results and Our observations of Your ability to use the knowledge which You will obtain from training effectively

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Item 6 Other Fees

Type of fee	Amount	Due Date	Remarks
Royalty Fee*	8% of Gross Revenues, or $800 per month, if greater See Note A	Payable monthly by Electronic Funds Transfer Funds must be in Your designated bank account in time so that We can obtain them by 10th of the month following the month for which You pay the Royalty Fee	Gross Revenues includes the full price of all services You sell, whether or not, You have received cash or other consideration The only thing not included in Gross Revenues is taxes or fees You are required to collect on behalf of the government Gross Revenues are calculated at the time You sell the services, without regard to when You receive or expect to receive payment
National Marketing Fee*	2% of Gross Revenues or $100 per month, if greater, We reserve the right to increase the National Marketing Fee to not more than 4% See Note B	Payable monthly by Electronic Funds Transfer Funds must be in Your designated bank account in time so that We can obtain them by 10th of the month following the month for which You pay the National Marketing Fee	Gross Revenues includes the full price of all goods and services You sell, whether or not You have received cash or other consideration The only thing not included in Gross Revenues is taxes or fees You are required to collect on behalf of the government Gross Revenues are calculated at the time You sell the goods or services, without regard to when You receive or expect to receive payment
Local & Co-op Marketing	3% of Gross Revenues per month See Note F	Monthly	You must spend at least 3% of Gross Revenues on local and co-op marketing, in addition to the National Marketing Fee If there are two or more Franchises in a marketing area, as We determine, You must participate in the co-op marketing and contribute moneys as determined by a participating franchisees

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Type of fee	Amount	Due Date	Remarks
Additional Training*	$500 per person In addition, You are solely responsible for all compensation, salaries, benefits and travel-related expenses for Yourself or any employees See Note C	In advance of the training program(s)	You and Your manager/Academic Director must complete the initial training (cost included in the Initial Fee for the first two persons trained) and certain additional training at Your cost If you hire a new staff or replacement, You will be responsible for the cost of training for that person after We have trained two (2) people for you
Transfer or assignment *	$7,500 See Note D	Before completing transfer	Payable only if You sell Your franchise or any part of Your business Fee is $500 if You transfer to a corporation or other entity with the same identical ownership and control
Audit (less than 3% under reporting)*	1 5% per month interest on amount of underpayment plus the amount of the underpayment	Immediately upon billing	Payable only if an audit reveals that You have under reported Gross Revenues, but by less than 3 percent
Audit (3% or more under reporting)*	2 5% per month interest on amount of underpayment plus the cost of the audit plus the amount of the underpayment	Immediately upon billing	Payable only if an audit reveals that You have under reported Gross Revenues, but more than 3 percent
Renewal*	$15,000 for territory A and $10,000 for territory B See Note E	Before consummating Renewal	
E-Scan fee	$1,000 for 100 coupons	Due when you order coupons	Each coupon costs $10 for one diagnostic test of E-scan You should pay $1,000 for every 100 coupons

* These fees are uniformly imposed and collected only by Reading Town All fees are non- refundable

Notes Regarding Other Fees

NOTE A ROYALTY FEES

You will pay a monthly Royalty Fee You will pay by electronic funds transfer We may, upon 30 days prior written notice, require You to pay Royalties by check, pre-authorized check, electronic funds transfer or similar mechanism We may, upon notice, require You

to pay Your Royalty Fees on a different periodic basis

NOTE B NATIONAL MARKETING FEES

As of now, We have not started national marketing yet National marketing fees will not be collected until national marketing starts National marketing launching date will be determined by sole direction of Reading Town If national marketing starts, You will pay a monthly national marketing fee You will pay the National marketing fee in the same manner and at the same time as your royalty fee We may require You to pay National marketing fees by check, pre-authorized check, electronic funds transfer or similar mechanism National marketing fees are in addition to Your local and regional marketing obligation and any assessments made by a local marketing cooperative We may, upon notice, require You to pay Your national marketing fees on a different periodic basis

NOTE C TRAINING EXPENSE

Initially, You must have two full-time people working the business, one of whom must be You One must be responsible for business operations and management, the other must be, at all times, a Certified Manager or Academic Director Both of you must successfully complete Our initial training program We will decide whether You and Your Academic Director successfully complete the initial training program based upon knowledge test results and Our observations of Your ability to use the knowledge effectively In addition to successfully completing our initial training program, your manager or Academic Director must have at least one year of work experience in an education-related industry, or field experience

During your franchise term, We will provide initial training to You and one additional person as part of your Initial Fee After the first two persons, You must bear the cost of training additional Academic Directors or managers In all cases, You are solely responsible for all salaries, compensation, benefits, travel and related expenses for trainees

If You obtain a new or replacement manager or academic director, You will be responsible for the cost of the training for that person after We have trained two (2) people for You We charge $500 per person

In addition, We may require You or Your manager or academic director to attend additional training at a location We determine You must pay $300 per person for additional training In any event, You are solely responsible for all salaries, compensation, benefits and travel-related expenses of trainees

We may provide or make available training materials and equipment for You or Your employees and may charge a fee All training materials are Trade Secrets You must require any of Your employees to successfully complete any training program(s) if We designate them as mandatory

NOTE D TRANSFER OR ASSIGNMENT FEE

You are not allowed to transfer or assign Franchise right within one (1) year of operation under any circumstances After one (1) year of operation, assignment is possible under the following conditions, if Reading Town agrees 1) Franchisee must obtain the written approval of Reading Town regarding assignment, 2) In that case, Franchisee has to pay Reading Town USD$7,500 as a transfer fee, and the assignee has to pay Reading Town USD$7,500 as a processing fee, 3) This assignment shall be not effective until the financial obligation of Franchisee to Reading Town is paid in full, 4) Reading Town

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shall provide the new buyer with the necessary training, but Franchisee shall have to transfer all business related details to the new buyer for at least two (2) weeks , 5) Both Franchisee and the new buyer shall be responsible for any outcomes of assignment which is not authorized by Reading Town Reading Town shall be exempted for any consequence caused by unauthorized assignment

NOTE E RENEWAL FEE

After expiration of the term of this Agreement, if Reading Town has made a business decision, in Reading Town's sole discretion, to continue the Reading Town Franchise System in Franchisee s area, Franchisee will be permitted to renew Franchisee's Franchise Agreement The renewal fee is $15,000 for territory A and $10,000 for territory B The renewal fee should be paid by certified check payable to Reading Town, upon signing Franchise Agreement There is no further renewal fee for next renewal of the Agreement after the first renewal fee is paid

NOTE F LOCAL and CO-OP MARKETING

The membership of the cooperative for Co-op marketing is defined as all franchisees, including franchisor-owned outlets, located within the same county or metropolitan areas where the effects of co-op marketing are covered We have the power to form the cooperative, but We don't have power to change, dissolve, or merge the cooperative in the specific area since administering of cooperative is autonomous Cooperative administers it by participating franchisees although there are no written governing documents yet except this clause All franchisees in the same cooperative should participate in it, and all decision for choice of the media, marketing mix, or total co-op marketing expenses, etc is to be determined by participating franchisees in the same cooperative The franchisees in the same cooperative should pay the same rate of marketing expenses, and if there is any franchisor-owned outlet in the same cooperative, it should pay the same rate as other franchisees Since franchisees conduct also their own local marketing, the total marketing expenses for both local and co-op marketing should be more than 3% of gross revenue per month

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Item 7. Estimated Initial Investment

7 1 Estimated Initial Investment table

This table lists your initial investment to open Reading Town It will help you to estimate the realistic budget to start Reading Town business

	LOW AMOUNT	HIGH AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM MADE
Initial Fee (Note A)	$25,000	$35,000	Lump Sum	$5,000 with application, $30,000 (for territory A), and $20,000 (for territory B) within 7 days after We approve application	Reading Town
Travel & Living Expenses While Attending Initial Training	$2,500	$4,000	As Incurred	Before, During & After Training	Vendors, Airlines, Hotels, Car Rental Companies, etc
Real Estate Rental & Security Deposit (Note B)	$2,000	$4,000	As agreed with Landlord or Mortgage Lender	As Arranged	Landlord or Mortgage Lender
Leasehold Improvements (Note C)	$1,000	$4,000	As Incurred	As Arranged	Landlord, Lender or Contractor(s) and Vendors
Equipment (Note D)	$12,000	$19,000	As Incurred	As Arranged	Vendors, Leasing Cos or Lender
Furniture, Office Equipment & Software	$3,500	$12,500	As Incurred	As Arranged	Vendors, Leasing Cos or Lender
Signs	$500	$1,000	As Arranged	As Arranged	Us, Vendors, Leasing Cos or Lender
Licenses	$200	$600	Lump Sum	Before Opening	State, County, City
Grand Opening Seminar and event (Note E)	$800	$5,000	As Incurred within first 30 days	As Incurred within first 30 days	Reading Town & Vendors

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Marketing & Marketing Fees (Note F)	$7,500	$10,000	As Incurred	As Incurred	Advertising Media Vendors
Insurance (Note G)	$2,500	$3,500	As Arranged	As Arranged	Insurance Companies
Legal Fees (Note H)	$1,000	$5,000	As Incurred	As Incurred	Your Lawyer
Opening Inventory of Supplies	$30,000	$35,000	As Arranged	As Arranged	Reading Town
Additional Funds (3 months) (Note I)	$10,000	$20,000	As Incurred	As Incurred	Employees, Vendors, Utilities, Taxing Agencies, Etc
Miscellaneous Opening Costs (Note J)	$1,000	$5,000	As Incurred	As Incurred	Vendors, Suppliers, Utilities, Tradesmen, Deposits etc
Total	$99,500	$163,600			

Notes Regarding Initial Investment.

NOTE A INITIAL FEE

A deposit in the amount of $5,000 is payable in cash upon signing the Reading Town Application for Franchise (Attachment I-A or I-B) The balance of the Initial Fees ($30,000 for territory A, and $20,000 for territory B, respectively) is payable in full, in certified check payable to Reading Town, upon signing the Agreement which will be within seven (7) days after We approve Your application

NOTE B REAL ESTATE RENTAL & SECURITY DEPOSIT

You must obtain and maintain a business office and sufficient space that meets our requirements If You already lease or own Premises, You should review Your lease or purchase documents to evaluate the cost of real estate rental If not, lease situations will vary in rental amounts, lease terms, amount of space required, tenant improvements required, security deposit and advance rental required Location is a very major factor in the amount of rent required These estimates may not cover advance rental deposits, insurance and similar expenses You may elect to own Your own Premises, in which case it is not possible for Us to estimate the cost because of the wide variations in price and financing options If You rent real estate for the Premises, You may be liable for the entire term of the lease whether or not You succeed in the Licensed Business You should consult Your lease documents and your attorney Your cost of obtaining real estate could be higher if you request us to send a person to your Territory to assist you in connection with your acquisition

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NOTE C LEASEHOLD IMPROVEMENTS
The cost could be higher if You or Your landlord request changes from the standard design and materials

If You already lease or own Premises, You should review Your lease or purchase documents to evaluate the cost of real estate leasehold improvements If not, lease situations will vary in rental amounts, lease terms, amount of space required and tenant improvements required Size, configuration and landlord requirements will be major factors in cost Some landlords finance leasehold improvements by amortizing them over the lease term and charging a higher rental amount to cover the cost You should attempt to determine Your costs and financing options before deciding on Premises

Even if You are taking over or continuing in an existing Reading Town Premises or another existing facility, We may require that You remodel, redecorate or make other changes to the Premises to comply with Our specifications, at Your cost You must maintain the Premises, at Your expense, including furniture, fixtures, interior and exterior paint and landscaping, in accordance with the Our specifications

NOTE D EQUIPMENT
If You are buying a fully equipped outlet from Us, the cost of mandatory equipment will be within this range If You purchase from another franchisee or if you elect to acquire Your mandatory equipment from other sources, it may cost more We are not obligated to offer your business on a fully equipped basis

Equipment amounts include 6 laptop computers or desktop computers

The cost of equipment could vary widely depending primarily upon Your circumstances Some new franchisees will have existing businesses and will already have some of the equipment they will need This may or may not be Your situation However, even if You have an existing Reading Town business that is fully equipped, You may need additional or different equipment if You are expanding Your operations or to comply with Our standards There are factors beyond Our control that could cause You to invest more in equipment

If You lease the equipment, that may increase Your monthly fixed expenses If You borrow money to purchase the equipment, that may increase Your monthly fixed expenses

NOTE E GRAND OPENING SEMINAR AND EVENT
You should offer at least two Grand Opening Seminars to prospective parent in your territory You should pay Reading Town USD$400 for each seminar Besides, we recommend a "grand opening" appropriate for Your community, competitive situation and similar factors The cost of a grand opening is difficult to estimate with accuracy because of local market factors, including the types of marketing media available, the cost of marketing space or time and the local competitive situation We estimate that, in most areas, You can accomplish an adequate grand opening for between $3,000 and $5,000, although, because of local conditions, You may decide that more or less is necessary

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NOTE F MARKETING AND MARKETING FEE

This estimate includes the average local and cooperative marketing expenses the existing Reading Town franchisees used to spend before they started Reading Town business Marketing mix includes direct mail, newspaper advertisement, internet marketing, brochures, free gifts, etc This estimate does not include any extraordinary initial marketing expense for obtaining employees

NOTE G INSURANCE

We require You to purchase and maintain, at Your expense, throughout the term of this Agreement commercial general liability insurance, including bodily injury, property damage, personal injury, advertising injury, non-owned automobile, loss of business income, and broad form contractual coverage for liability assumed under this Agreement Such insurance shall be on an occurrence basis and shall consist of combined single limit coverage of at least one million dollars per occurrence/two million dollars annual aggregate You must provide Us with one or more certificates of insurance evidencing such coverage and naming Us as an additional insured as to each applicable policy Such certificate(s) of insurance shall provide that the coverage under the respective policy(ies) may not be modified (except to increase coverage) or canceled until at least thirty (30) days prior written notice of such cancellation or modification has been given to Us Upon Our request You must provide Us with a true copy of any insurance policy, including all endorsements

NOTE H LEGAL FEES

Because of the variability of attorney's fees, this is, at best, an estimate You should check with Your attorney or with several knowledgeable attorneys to determine the actual range of fees before signing the Franchise Agreement You may need an attorney to assist and advise You in setting up Your business organization and reviewing contract documents This estimate does not include any ongoing needs for legal services in connection with relationships with customers or vendors Depending upon Your experience and staffing, You may also need accounting services, which might be extra You should consult Your accountant for an estimate of fees This estimate does not include accounting or consulting services

NOTE I ADDITIONAL FUNDS

This estimates was based on Our experience and average additional funds Our existing Franchisees used to prepare in advance These estimates include payroll costs and various service costs such as utilities These estimates do not include owner compensation or return on investment Your costs will depend on factors such as, local utility rate, local economic conditions, the local market for products and services You offer, the prevailing wage rate, competition, and the sales level You reach during the initial period

NOTE J MISCELLANEOUS COSTS

This estimate is for a reserve to cover incidental unexpected costs You may want to reserve more

7 2 Going Concern Value Not Included

If You purchase an existing operating Reading Town business from Us or from another franchisee, You should expect to pay, in addition to the estimated initial investment, an amount representing the fair market going concern value of the business That value might exceed the estimated initial investment Any purchase of existing business assets and goodwill would be under a separate agreement negotiated between You and the seller

7.3 Services by Affiliate and others

We may provide certain services to You under the Franchise Agreement by sub-contracting with others, including our Affiliate, to provide them These arrangements will not result in increased costs to you for the services

7.4 No Financing

See Item 10 We do not offer financing for any items Should We establish relationships with sources of possible financing, We would make the information available to You Financing availability and qualification requirements would probably change and vary widely If We make financing available to You, We or Our affiliate(s) would expect to make a profit from it We do not require You to obtain financing from Us or Our affiliate(s)

7 5 No Refunds

We will not refund any of the payments You make except as provided in Item 5, above

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Item 8 Restrictions on Sources of Products and Services

To start or operate a Reading Town business, You must purchase from Us workbooks created by Reading Town and supplies such as Reading Town posters, Reading Town student bags, and flashcards We have the right to make a profit on items You purchase from Us Any profits would be within the range of standards in the industry for the item(s) in question The estimated proportion of these required purchases to all Your purchases in establishing and operating Reading Town is 30 percent

In the fiscal year of 2016 ending September 30th, 2016, the total revenue from all required purchasing of workbooks and supplies is $42,000, which is about 4 2 percent of our total revenues- $1,006,213 None of Our affiliates either sell or lease products or services directly to franchisees

Regarding library books and devices, You may purchase them from any source since We are not the only authorized distributor Besides, we neither grant nor revoke approval of alternative suppliers We shall provide you with the list of books to be purchased, and additionally in the Operation Manual for Administrator, We provide You with specification of computers or software to be purchased Please review Item 11 for information regarding computer hardware and software You must purchase or license

We do not have any designated supplier and hence there has been no payments made from designated suppliers to Us Besides, We do not have any purchasing or distribution cooperatives, and any supplier in which any officer of Us owns an interest

Still, if necessary, We negotiate purchase agreement with suppliers, including price terms, for benefits of franchisees

Finally, We do not provide any material benefits (for example, renewal of granting additional franchises) to a franchisee based on a franchisee's purchase of particular products or services or use of particular suppliers

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Item 9 Franchisee's Obligations

9 1 Obligations List

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

Obligation	Section in Agreement	Item in Franchise Disclosure Document
a Site selection and acquisition/lease	Articles 1, 6, 9, 12, 15, 17, Exhibits A, B, & E Exhibit H (if applicable)	Items 5, 8, 9, 11, 12, & 17 Attachment B, Exhibits A, B & E Attachment B, Exhibit H (if applicable)
b Pre-opening purchases/leases	Articles 1, 6, 7, & 8 Exhibits A, B, C & D Exhibit H (if applicable)	Items 5, 6, 7, 8, 9 & 17 Attachment B, Exhibits A, B, C & D Attachment B, Exhibit H (if applicable)
c Site development and other pre-opening requirements	Articles 1, 2, 4, 6, 7, 8, 11, 15 & 17, Exhibits A, B, C & D Exhibit H (if applicable)	Items 5, 6, 9, 11, 12 & 17 Attachment B, Exhibits A, B, C & D Attachment B, Exhibit H (if applicable)
d Initial and ongoing training	Articles 1, 4, 5, 6, 7, 9, 11, 12, 13, 15 & 20	Items 5, 6, 7, 8, 9, 11, 14, 15 & 17
e Opening	Articles 1, 2, 4, 6, 7, 8, 11, 12, 19, Exhibits A, B, C, D, E, F, G, H (if applicable), I & K	Items 5, 6, 7, 8, 9, 11, 12, 16, 17, 22, Attachment B, Exhibits A, B, C, D, E, F, G, H (if applicable) I & K
f Fees	Articles 2, 3, 4, 5, 7, 9, 11, 12, 17, 18, 20 & Exhibit G, Exhibit L (if applicable)	Items 5, 6, 7, 8, 9, 10, 17, Attachment B, Exhibit G, Attachment B, Exhibit L (if applicable)
g Compliance with standards and policies/Operating Manual	Articles 1, 2, 3, 4, 5, 6, 7, 11, 12, 13 & 15 & Exhibits C & D	Items 8, 9, 12, 13, 16, 17, Attachment B, Exhibits C & D

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Obligation	Section in Agreement	Item in Franchise Disclosure Document
h Trademarks and proprietary information	Articles 1, 2, 5, 6, 7, 11, 15, 16, 17, 18 (if applicable) & Exhibits A, B, D, F, G, I & L (if applicable)	Items 1, 2, 8, 9, 11, 12, 13, 14, 16, 17, Attachment B, Exhibits A, B, D, F, G, I & L (if applicable)
i Restrictions on products/services	Articles 1 & 7 & Exhibit D	Items 1, 8, 9, 12, 13, 14, 16 & 17 & Attachment B, Exhibit D
j Warranty and customer service requirements	Articles 1, 2, 3, 4, 5, 7, 8 & 15,	Items 1, 8, 9, 12, 13, 14, 15, 16 & 17
k Territorial development and sales quotas	None	None
l Ongoing product/service purchases	Articles 4, 5, 7 & 15, Exhibits C & D	Items 6, 8, 9, 16, & 17, Attachment B, Exhibits C & D
m Maintenance, appearance and remodeling requirements	Articles 1, 6, 7, 9, 11, 12, 15, 16 & 17, Exhibits A, C & D	Items 6, 7, 9, 13, 15, 16 & 17, Attachment B, Exhibits A, C & D
n Insurance	Articles 8 & 15	Items 7, 9 & 17
o Marketing	Articles 1, 2, 3, 6, 7, & 15	Items 7, 8, 9, 13, 14, 16, 17 & 18
p Indemnification	Articles 8, 11 & 15	Items 7, 9 & 17
q Owner's participation/management/staffing	Articles 4, 5, 7, 11, 13, 15 & 17, Exhibits G & I	Items 7, 8, 9, 12, 13, 15, 16, & 17, Attachment B, Exhibits G & I
r Records/reports	Articles 3, 7 8, 12 & 15	Items 8, 9, 15 & 17
s Inspections/audits	Articles 3, 7, & 15	Items 6, 8, 9, 16 & 17
t Transfer	Articles 1, 6, 7, 11, 12, 13, 14, 15, 16, 17 & 18 (if applicable)	Items 6, 9, 13, 14 & 17
u Renewal	Articles 9, 10 & 15	Items 6, 9 & 17
v Post-termination obligations	Articles 5, 8, 10, 13, 14, 15, 16, 17 & 18 (if applicable)	Items 6, 9, 13, 14 & 17
w Non-competition covenants	Articles 1, 5, 7, 11, 15, 16 17 & 18 (if applicable)	Items 9, 13, 14 & 17
x Dispute resolution	Article 19	Items 9 & 17

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Item 10. Financing

We do not offer financing for any purpose as of now However, if We would establish relationships with sources of financing, We would make such information available to You Financing availability and qualification requirements would probably change and vary widely We do not guarantee any of Your notes, leases or other obligations If We make financing available to You, We would expect to make a profit from the financing We do not require You to obtain financing from Us

We do not have any arrangements where We receive compensation for assisting You in obtaining financing If We make such an arrangement, We will disclose the arrangement(s) to any franchisee(s) to whom We make it available

We do not intend to sell, assign or discount to a third party any note(s), contract(s) or other obligation(s) You have signed However, the Agreement places no restriction upon Our right to transfer, assign or discount any such instruments, the Agreement, any other agreements, or the System

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

11 1 Pre-opening Obligations

Except as listed below, We need not provide any assistance to You Before You open Your Reading Town Business, We will

11 1 1 License You to use our Marks and System in connection with Your Licensed Business (Franchise Agreement - Article 1),

11 1 2 Designate Your territory (Franchise Agreement - Article 1),

11 1 3 Review and approve or disapprove Your selected business Premises (Franchise Agreement - Articles 1 & 7) as follows

a You are responsible for securing a location Although We will provide You with any information We have about available locations, You should independently evaluate the proposed location We do not own Premises and rent them to You

b You are responsible for complying with all local ordinances and building permits and to obtain any required permits

c We require You to maintain and repair the Premises and equipment We may require You to replace equipment to comply with Our current specifications and image every three years

d You must obtain and install the required equipment, signs, fixtures and supplies from approved suppliers Please refer to Item 8 for more information

e The factors We will consider in reviewing any proposed site will be unique to that site However, we will generally consider such factors as demographics of the surrounding area, the type of nearby development, zoning, physical characteristics of the proposed site, the status of nearby competition, the economics of the proposed site, and access issues No one factor or combination of factors will be determinative in every case

f In some cases We will offer franchises on a fully equipped basis and You will purchase the Premises and equipment at Our installed and delivered cost plus a reasonable profit

g If You do not secure a location at the Territory agreed by Franchise Agreement within 180 days (or any extension We agree to) You will forfeit Your Initial Fee, and terminate the franchise agreement

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Still, We are interested in locations, not forfeitures, so if You are making a reasonably diligent effort to secure a good location, We would ordinarily expect to agree to reasonable extensions We expect you to communicate with us about Your efforts

11 1 4 Loan You one or more operations manuals ("the Manual") (Franchise Agreement - Article 1), and

11 1 5 Initial training for You and one manager

Before opening Your Licensed Business, You and Your manager/academic director, must successfully complete Our initial training program We will decide whether You successfully complete the initial training program based upon knowledge test results and Our observations of Your ability to use the knowledge effectively We will ordinarily schedule the initial training program so that You will complete the pre-opening portions no more than 30 days before the scheduled opening of Your Licensed Business You are responsible for all salaries, compensation and travel related expenses of persons receiving training, both initial training and on-going training For further information regarding expenses related to the initial training, please review again Item 6

Because there is always uncertainty about if and when You will locate and develop acceptable franchise Premises, how long it will take to open Your Licensed Business and about whether You will successfully complete training, You should not terminate employment or cease other income producing activity until after these events have occurred

Subject	Time Begun	Instructional Material**	Hours of Classroom Training*	Hours of On the Job Training*	Location*
Orientation to Reading Town	Before Opening	Manual, Lecture	0 5	NA	424 Hillside Ave Williston Park, NY
Office and administration	Before Opening	Manual, Lecture	2	NA	424 Hillside Ave Williston Park, NY
Marketing	Before Opening	Manual, Lecture	1	NA	424 Hillside Ave Williston Park, NY
Curriculum Training	Before Opening	Manual, Lecture	8	NA	424 Hillside Ave Williston Park, NY
Systems Training	Before Opening	Manual, Lecture	6	NA	424 Hillside Ave Williston Park, NY
Class Observation	Before Opening	Manual, Lecture	0	2	44-07 Little Neck Pkwy, Little Neck, NY
Certification Testing, Graduation	Before Opening	Manual, Lecture	0 5	NA	424 Hillside Ave Williston Park, NY

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*All times are approximate and We may adjust them based upon Your experience and rate of learning

* * For instructional material, We use Operation Manual for Administrator and Instructor Dr Soonho Song, who is founder of Reading Town and has more than 16 year experience with Reading Town, , will teach Orientation to Reading Town and marketing, Mrs Seonyong Song, who is a vice president of Reading Town and also has 16 year experience with Reading Town , will teach Office and administration and conduct Certification testing and Graduation, Mrs Insook You, who has 11 year experience with Reading Town as director of franchisee support, will teach Curriculum Training and Systems Training, finally, Mrs Julie Hong, who has 10 year experience with Reading Town as assistant director of franchisee support, will conduct Class Observation

11 1 5 1 We do not charge for the initial training for You or Your manager/academic director (initial training for a total of two people is included in Your Initial Fee), but You must pay the travel and living expenses for You and Your employee(s) You and Your manager/academic director must successfully complete the initial training program We will decide whether You successfully complete the initial training program based upon knowledge test results and Our observations of Your ability to use the knowledge effectively

11 1 5 2 In addition to the initial training, Reading Town may require Franchisee and Franchisee's manager/academic director and employees to complete additional training at a location determined in Reading Town's sole discretion to improve operational quality of that center In that case, Franchisee shall pay Reading Town's usual fee(s) for such a required training $300 per person Franchisee shall, in any event, be solely responsible for all salaries, compensation, benefits, and living and travel expenses of trainees

11 2 Obligations of Reading town during the term of this Agreement, for which Franchisee shall not be subject to any charge, are

11 2 1 Take any actions We deem appropriate to protect or defend the Marks or System (Franchise Agreement - Article 1),

11 2 2 Loan You one or more operations manuals ("the Manual"), which contains specifications and mandatory and suggested standards and procedures This manual is confidential and remains Our property We will modify this manual, but the modifications will not alter Your status and rights under the Franchise Agreement (Franchise Agreement - Article 1) Attachment D includes a copy of the Manual's table of contents

11 2 3 Manage any National Marketing Fees We will provide a periodic accounting, but only as to the aggregate amount of any National Marketing Fees collected and how We used them by general category (Franchise Agreement – Article 2)

11 2 4 Manage all aspects of the marketing program using any National Marketing Fees

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collected (Franchise Agreement - Article 2),

11 2 5 Collect and manage funds received as rebates, discounts and allowances from vendors you do business with (Franchise Agreement – Article 2), and

11 2 6 Action Plan Reading Town will assist Franchisee in developing an action plan for Franchisee to follow and implement in operating its Center, which includes a marketing strategy, an estimate of expenses and sales goals Neither Reading Town nor Franchisee shall be bound to implement the action plan, nor shall any action plan constitute a representation by Reading Town with respect to actual, average, projected, or forecasted volume, sales, profits, or earnings of Franchisee if Franchisee follows and implements such plan

11 2 7 Toll-Free Number Reading Town will maintain a toll-free number for Franchisee's use in contacting employees of Reading Town at Reading Town's headquarters

11 2 8 Advertising Program

11 2 8 1 Advertising Materials Reading Town will provide to Franchisee, from time to time, seasonal print advertising templates created by Reading Town in-house advertising department and radio commercials approved and updated at least bi-annually by Reading Town Franchisee may sue their own advertising material, but before they conduct advertising using their own material, its content should by approved by Us in writing or e-mail

11 2 8 2 Advertising expenditures If at any time there are two or more Reading Town franchisees within a marketing area ,We form a local co-op marketing and You must participate We will decide and may modify the size and location of any marketing area As specified at Note F Local and Co-op marketing in Item 6, all participating franchisees should pay equal rate for co-op marketing expenses, and if there is any franchisor-owned unit in the same cooperative, then it should also pay the same rate as other participating franchises Except for these guidelines, and subject to any rules or recommendations We may adopt, each local co-op marketing will be autonomous, making its own rules and procedures and administering its own funds

11 2 8 3 National Advertising As specified at Note B National Marketing Fees in Item 6, We collect national marketing fees if we decide to conduct the national marketing The source of the advertising is an in-house advertising department, which will decide the details of national advertising, such as media, marketing mixes, and the total annual expenses, etc We will pay 10% of total national advertising expenses Once the national marketing starts, We shall provide You with the separate financial statements for national marketing and You will be able to review it anytime As of now, we do not set any national advertising fund principally to solicit new franchise sales and did not

implement the national marketing program in 2016 So, there were no expenditures of the National Marketing Fees in 2016

11 2 8 4 Advertising Council We don't have advertising council composed of franchisees

11 2 9 Quality Enhancement Review Reading Town will maintain a procedure and checklist for the review of all aspects of Franchisee's operation of its Center (Quality Enhancement Review) whereby Reading Town can determine the extent to which Franchisee's operations are or are not in compliance with the standards, methods and procedures Reading Town establishes for its Franchisees Approximately one hundred twenty (120) days after Franchisee first opens its Center, Reading Town will send a franchise consultant to Franchisee's Center to conduct a Quality Enhancement Review At Franchisee's request, Reading Town will have a franchise consultant conduct a Quality Assurance Review at Franchisee's Center once each calendar year if Reading Town has not itself initiated such action At Franchisee's request, Reading Town will provide Franchisee with the materials and forms used in the Quality Enhancement Review process for Franchisee's use in reviewing Franchisee's operations

11 2 10 Ongoing Assistance If a franchise consultant has not already conducted two visits to Franchisee's Center for a Quality Assurance Review or otherwise, then Reading Town will at Franchisee's request send a franchise consultant to Franchisee's Center for up to two one-day visits each calendar year to provide such assistance and offer suggestions and recommendations within his or her knowledge toward the betterment of the Center Visits to Franchisee's Center under this paragraph shall be scheduled by Reading Town according to the availability and prior commitments of Reading Town's franchise consultants

11 2 11 Latest Developments Reading Town shall endeavor to keep abreast of the most recent and advanced knowledge concerning instructional equipment and new reading and mathematics or other instructional techniques Reading Town will, based on its good faith determination of the applicability of such knowledge to Franchisee operations, make certain such knowledge is available to Franchisee and to Franchisees generally

11 2 12 Establishing Prices We recommend prices for new educational programs which We develop during Your operation of Reading Town center, and You will be obligated to follow such price recommendation

11 3 The services which Reading town must provide during the term of this Agreement, and for which Reading town may charge Franchisee, are

11 3 1 Regional Training From time to time, but at least once each year, Reading Town will conduct training sessions at a location other than its headquarters Attendance at such training may be made mandatory for Franchisee's manager/academic director

Reading Town may charge a fee for attendance at regional training sessions All travel, room and board expenses for Franchisee and Franchisee's personnel attending the training shall be borne by Franchisee

11 3 2 National Conference From time to time, but at least bi-annually, Reading Town will hold a national conference of not more than five (5) days duration at a location to be selected by Reading Town Reading Town shall determine the topics and agenda for such conference to serve the purpose, among other things, of updating Franchisees on new developments affecting Franchisees, and exchanging information between Franchisees and Reading Town personnel regarding Reading Town operations and programs Reading Town may charge a fee for attendance at a national conference All travels, room and board expenses for Franchisee and Franchisee's personnel attending a national conference shall be borne by Franchisee

11 3 3 We plan to provide a marketing program using any National Marketing Fees You pay, combined with those from other franchisees We expect to focus all marketing using National Marketing Fees in areas where We have one or more franchisees, although the Agreement does not require Us to benefit You with every marketing program We may charge Our marketing research, development and production expenses against the marketing funds You must conduct marketing for Yourself directly or through a Regional Marketing Cooperative and You may use Your own marketing materials, but You must obtain Our approval of any such materials in advance We are not obligated to collect a National Marketing Fee or to conduct a marketing program

11 3 4 Provide a periodic training program for Your manager(s) and for certain other employees, at Our regular charge for the training (Franchise Agreement - Articles 4) Please refer to Item 6 for information regarding the frequency and number of training programs We may require You to participate in

11 4 Computer Software

We require You to use certain computer equipment and software You may select any computer hardware that meets or exceeds Our current minimum requirements You are responsible to maintain and repair Your hardware and to update or upgrade Your software We may recommend or require additional hardware To start Reading Town business, You need to either purchase or lease at least 6 laptop computers or desktop computers The estimated purchasing cost of 6 laptop computers or desktop computers is $4,200 to $5,000, and estimated leasing cost of them is around $120 to $180 per month After one or two years later after purchasing new computers, You also need to pay about $100 per year for each laptop computer or desktop computer as maintenance or upgrading fees

NOTES

1 We do not provide any support for computer hardware, "Proprietary Software" operated on computer systems such as operating systems You must upgrade your computers, modems and printers and purchase any additional equipment we

specify to accommodate our software, or to improve the overall effectiveness and competitiveness of your business

2 The ELG (E-Learning Gate), Reading Town's Learning Management System, is proprietary business management software We are not obligated to provide support or upgrades to this program or its replacement program If upgrades or support for this program are required, this will be determined by Reading Town You should adopt new earning systems immediately if We decides to upgrade the current curriculum and program, and/or launch new learning programs In those cases, if there are fees imposed, which are due to all Reading Town franchisees, You must pay without objection

3 Via our proprietary software, we have access to the information and data generated described above There are no contractual limitations on our rights to access the information and data

4 We currently require Cable, DSL or Fiber Optic Internet connection that is always on We require You to have a static IP address—if it is required for ELG We recommend that You obtain your Internet access from a major supplier

5 We have no contractual obligation to provide support for Microsoft software, Adobe Software, Intuit Software, or other 3rd party vendors of required software programs You may be able to obtain support from Your computer hardware manufacturer or directly from Microsoft

6 Although We require You to have a computer with a network interface card that will run the required software, We do not impose additional technical requirements at this time except that Your computers must be less than one year old at the time You begin using it in the Licensed Business You must install and use upgrades and replacement equipment when We require it, which We may do at any time There is no contractual limit on how much an upgrade would cost

7 The required computer hardware and software will assist you in gathering, analyzing and reporting data and service results The required computer hardware and software will also collect and make available to You and to Us extensive information about your business, including purchases, customer data, inventory, receipts, cost of goods, profitability and expenses, including payroll and employee expense and scheduling Under the Franchise Agreement, We have unlimited independent access to the information for any proper purpose under the Agreement Unless otherwise required by law, We will not provide the information to any other person except in summary or statistical formats—and with your identifying information removed

11.5 Time to Open

The typical length of time between when You sign the Agreement or pay the initial

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franchisee fee and the time when Your franchised business opens will generally be three (3) to six (6) months The factors affecting this length of time include the time necessary for You to obtain Premises and equipment, schedule Your initial training, and hire and train any necessary employees There may be unusual circumstances in which, because of delays, construction schedules and other events beyond Your control it takes longer than six (6) months On the other hand, it could be less than three (3) months

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Item 12. Territory

We will grant You an exclusive geographic territory ("Territory") which We will describe in Exhibit B to Franchise Agreement If You are not in breach of the Agreement, We will not locate or open a competitive business under the Marks and using the System in Your Territory, either company-owned or franchised, during the term of the Agreement You are permitted to operate the Franchised Business only at one location and only within Your Territory There are no restrictions on where customers may come from You may only engage in direct marketing within your Territory, except with our prior approval or through a Regional Marketing Cooperative

You will be assigned a Territory for your Franchise Agreement and you will be permitted to deliver the Reading Town programs and services in that Territory Territories are either a Territory A, which has more than 5,000 school-age children (5-17 years old), or a Territory B, which has less than 5,000 school-age children (5-17 years old) All figures are based on data from latest U S Census Bureau Each Territory is delineated by geographical or political boundaries, streets or an area within a specified radius from an identified point Your Franchise Agreement permits you to operate one Reading Town within your Territory You may relocate any existing Center within your Territory with READING TOWN's prior approval If you desire to open an additional Center in your Territory, you must obtain READING TOWN's approval and pay us $25,000 for each additional for Territory A, and $15,000 for each additional for Territory B

As long as your Franchise Agreement remains effective, READING TOWN will not operate or license to others the right to operate another Reading Town utilizing the Reading Town System within your Territory However, READING TOWN may negotiate the provision of Reading Town System programs pursuant to school system or local, State or Federal government-sponsored or funded contracts or corporate contracts, which require the delivery or performance of Reading Town System services within your Territory ('in-Territory Services') If READING TOWN secures a contract of this type and you are then in full compliance with your Franchise Agreement, READING TOWN will, subject to the consent of the customer, offer you a subcontract to perform the in-Territory Services under the contract on the same terms and conditions that READING TOWN and the customer originally agreed, less a retainage of 20% of the gross revenues or fees paid by the customer as READING TOWN's compensation for procuring the contract If the customer will not consent to a subcontract, if you are not in full compliance with your Franchise Agreement, or if you elect not to execute a subcontract, READING TOWN may perform the in-Territory Services itself or subcontract performance to any third party, who may be another Franchisee of the Reading Town System If READING TOWN subcontracts the in-Territory Services to a third party because you elected not to execute a subcontract, READING TOWN's subcontract with the third party may be made on terms more favorable for the subcontractor than those terms previously offered to you, but only if we first notify you of the more favorable terms and you do not accept a subcontract on those terms within five business days of receiving your notice

READING TOWN may also sell and operate directly and license and franchise others

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to sell and use within your Territory under READING TOWN's trademarks or under different names or trademarks programs and products that primarily emphasize vocational training and skills in the adult workplace or the delivery of internet based testing, test preparation center such as SAT, SSAT, or TOEFL, or another similar tests or offering other programs targeting different age groups with different curricula, such as Encore, Ivy Rule, English Miracle, etc

READING TOWN currently operates and may open and operate Centers outside of your Territory Also, READING TOWN may conduct and operate businesses, and offer and sell services, programs and products, within or outside of your Territory, that do not comprise the Reading Town System and that use the READING TOWN, or other, trademarks and names

READING TOWN does not impose sales volume or other quotas that you must meet to maintain your Franchise Agreement, however, you are required to exercise your best efforts to cultivate and develop and expand the market in your Territory

During the initial term of your Franchise Agreement, READING TOWN will not modify your territorial rights However, if you are in good standing under your Franchise Agreement, READING TOWN may choose to give you the option of modifying your Territory in one of two ways To exercise either of these options, you must pay us a fee of $10,000 The first option for modifying your Territory applies only if you have a 'B' Territory Center If you do, you may upgrade it to an 'A' Territory Center The second option for modifying your Territory is to expand it With READING TOWN's approval, you may sign an amendment to your current Franchise Agreement that restates your Territory and describes your additional duties (Amendment to Franchise Agreement for Territory Description,' which follows Exhibit A to the Franchise Amendment) The expanded portion may include no more than 5,000 school-age children, and if READING TOWN permits you to expand your Territory, you must agree to open and keep open at all times at least two Centers in your Territory within 120 days of the date of executing the Amendment

If you expand your Territory, READING TOWN subdivides your newly expanded Territory into two sub-territories, each of which is required to have at least one Center Once we have subdivided your Territory, if you fail to open a Center in the sub-territory that does not have one within 120 days of our agreeing to allow you to expand your Territory, or if you abandon a Center (which includes closing the Center for a period of 10 or more consecutive days) without our prior written approval, and the result is that one of your sub territories does not have a Center located within it, then the rights to that sub-territory may, at READING TOWN's sole discretion, revert to READING TOWN If this happens, your Franchise Agreement will be terminated as to the sub-territory that has no Center, and your revised Territory will cover only the sub-territory that has at least one Center located within it The reduction of your Territory becomes effective upon READING TOWN providing you written notice and a revised description of your Territory If you lose one of your sub-territories, we do not refund the $10,000 fee you must pay to expand your Territory

Except with READING TOWN's consent and to the extent some forms of media

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advertisement cannot be restricted to your Territory, you may not place advertisements for the Reading Town System in another Franchisee's Territory or in any territory where a READING TOWN-owned Center operates

The Agreement excludes certain sites from Your Territory, even though they may be located within the boundaries of Your Territory Exclusions are Home shows, trade fairs, exhibitions and online study of related curriculum We, or a person We designate, may directly or indirectly sell and distribute goods and services at those locations, including the same goods and services You offer and may use the Marks, without paying You or any other franchisee In addition, We may offer products and services under the same or a different trade name or trademark, including within Your Territory through alternative distribution methods, including through independent retail outlets, catalogs, mail order and through electronic media, including television, radio, the "internet" and through other new or emerging commercial technological media without paying You or any other franchisee You may not market your goods and services over the Internet or through other alternative distribution methods without our prior written approval

The Agreement permits Us to modify the boundaries and size of Your Territory if the population of Your territory increases by fifty percent or more from the estimated population at the time You sign the Agreement If a modification reduces the size of Your Territory, and You are in full compliance with the Agreement, You will have a sixty day first right of refusal to license and operate another Reading Town franchise in the newly created territory If a modification reduces the size of the territory of more than one franchisee, the affected franchisees will have rights of refusal in the order of the amounts of population severed from each territory, but if more than one territory is reduced by approximately the same percentage, then the affected franchisees will receive rights of refusal in the order of their seniority as Reading Town franchisees in the affected territories

In determining the original size and boundaries of Your Territory, We will consider demographic and other factors that We deem appropriate, including the number of student (K-12 grades) living within the logical market area, the number and size of competitors, traffic patterns, the competitive situation, natural determinants, and economic data We will not necessarily give any single factor or combination of factors controlling weight Your Territory will not be identical to that of any other franchise and You must make Your decision whether to purchase the franchise based upon Your knowledge of Your proposed Territory

If you are in full compliance with the Agreement and with the Manual, we may permit you to acquire expansion territory Expansion territory is adjacent territory that We have not assigned to another franchisee The current price of such expansion territory is $0 10 per person residing in the expanded territory based upon currently available governmental demographic data The purchase price for expansion territory is payable, in full, when

You sign an addendum for the expansion territory We will determine the minimum and maximum size and configuration of an expansion territory and may impose reasonable conditions, including, but not limited to the opening of a satellite office in the expansion territory

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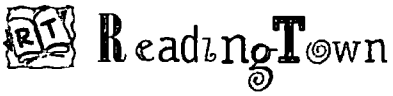
Item 13 Trademarks

We give You the right to use the name "Reading Town," and other trade names, trademarks, service marks, trade dress and logos We currently use or which We may adopt or approve (the "Marks") in the Licensed Business You must follow Our rules when You use the Marks You may only use the Marks exactly as We specify You may not use any of the Marks in connection with the offer or sale of any unauthorized product or service

We own the right to use the name and service mark "Reading Town" as substantiated in Attachment J-License Agreement for the Principal Trademark

In addition to Our common law rights to the Mark, We have secured federal trademark registrations as follows and have filed all required affidavits to United States Patent and Trademark Office (USPTO)

Mark "READING TOWN"
Serial Number 77574029
Registration Number 3618918
Principal Register Soonho Song
Registration Date 5/12/2009
Renewed On 12/23/2016



There are no presently active determinations of the Patent Office, the Trade Mark Administrator of any state or any court, any pending interference, opposition or cancellation proceeding or any pending material litigation involving the Marks that is relevant to Your ability to use the Marks in connection with the Licensed Business

There are no agreements that significantly limit Our rights to use or license You to use the Marks in any manner material to the Licensed Business

You must inform Us if You become aware of any misuse or misappropriation of the Marks or anything confusingly similar You may not start any litigation relating to the wrongful use of the Marks without Our prior written approval We may take whatever action We deem appropriate to protect or defend the Marks or System, but We need not take any action

If a third party sues You claiming that You are infringing the trademark or trade name of the third party by using the Marks, You must inform Us immediately We will indemnify You as to that claim only and have the right to control the litigation

It may become necessary in Our sole discretion, because of trademark litigation, a decision of the Patent and Trademark Office, or otherwise, to change the Marks In that event, You must immediately adopt the new or revised Marks and Our maximum liability, including for any purported goodwill, is to reimburse You for the actual out-of-pocket costs of changing the principal signs identifying Your Premises

We do not know of any person claiming or having superior rights to any of the Marks or

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of any infringing uses of the Marks that could materially affect Your use of the Marks

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Item 14 Patents, Copyrights, and Proprietary Information

We do not currently own any patents We have copyrighted and will continue to copyright the Manual and revisions of all Manuals and Handbooks and construction plans loaned to You, and all training materials We provide or sell to You and Your employees We have not registered any copyrights, but may in the future

The Manual(s), the contents of each, and certain other information We will provide to You, including curriculum, library book lists, forms such as monthly and annual reports on revenue volume, if required, are all confidential trade secrets All information We provide to You or which You develop in the course of performing under the Franchise Agreement which is not generally available to the public and which a competitor might find valuable are trade secrets If We designate something as a "Trade Secret ', You must treat it as a Trade Secret whether or not it would otherwise meet any definition of "Trade Secret" You are responsible for protecting all trade secrets and You cannot transfer them or sell them to anyone at any time You must require manager/academic director(s) and other employees who have access to Trade Secrets to comply with Your obligations under the Franchise Agreement to protect Our Trade Secrets since You are liable for any breach of Trade Secrets by your employees

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Item 15 Obligation to Participate in the Operation of the Franchised Business

You must either devote Your full time and effort to managing and operating the Licensed Business or delegate its management or operation to a responsible person You must reserve and exercise ultimate authority and responsibility over operation and management of the Licensed Business If You delegate management and operation to a manager, the manager must first successfully complete Our initial training program within thirty days after assuming the role of manager There is no limit on whom the franchisee may hire as manager, and it is solely subject to Your discretion

If You are a corporation or other entity, each owner must personally guaranty the Agreement and the entity must designate a competent manager We do not require the designated manager to be an equity owner of the franchised business You must, at all times, employ at least one manager/academic director unless you are qualified to be an academic director and are to assume that role You must require each manager and employee to whom You disclose our trade secrets to be subject to the trade secrets section of the Franchise Agreement (Franchise Agreement – Article 5) You must require every manager and employee with access to trade secrets to sign a confidentiality agreement The current form of confidentiality agreement is Exhibit I to the Franchise Agreement

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Item 16. Restrictions on What the Franchisee May Sell

You may offer for sale only products and services We approve You must offer tutoring and learning center related services to students from Pre-K to 12th grade, operating under Our Marks and following Our System and of a type, quality and variety consistent with the Reading Town image You must obtain supplies and equipment from Us or suppliers We select or approve We have sole discretion in determining what constitutes the Reading Town image The image is constantly evolving as markets change and evolve You may not engage in sales through alternative distribution channels or the Internet without Our prior written approval We are not required to give You such approval

We may change the System or any part of the System at any time, and as changed it will remain the System We own any improvements or changes in the System whether We, You or other franchisees develop them and have the right to adopt and perfect such improvements or changes without compensating You If We modify the System, You must, at Your own expense, adopt and use the modification(s) as if they were part of the System at the time You signed the Agreement There are no restrictions on Our right to modify the types of goods and services except that We will remain primarily You will operate a business of tutoring and learning center related services for students from Pre-K to 12th grade

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Item 17 Renewal, Termination, Transfer, and Dispute Resolution

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

If the franchise agreement contains a provision that is inconsistent with the law, the law will control

Provision	Section in Franchise Agreement	Summary
a Term of the Franchise	Article 1	3 years
b Renewal or extension of the term	Article 9	If You are in good standing and We continue the franchise system in Your area, We may permit You to renew for another term under the then-current agreement, which may be materially different than the agreement We are now offering
c Requirements for You to renew or extend	Article 9	Be in good standing with Us, sign new agreement, update or replace materials and equipment, retain Premises, give 12 month notice and pay a fee of $15,000 for Territory A or $10,000 for Territory B
d Termination by You	Article 18	At any time, upon 90 day notice, no cause required, sign agreement including general release, See Article 18 and Exhibit L to the Franchise Agreement
e Termination by Franchisor without cause	None	
f Termination by Franchisor with cause	Article 15	We may terminate only for cause We may, in lieu of terminating your franchise, terminate your territorial rights and leave your franchise in full force and effect, however, terminating Your territorial rights does not limit Our rights thereafter to terminate your franchise for the same or a different cause

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Provision	Section in Franchise Agreement	Summary
g "Cause" defined-- defaults which can be cured	Article 15	You have 72 hours to cure failure to pay Us or Our affiliate, unauthorized assignment, abandonment (even if unintentional), You become insolvent, failure to pay any taxes before delinquent, sublicensing of Marks, impasse among owners of Franchise, refusal to permit an audit, violation of any law or rule (including any health codes, rules or regulations), conviction of a felony, failure to operate properly using the Marks, unethical or dishonest business dealings, failure to maintain insurance,, or termination of any other agreement between You and Us for cause You have 30 days to cure any breach of the Agreement for which the Agreement does not specify a shorter period
h "Cause" defined-- defaults which cannot be cured	Article 15	Non-curable defaults repeated defaults, even if cured, You are adjudged bankrupt, assignment for benefit of creditors, abandonment of business, convicted or plead guilty to violating law relating to Licensed Business
i Your obligations on termination/nonrenewal	Articles 16 & 17	No further use of Marks, telephone numbers, telephone listings, computer software, trade secrets or the Manual, certain notification obligations, payment of sums due to Us, We have option to lease or assume lease for Your Premises, sign document(s) to transfer telephone numbers, continuing royalties on pending sales, if any, and We have option to purchase any part of Your business assets If We elect to assume Your lease and to operate a Reading Town business from Your Premises, You must cooperate in a changeover procedure, including notifying the landlord of the change of tenant, conducting an inventory, permitting Us to use Your furniture, fixtures and equipment for up to 60 days, and permitting Us to communicate directly with Your employees, vendors and customers in order to facilitate a smooth transition
j Assignment of contract by Franchisor	Articles 12, 14 & 21	No restriction on Our right to assign except that if Our assignee assumes all of Our obligations to You then We are free of further liability to You

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Provision	Section in Franchise Agreement	Summary
k "Transfer" by You--definition	Articles 11, 12, 13 & 14	Includes any assignment, transfer, sale, sublease or encumbrance of the Agreement, the Franchise, the assets of Your business, the Premises, or of any ownership interest in the Franchisee if You are a corporation, partnership or limited liability company or other form of Entity
l Franchisor's approval of transfer by franchisee	Articles 11, 12, 13 & 14	Franchisor has the right to approve or disapprove all transfers
m Conditions for Franchisor's approval of transfer	Articles 11, 12, 13 & 14	You are current in all fees to Us, You are not in material breach of the Agreement, You have paid all debts of Your business, new Franchisee signs release of claims against Us for representations You made, You sign a mutual termination and release of the Agreement, We receive transfer fee ($7500), new Franchisee signs the then-current form of Agreement by paying us $7,500 as a processing fee, new Franchisee qualifies, new Franchisee successfully completes initial training program, new Franchisee obtains rights to Your Premises lease, if applicable, and We receive 30 day right of first refusal The fee to transfer to an entity with identical ownership is $500
n Franchisor's right of first refusal to acquire Your business	Article 12 & 17	We may match any offer for Your business
o Franchisor's option to purchase Your business	Article 17	On termination, We may purchase any part of Your business at the fair market value of the tangible personal property purchased
p Your death or disability	Articles 12 & 13	Your heirs or personal representative must, within 90 days, either (i) request the right to continue to operate the business, subject to Article 13 of the Agreement except that no transfer fee will be payable, or (ii) sell the Licensed Business to a third party, subject to Article 13 of the Agreement If We deny a request to continue to operate the business, the 90 days to sell begins on the date of Our denial The same applies if You become disabled as defined in Article 14 of the Agreement
q Non-competition covenants during the term of the franchise	Article 16	No involvement in any competing business anywhere

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Provision	Section in Franchise Agreement	Summary
r Non-competition covenants after the franchise is terminated or expires	Articles 16 & 18 (if applicable)	For 24 months, You must not compete with Us within 20 miles of the boundaries of Your Territory, solicit or divert any of Our customers or vendors or customers or vendors of any other franchisee, disclose any trade secrets, or solicit or hire any of Our employees, former employees or franchisees For 24 months, You will not be employed by or in business with any person or entity that does any of those things
s Modification of the agreement	Article 21	Only by written agreement, We may modify Manual at any time
t Integration/merger clause	Article 21	Only the terms of the Agreement are binding (subject to state law) Any other promises or agreements may not be enforceable
u Dispute resolution by arbitration or mediation	Article 19	Except for actions for the sole purpose of collecting unpaid monies, including franchise fees, royalties or Marketing Fees or to enforce trademark or trade secret rights and covenants against competition, We will settle all disputes with You by Arbitration, which will only occur after the parties try informally to resolve the dispute and participate in mediation
v Choice of forum	Articles 19 & 21	Litigation or arbitration must be in the state of New York
w Choice of law	Article 21	This Agreement is controlled by the law of State of New York

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Item 18. Public Figures

We do not currently use any public figure to promote Our franchise

Item 19 Financial Performance Representations

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its 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 if (1) a franchisor provides the actual records of an existing outlet you are considering buying, or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets We also do not authorize our employees or representatives to make any such representations either orally or in writing If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Reading Town, 44-07 Little Neck Parkway, Little Neck, NY 11363 Phone 718) 229-6400, the Federal Trade Commission, and the appropriate state regulatory agencies

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Item 20. Outlets and Franchisee Information

Systemwide Outlet Summary
For years 2014 to 2016

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2014	14	15	1
	2015	15	16	1
	2016	16	15	(1)
Company-Owned	2014	4	5	1
	2015	5	5	0
	2016	5	4	(1)
Total Outlets	2014	18	20	2
	2015	20	21	1
	2016	21	19	(2)

Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For years 2014 to 2016

State	Year	Number of Transfers
California	2014	0
	2015	0
	2016	0
Total	2014	0
	2015	0
	2016	0

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Status of Franchised Outlets
For years 2014 to 2016

State	Year	Outlets at Start of Year	Outlets Opened	Termina -tions	Non-Renewa ls	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of Year
CA	2014	3	3	0	0	0	0	6
	2015	6	0	0	0	0	0	6
	2016	6	0	0	0	0	0	6
IL	2014	2	0	0	1	0	0	1
	2015	1	1	0	0	0	0	2
	2016	2	0	1	0	0	0	1
MI	2014	1	0	0	1	0	0	0
	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0
NC	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0
NJ	2014	6	0	0	1	0	0	5
	2015	5	0	0	0	0	0	5
	2016	5	0	0	0	0	0	5
NY	2014	2	1	0	0	0	0	3
	2015	3	0	0	0	0	0	3
	2016	3	0	0	0	0	0	3
Totals	2014	14	4	0	3	0	0	15
	2015	15	1	0	0	0	0	16
	2016	16	0	1	0	0	0	15

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Status of Company-Owned Outlets
For years 2014 to 2016

State	Year	Outlets at Start of the Year	Outlet Opened	Outlets Reacquired from Franchise	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
CA	2014	1	1	0	0	0	2
	2015	2	3	0	3	0	2
	2016	2	0	0	1	0	2
NY	2014	3	0	0	0	0	3
	2015	3	2	0	2	0	3
	2016	3	0	0	0	0	3
Totals	2014	4	1	0	0	0	5
	2015	5	5	0	5	0	5
	2016	5	0	0	1	0	4

Projected Openings As Of September 30, 2016

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlet in the Next Fiscal Year	Projected New Company-Owned Outlet in the Next Fiscal Year
CA	0	3	0
NY	0	2	1
Total	0	5	1

20 1 Please refer to Attachment C for information of franchisees who were not renewed If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system We have no franchisee who had an outlet terminated, cancelled, or voluntarily or involuntarily ceased to do business, or who has not communicated with Us within 10 weeks of the disclosure document issuance date

20 2 We have not sold any previously owned franchised outlets now under Our control

20 3 No franchisees signed confidentiality clauses during the last three fiscal years

20 4 No trademark-specific franchisee organization associated with Reading Town Franchise System being offered has been created, sponsored, or endorsed by Us

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Item 21 Financial Statements

Attachment A contains our Financial Statements for the last three fiscal years from Oct 1st, 2013 to Sep 30th, 2014 , from Oct 1st 2014 to Sep 30th, 2015, and from Oct 1st, 2015 to Sep 30th, 2016 These Financial Statements were audited by an independent certified public accountant Each year, our fiscal year ends on September 30

Item 22 Contracts

We urge You to read all of the contracts and agreements carefully This Franchise Disclosure Document cannot possibly contain all of the terms of the various agreements It is important that You understand all of those terms We have attached the following contracts and agreements

Attachment B - Franchise Agreement
with
Exhibit A, Location of Licensed
Business, Exhibit B, Territory,
Exhibit C, Required Equipment,
Exhibit D, Items Pursuant to Specifications
Exhibit E, Lease Conditional Assignment
Agreement Exhibit F, Assignment of Telephone
Numbers Exhibit G, Personal Guaranty
Exhibit H, Master Lease (if applicable)
Exhibit I, Trade Secrets and Confidentiality Agreement
Exhibit J, Mutual Termination and Release Agreement
Exhibit K, Consent, Waiver and Release for Training
Exhibit L, Release from Continuing Obligations
Exhibit M, Confidentiality Agreement—Additional Information
Exhibit N, Conversion Addendum

Item 23 Receipt

A receipt for this Franchise Disclosure Document is attached at the end of this document You must remove one copy, sign it and return it to Us

California Law requires that a franchisor provide the prospective franchisee with a copy of the franchise disclosure document, together with a copy of all proposed agreements relating to the sale of the franchise at least 14 days prior to the execution by the prospective franchisee of any binding franchise or other agreement, or at least 14 days prior to the receipt of any consideration, whichever occurs first

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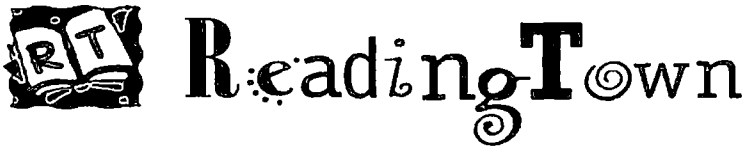
FRANCHISE DISCLOSURE DOCUMENT

ATTACHMENTS



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Attachment A – Financial Statements

GOOD SERVANT INC

FINANCIAL STATEMENTS

September 30, 2014

With Independent Accountants'
Audit Report Thereon

David Shin, CPA, PC
218-14 Northern Blvd Suite 108
Bayside New York 11361

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GOOD SERVANT INC

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David Shin, CPA, PC
218-14 Northern blvd Suite 108
Bayside, New York 11361
(718)352-0884

Independent Accountants' Audit Report

Shareholders
GOOD SERVANT, INC

I have audited the accompanying balance sheet of Good Servant Inc as of September 30, 2014 and the related statements of operations and retained earnings, and cash flows for the year ended, in accordance with standards established by the American Institute of Certified Public Accountants These financial statements are the responsibility of Good Servant Inc 's management My responsibility is to express an opinion on these financial statements based on my audit

I conducted the audit in accordance with generally accepted auditing standards Those standards require that I 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 I believe that my audit provides a reasonable basis for my opinion

My audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole The supplementary information on the accompanying Note is presented for additional analysis and is not a required part of the basic financial statements Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole

December 30, 2014

David Shin
CPA

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GOOD SERVANT INC

BALANCE SHEET

September 30, 2014

Assets

Current Assets	
Cash and cash equivalents	$ 16,886
Accounts receivable (note 6)	320,361
Inventory (note 2)	409,842
Prepaid income taxes	1,500
Total current assets	748,588
Property and equipment, at net (note 3)	
Fixtures & equipment, net	110,149
Total non-current assets	110,149
Other assets	
Investment	126,648
Loan to others	14,716
Security deposit	13,000
Total assets	$ 1,013,102

Liabilities and Stockholder's Equity

Current Liabilities	
Accounts payable	$ 89,832
Bank loan (note 4)	102,991
Payroll taxes payable	3,103
Taxes payable (note 5)	236
Other payable	61,669
Total current liabilities	257,832
Long-term liabilities	
Loan from shareholder	554,528
Total liabilities	812,360
Stockholder's equity	
Common stock	10,000
Additional paid-in capital	150,000
Retained earnings	40,742
Total stockholder's equity	200,742
Total liabilities and stockholder's equity	$ 1,013,102

See accompanying note and audit report of independent accountant

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GOOD SERVANT INC

STATEMENT OF OPERATIONS AND RETAINED EARNINGS

For the year ended September 30, 2014

Revenue	
Net sales	$ 439,050
	439,050
Cost and expenses	
Cost of goods sold	191,392
Selling, general and administrative expenses	222,640
Depreciation and amortization	11,402
Interest expense	5,063
	430,497
Income before income taxes	8,553
Provision for income taxes (note 5)	1,534
Net income	7,019
Retained earnings at beginning of year	33,723
Retained earnings at end of year	$ 40,742

See accompanying note and audit report of independent accountant.

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GOOD SERVANT INC

Statement of Cash Flows

September 30, 2014

Cash flows from operating activities	
Change in net assets	$ 7,019
Adjustments to reconcile net income to net cash used in operating activities	
Depreciation and amortization	11,402
Increase in accounts receivable	(51,428)
Increase in prepaid expense	(1,500)
Increase in inventory	(140,000)
Decrease in accounts payable	(7,134)
Decrease in taxes payable	(4,084)
Increase in accrued expenses and other current liabilities	31,055
Total adjustments	(161,689)
Net cash provided by operating activities	(154,670)
Cash flows from investing activities	
Purchase of investing assets	(90,057)
Net cash used in investing activities	(90,057)
Cash flows from financing activities	
Bank loans	131
Borrowing from others	220,518
Net cash provided by financing activities	220,649
Net decrease in cash	(24,078)
Cash at beginning of year	40,963
Cash at end of year	$ 16,885
Supplemental disclosure of cash flow information	
Cash paid during the year for	
Interest	$ 5,063

See accompanying note and audit report of independent accountant

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Schedule 1

GOOD SERVANT INC

Selling, general and administrative expenses

As of September 30, 2014

Advertising	$ 762
Insurance	3,528
Office expenses	20,053
Payroll tax	6,207
Commission	200
Lease expense	2,224
Professional fee	500
Rent	90,066
Salaries and benefits	72,584
Utilities	3,143
Other expenses	23,373
Total expenses	$ 226,640

See accompanying note and audit report of independent accountant

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GOOD SERVANT INC

Notes to the Financial Statements

As of September 30, 2014

(See accompanying audit report)

1 Organization and Summary of Significant Accounting Policies

Good Servant, inc (the "Company), was incorporated in the State of New York on October 01, 2001 The Company operates as education service and book sales business in Queens, New York

(a) Revenue Recognition

The Company recognizes revenue when services are rendered or receive service fee whichever earlier Also, for book sales, The Company recognizes revenue when products are shipped and the customer takes ownership and assumes risk of loss Trade accounts receivable are recorded at the invoice amount and do not bear interest

(b) Depreciation of Fixed Assets

Fixed assets are initially recorded at cost Depreciation is calculated on a straight-line method over estimated useful lives of the assets, respectively

(c) Inventories

Inventories are stated at the lower of cost or market Cost is determined using the weighted average method

(d) Use of Estimates in the Preparation of Financial Statements

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

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GOOD SERVANT INC

Notes to the Financial Statements

As of September 30, 2014

(See accompanying audit report)

2 Inventories

At September 30, 2014, inventories are comprised of only finished goods, which are books The Company has purchased inventories from various publishers

3 Fixed Assets

Fixed assets at September 30, 2014 are composed of the following

Fixtures and Furniture	$ 91,880
Leasehold improvement	111,015
	202,895
Less accumulated depreciation	(92,746)
Fixed assets, net	$ 110,149

4 Bank Loan

The Company was obligated under the following bank loan at September 30, 2014

Chase Bank	
Revolving line of credit (4 65% at September 30, 2014)	$ 99,000
Chase Bank	
Revolving line of credit (9 25% at September 30, 2014)	3,991
	102,991
	$ 102,991

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5 Income Taxes

A summary of the income tax provision for the year ended September 30, 2014 is as follows

Current	
Federal	$ 236
State and local	1,298
	$ 1,534

The income tax expense for the year ended September 30, 2014 differs from the "expected" expense (computed by applying the U S federal income tax rate of 15% for the year to earnings before income taxes) mainly due to permanent differences due to nondeductible expenses

6 Major Customers

Two major customers accounted for approximately 45% of net sales for the year ended September 30, 2014, and the accounts receivables from the customers accounted for approximately 100% of the Company's accounts receivable at September 30, 2014

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GOOD SERVANT INC

FINANCIAL STATEMENTS

September 30, 2015

With Independent Accountants'
Audit Report Thereon

David Shin, CPA, PC
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GOOD SERVANT INC

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David Shin, CPA, PC
218-14 Northern blvd Suite 108
Bayside, New York 11361
(718)352-0884

Independent Accountants' Audit Report

Shareholders
GOOD SERVANT, INC

I have audited the accompanying balance sheet of Good Servant Inc as of September 30, 2015 and the related statements of operations and retained earnings, and cash flows for the year ended, in accordance with standards established by the American Institute of Certified Public Accountants These financial statements are the responsibility of Good Servant Inc 's management My responsibility is to express an opinion on these financial statements based on my audit.

I conducted the audit in accordance with generally accepted auditing standards Those standards require that I 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 I believe that my audit provides a reasonable basis for my opinion

My audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole The supplementary information on the accompanying Note is presented for additional analysis and is not a required part of the basic financial statements Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole

January 07, 2016

David Shin
CPA

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GOOD SERVANT INC.

BALANCE SHEET

September 30, 2015

Assets

Current Assets	
Cash and cash equivalents	$ 49,956
Accounts receivable (note 6)	293,307
Inventory (note 2)	425,341
Prepaid income taxes	3,339
Total current assets	771,943
Property and equipment, at net (note 3)	
Fixtures & equipment, net	105,571
Total non-current assets	105,571
Other assets	
Investment	126,648
Loan to others	14,716
Security deposit	13,000
Total assets	$ 1,031,879

Liabilities and Stockholder's Equity

Current Liabilities	
Accounts payable	$ 107,340
Bank loan (note 4)	101,902
Payroll taxes payable	1,448
Taxes payable (note 5)	183
Other payable	33,408
Total current liabilities	244,281
Long-term liabilities	
Loan from shareholder	586,088
Total liabilities	830,369
Stockholder's equity	
Common stock	10,000
Additional paid-in capital	150,000
Retained earnings	41,510
Total stockholder's equity	201,510
Total liabilities and stockholder's equity	$ 1,031,879

See accompanying note and audit report of independent accountant

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GOOD SERVANT INC.

STATEMENT OF OPERATIONS AND RETAINED EARNINGS

For the year ended September 30, 2015

Revenue	
Net sales	$ 636,834
	636,834
Cost and expenses	
Cost of goods sold	251,772
Selling, general and administrative expenses	365,364
Depreciation and amortization	12,678
Interest expense	4,984
	634,798
Income before income taxes	2,036
Provision for income taxes (note 5)	1,268
Net income	768
Retained earnings at beginning of year	40,742
Retained earnings at end of year	$ 41,510

See accompanying note and audit report of independent accountant

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GOOD SERVANT INC.

Statement of Cash Flows

September 30, 2015

Cash flows from operating activities:	
Change in net assets	$ 768
Adjustments to reconcile net income to net cash used in operating activities	
Depreciation and amortization	12,678
Increase in accounts receivable	27,054
Increase in prepaid expense	(1,839)
Increase in inventory	(15,500)
Decrease in accounts payable	17,508
Decrease in taxes payable	(53)
Increase in accrued expenses and other current liabilities	(29,917)
Total adjustments	9,931
Net cash provided by operating activities	10,699
Cash flows from investing activities:	
Purchase of investing assets	(8,100)
Net cash used in investing activities	(8,100)
Cash flows from financing activities:	
Bank loans	(1,088)
Borrowing from others	31,560
Net cash provided by financing activities	30,472
Net increse in cash	33,071
Cash at beginning of year	16,885
Cash at end of year	$ 49,956
Supplemental disclosure of cash flow information	
Cash paid during the year for	
Interest	$ 4,984

See accompanying note and audit report of independent accountant

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Schedule 1

GOOD SERVANT INC.

Selling, general and administrative expenses

As of September 30, 2015

Advertising	$ 8,400
Insurance	3,459
Office expenses	9,229
Payroll tax	15,646
Lease expense	18,599
Professional fee	9,118
Rent	105,061
Salaries and benefits	170,567
Utilities	13,991
Other expenses	11,294
Total expenses	$ 365,364

See accompanying note and audit report of independent accountant

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GOOD SERVANT INC.

Notes to the Financial Statements

As of September 30, 2015

(See accompanying audit report)

1. Organization and Summary of Significant Accounting Policies

Good Servant, inc (the "Company), was incorporated in the State of New York on October 01, 2001 The Company operates as education service and book sales business in Queens, New York

(a) Revenue Recognition

The Company recognizes revenue when services are rendered or receive service fee whichever earlier Also, for book sales, The Company recognizes revenue when products are shipped and the customer takes ownership and assumes risk of loss Trade accounts receivable are recorded at the invoice amount and do not bear interest

(b) Depreciation of Fixed Assets

Fixed assets are initially recorded at cost Depreciation is calculated on a straight-line method over estimated useful lives of the assets, respectively

(c) Inventories

Inventories are stated at the lower of cost or market Cost is determined using the weighted average method

(d) Use of Estimates in the Preparation of Financial Statements

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

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2. Inventories

At September 30, 2014, inventories are comprised of only finished goods, which are books The Company has purchased inventories from various publishers

3. Fixed Assets

Fixed assets at September 30, 2015 are composed of the following

Fixtures and Furniture	$ 91,880
Leasehold improvement	119,115
	210,995
Less accumulated depreciation	(105,424)
Fixed assets, net	$ 105,571

4. Bank Loan

The Company was obligated under the following bank loan at September 30, 2015

Chase Bank	
Revolving line of credit (4 65% at September 30, 2015)	$ 99,000
Chase Bank	
Revolving line of credit (9 25% at September 30, 2015)	2,902
	101,902
	$ 101,902

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5. Income Taxes

A summary of the income tax provision for the year ended September 30, 2015 is as follows

Current	
Federal	$ 183
State and local	1,085
	$ 1,268

The income tax expense for the year ended September 30, 2015 differs from the "expected" expense (computed by applying the U S federal income tax rate of 15% for the year to earnings before income taxes) mainly due to permanent differences due to nondeductible expenses

6. Major Customers

Two major customers accounted for approximately 45% of net sales for the year ended September 30, 2015, and the accounts receivables from the customers accounted for approximately 100% of the Company's accounts receivable at September 30, 2015

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GOOD SERVANT INC

FINANCIAL STATEMENTS

September 30, 2016

With Independent Accountants'
Audit Report Thereon

David Shin, CPA, PC
218-14 Northern Blvd Suite 108
Bayside, New York 11361

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GOOD SERVANT INC

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David Shin, CPA, PC
218-14 Northern blvd Suite 108
Bayside, New York 11361
(718)352-0884

Independent Accountants' Audit Report

Shareholders
GOOD SERVANT, INC

I have audited the accompanying balance sheet of Good Servant Inc as of September 30, 2016 and the related statements of operations and retained earnings, and cash flows for the year ended, in accordance with standards established by the American Institute of Certified Public Accountants These financial statements are the responsibility of Good Servant Inc 's management My responsibility is to express an opinion on these financial statements based on my audit

I conducted the audit in accordance with generally accepted auditing standards Those standards require that I 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 I believe that my audit provides a reasonable basis for my opinion

My audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole The supplementary information on the accompanying Note is presented for additional analysis and is not a required part of the basic financial statements Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole

December 07, 2016

David Shin
CPA

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GOOD SERVANT INC.

BALANCE SHEET

September 30, 2016

Assets

Current Assets	
Cash and cash equivalents	$ 30,609
Accounts receivable (note 6)	54,717
Inventory (note 2)	146,838
Prepaid income taxes	501
Total current assets	232,665
Property and equipment, at net (note 3)	
Fixtures & equipment, net	92,826
Total non-current assets	92,826
Other assets	
Investment	126,648
Loan to others	14,716
Security deposit	13,000
Total assets	$ 479,855

Liabilities and Stockholder's Equity

Current Liabilities	
Accounts payable	$ 74,914
Bank loan (note 4)	100,983
Payroll taxes payable	2,881
Taxes payable (note 5)	546
Other payable	1,743
Total current liabilities	181,067
Long-term liabilities	
Loan from shareholder	122,098
Total liabilities	303,165
Stockholder's equity	
Common stock	10,000
Additional paid-in capital	150,000
Retained earnings	16,690
Total stockholder's equity	176,690
Total liabilities and stockholder's equity	$ 479,855

See accompanying note and audit report of independent accountant

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GOOD SERVANT INC.

STATEMENT OF OPERATIONS AND RETAINED EARNINGS

For the year ended September 30, 2016

Revenue	
Net sales	$ 1,006,213
	1,006,213
Cost and expenses	
Cost of goods sold	526,424
Selling, general and administrative expenses	483,383
Depreciation and amortization	12,745
Interest expense	5,097
	1,027,649
Loss before income taxes	(21,436)
Provision for income taxes (note 5)	3,384
Net loss	(24,820)
Retained earnings at beginning of year	41,510
Retained earnings at end of year	$ 16,690

See accompanying note and audit report of independent accountant

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GOOD SERVANT INC.

Statement of Cash Flows

September 30, 2016

Cash flows from operating activities:	
Change in net assets	$ (24,820)
Adjustments to reconcile net income to net cash used in operating activities	
Depreciation and amortization	12,745
Increase in accounts receivable	238,590
Increase in prepaid expense	2,838
Increase in inventory	278,504
Decrease in accounts payable	(32,426)
Decrease in taxes payable	363
Increase in accrued expenses and other current liabilities	(30,231)
Total adjustments	470,383
Net cash provided by operating activities	445,563
Cash flows from financing activities:	
Bank loans	(920)
Borrowing from others	(463,990)
Net cash provided by financing activities	(464,910)
Net increase (decrease) in cash	(19,347)
Cash at beginning of year	49,956
Cash at end of year	$ 30,609
Supplemental disclosure of cash flow information	
Cash paid during the year for	
Interest	$ 5,097

See accompanying note and audit report of independent accountant

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Schedule 1

GOOD SERVANT INC

Selling, general and administrative expenses

As of September 30, 2016

Insurance	$ 11,656
Office expenses	46,836
Payroll tax	17,826
Lease expense	8,490
Professional fee	3,985
Rent	149,014
Salaries and benefits	206,880
Utilities	12,795
Other expenses	25,901
Total expenses	$ 483,383

See accompanying note and audit report of independent accountant

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GOOD SERVANT INC.

Notes to the Financial Statements

As of September 30, 2016

(See accompanying audit report)

1. Organization and Summary of Significant Accounting Policies

Good Servant, inc (the "Company), was incorporated in the State of New York on October 01, 2001 The Company operates as education service and book sales business in Queens, New York

(a) Revenue Recognition

The Company recognizes revenue when services are rendered or receive service fee whichever earlier Also, for book sales, The Company recognizes revenue when products are shipped and the customer takes ownership and assumes risk of loss Trade accounts receivable are recorded at the invoice amount and do not bear interest

(b) Depreciation of Fixed Assets

Fixed assets are initially recorded at cost Depreciation is calculated on a straight-line method over estimated useful lives of the assets, respectively

(c) Inventories

Inventories are stated at the lower of cost or market Cost is determined using the weighted average method

(d) Use of Estimates in the Preparation of Financial Statements

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

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2. Inventories

At September 30, 2014, inventories are comprised of only finished goods, which are books The Company has purchased inventories from various publishers

3. Fixed Assets

Fixed assets at September 30, 2016 are composed of the following

Fixtures and Furniture	$ 91,880
Leasehold improvement	119,115
	210,995
Less accumulated depreciation	(118,169)
Fixed assets, net	$ 92,826

4. Bank Loan

The Company was obligated under the following bank loan at September 30, 2016

Chase Bank	
Revolving line of credit (4 90% at September 30, 2016)	$ 99,000
Chase Bank	
Revolving line of credit (9 50% at September 30, 2016)	1,983
	100,983
	$ 100,983

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5. Income Taxes

A summary of the income tax provision for the year ended September 30, 2015 is as follows

Current	
Federal	$ -
State and local	3,338
	$ 1,268

The Company is not subject to Federal income taxes due to net operating loss incurred in current year State and local tax presents alternative or capital based tax

6. Major Customers

Two major customers accounted for approximately 45% of net sales for the year ended September 30, 2016, and the accounts receivables from the customers accounted for approximately 100% of the Company's accounts receivable at September 30, 2016

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Attachment B – Franchise Agreement

SEE FRANCHISE AGREEMENT

Attachment C – List of Current and Former Franchisees

The current franchisees are listed as of September 30th, 2016

C-1 Company owned

California

Irvine	949-468-5984	4040 Barranca Parkway, Suite 200, Irvine, CA 92604

New York

College Point	718-888-7744	124-15 14th Ave College Point, NY 11356
Little Neck	718-229-6400	44-07 Little Neck Parkway, Little Neck, NY 11363
Nassau	516-873-8500	424 Hillside Ave , Williston Park, NY 11596

C-2 Current Franchisees

California (6 Franchisees)

Cerritos	562-924-0386	13252 South St Cerritos, CA 90703
Franchisee	Mr Kwang Hee Lee	
Cupertino	408-615-0557	1066 Saratoga Ave , San Jose, CA 95129
Franchisee	Dr Tae Jin Kim	
La Habra	714-526-1100	1222 S Idaho St Suite A, CA 90631
Franchisee	Mrs Sookhee Song	
Torrance	310-533-0200	2370 W Carson St Suite #250, Torrance, CA 90501
Franchisee	Mrs Kyuna Choi	
Woodbury	949-387-5014	910 Roosevelt #200, Irvine, CA 92620
Franchisee	Mrs Hayoung Chung	

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Yorba Linda	714-996-1619	1073 E Imperial Highway, Placentia, CA 92870
Franchisee	Mr Youngman Cho	

Illinois (1 Franchisee)

Glenview	847-730-5031	3338 W Lake Ave Glenview, IL 60026
Franchisee	J&W Learning Center, LTD	

New Jersey (5 Franchisees)

Closter	201-767-7732	570 Piermont Rd #C3, Closter, NJ 07624
Franchisee	Mrs Eun Sook Kim	
Fort Lee	201-302-9696	221 Main St 2Fl Fort Lee, NJ 07024
Franchisee	Mr Chul Bae	
Old Tappan	201-564-7185	184 Central Ave Old Tappan, NJ 07675
Franchisee	Mrs Hellen Kim	
Paramus	201-843-0030	29N Farview Ave 2nd fl Paramus, NJ 07652
Franchisee	Mrs Young S Kang	
Tenafly	201-567-7877	111 Dean Dr #1N, Tenafly, NJ 07670
Franchisee	Dr Tae Jin Kim	

New York (3 Franchisees)

Flushing	718-445-6500	42-02 192nd St Flushing, NY 11358
Franchisee	Mrs Kyeong-Ah Choi	
Plainview	516-822-3888	525 S Oyster Bay Rd , Plainview, NY 11803
Franchisee	Mr Sung Hyun Choi	
Sunnyside	718-784-1234	35-01 Queens Blvd 2fl , Long Island City, NY 11101
Franchisee	NK Global Leaders, Inc	

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C-3 Former Franchisees

Illinois

Buffalo Grove	847-793-8778	131 McHenry Rd Buffalo Grove, IL 60089
Franchisee	Mr Seong Ha Lee	

Michigan

Troy	248-250-9018	1073 E Long Lake Rd , Troy, MI 48085
Franchisee	First Bridge Inc	

New Jersey

Edison	732-777-1144	1876 Route 27, #203, Edison, NJ 08817
Franchisee	Mrs Eunice H Oh	

North Carolina

Fayetteville	910-574-8505	404-103 Santa Fe Dr , Fayetteville, NC 28303
Franchisee	Mr Woong Cheol Kim	

New York

Bayside	N/A	214-25 42 Ave , Bayside, NY 11361
Franchisee	Mrs Keum Sun Lee	

Note If You buy this franchise, Your contact information may be disclosed to other Buyers when you leave the franchise system

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Attachment D – Operation Manual for Administration

Table of Contents (TOTAL 250 pages· pp1-250)

Chapter 1 Introduction (total 6 pages pp7-12)
- How to Use This Manual
- Confidential Disclosure Agreements

Chapter 2: Welcome to Reading Town (total 6 pages pp13-18)
- Letter from the Reading Town President
- History of Reading Town
- The Reading Town Management Team
- Legal Advisory and Franchisor's Management Support
- Reading Town Mission Principles & Promises

Chapter 3. Support Resources (total 4 pages pp19-22)
- Franchisee Support Matrix
- Franchise Corporate Officers

Chapter 4: Corporate Structure and financing (total 12 pages pp23-34)
- Setting Up Your Entity
- Legal Business Structures
- Types of Structures
- Setting Up the New Corporation
- Financing Arrangements
- Financing Alternatives
- General Insurance Coverage
- Additional Requirements and Obligations

Chapter 5 Pre-opening Timetable & Obligations (total 18 pages pp35-52)
- Reading Town Pre-Opening Timetable Week One
- Week Two
- Week Three
- Week Four
- Week Five
- Week Six
- Week Seven
- Week Eight
- Week Nine
- Week Ten

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Chapter 6 Franchisee Training Requirements (total 8 pages: pp53-60)
Reading Town Orientation Training Reading Town Qualified Certifications Additional Training & Refresher Courses Annual Reading Town National Conference

Chapter 7. Staffing Your Reading Town Franchise (total 8 pages pp61-68)
A Word on Legal Compliance
Staffing Your Reading Town Franchise
Position Descriptions with Profiles

Chapter 8: Office Policies (total 8 pages pp69-76)
Setting Up Your Office
Quality Standards of Service
Service and Courtesy to Clients
Handling Typical Complaints and Problems
Employee Appearance (Dress Code)
Parents or Visitors in the Workplace
Computer Usage
Seven Rules for Parents and Students

Chapter 9. Computer system & Office device (total 86 pages· pp77-164)
Client-Server Program
E-Learning Gate (ELG)
E-Scan Level Test
E-Talk
W2
NextBuk
RF-Card
Barcode Scanner

Chapter 10. Initial set up & Initial order (total 24 pages. pp165-189)
Library Books and Workbooks
Office Documents and Forms
Office Supplies

Chapter 11 Administration (total 10 pages. pp189-196)
Record Keeping
Accounting Services

Chapter 12 Reports, Audits & Inspections (total 6 pages. pp197-202)
Franchisee Reports
Records and Reports
Failure to Report
Audits and Inspections
Contact with Others
Appendix 12-1 Monthly Report Form

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Chapter 13: Marketing & Pricing (total 15 pages· pp203-218)
- **Marketing at Reading Town**
- **Reading Town Franchisee Marketing Requirements**
- **Referrals**
- **Executing Your Marketing Plan**
- **Pricing Policies and Fee Structures**

Chapter 14. Copyrights, Trademarks, Trade Secrets & CI (total 22 pages pp219-240)
- **Patents, Copyrights and Proprietary Information Trademark**
- **Usage and Guidelines**
- **Examples of Trademark Misuse**
- **Corporate Identity**
  - **Symbol Mark**
  - **Logo Type**
  - **Signature Type**
  - **Signage**
  - **Window Graphics**
  - **Business Card**
  - **Envelope (Big)**
  - **Envelope (Small)**
  - **Letterhead**

Chapter 15· Resale, Transfer, Renewal and Closing (total 7 pages pp241-248)
- **Conditions of Renewal**
- **Continuation**
- **Assignment or Transfer**
- **Termination**

Chapter 16 Expansion and Relocation Requirements (total 2 pages· pp249-250)
- **Franchise Expansion, New Territory, Resale Purchase or Territory Expansion**

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Attachment E - Operation Manual for Instruction

Table of Contents (TOTAL 133 pages pp1-133)

Chapter 1 READING CENTER (total 34 pages pp5-38)
- Readingtown Level & Library System
- Reading Town Library Composition
- RT Bank & Point Rewarding System
- Characteristics of Each Reading Level
  - 1 Ka Level
  - 2 Kb, Kc, 1a level
  - 3 1b, 1c level
  - 4 2a through 3c Library
  - 5. 4a through Md Library
  - 6 Ha through Hd Library (Ha – Hd)

Chapter 2 WRITING CENTER (total 38 pages pp39-76)
- Writing Program Chart
- Academic Writing
  - 1. Goals and Procedures
  - 2 Lesson Plan
  - 3 How to Teach Academic Writing
- Practical Writing
  - 1 Goals and Procedures
  - 2 Lesson Plan
  - 3 How to Teach Practical Writing

Chapter 3 SPEECH CENTER (total 18 pages pp77-94)
- Speech Basic
- Speech Intermediate
- Speech Advanced
- Expository Speech

Chapter 4 CLASSIC CENTER (total 10 pages. pp95-104)
- Classic Starts
- Paraphrased Classics
- Short Stories
- Original Classics

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Attachment E - Operation Manual for Instruction

Chapter 5 MATH CENTER (total 14 pages pp105-118)

- **Math Program Guide**
- **Math Computation (pre-K ~ 7th grade)**
- **My Math-Class / My Math-Review (K ~ 6th grade)**
- **Math Wiz (3rd Gr ~ 7th Grade)**
- **Math Wiz (8th Gr ~ 11th Grade)**
- **Advanced Math (7th Gr ~ 11th Grade)**

Chapter 6 DEBATE CENTER (total 15 pages: pp119-133)

- **What Reading Town Debate Program Is**
- **Educational Effect of Reading Town Debate Program**
- **The features of Reading Town Debate Program**
- **Reading Town Debate Curricula**
  - **1 Debate Basic**
  - **2. Debate Intermediate**
  - **3 Public Forum**

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Attachment F – Registered Agents

Franchisor's agents for service of process are as follows:

California:
Department of Business Oversight
One Sansome Street, Suite 600
San Francisco, CA 94104-4428

Connecticut.
Securities and Business Investment Division
Connecticut Department of Banking
260 Constitution Plaza
Hartford, CT 06103

Delaware
Mr Richard H (Rick) Bell, President
Harvard Business Services, Inc.
25 Greystone Manor
Lewes, Delaware, 19958-9776

Florida
Department of Agriculture & Consumer Services
Division of Consumer Services
P O Box 6700
Tallahassee, FL 32314-6700

Hawaii
Business Registration Division
Department of Commerce and Consumer Affairs
1010 Richards Street
Honolulu, HI 96813

Illinois
Illinois Attorney General
Office of Attorney General
500 S Second
Springfield, IL 92796

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Iowa
Director of Regulated Industries Unit
Iowa Securities Bureau
340 Maple
Des Moines, IA 50319-0066

Maryland:
Maryland Securities Commissioner
200 St Paul Place, 20th Floor
Baltimore, MD 21202-2020

Michigan
Franchise Administrator
Michigan Department of Attorney General
670 Law Building
Lansing, MI 48913

Minnesota
Minnesota Commissioner of Commerce
133 East Seventh Street
St. Paul, MN 55101

Nebraska:
Department of Banking & Finance
1200 N Street, Suite 311
P.O Box 95006
Lincoln, NE 68509

New York
New York Secretary of State
41 State Street
Albany, NY

North Dakota
Franchise Examiner
Office of Securities Commissioner
600 East Boulevard, Fifth Floor
Bismarck, ND 58

Oregon·
Director
Department of Consumer and Business Services
Corporate Securities Section
Labor and Industries Building
Salem, OR 97310

Rhode Island.
Chief Securities Examiner
Division of Securities
233 Richmond Street, Suite 232
Providence, RI 02903

South Dakota
Franchise Administrator
Division of Securities
118 West Capitol
Pierre, SD 57501

Texas
Secretary of State
P O Box 12887
Austin, TX 78711

Virginia
Clerk
State Corporation Commission
1300 E Main Street, 1st Floor
Richmond, VA 23219

Washington·
Director
Department of Financial Institutions
Securities Division
PO Box 9033
Olympia, WA 98507-9033

Wisconsin
Franchise Administrator
Division of Securities
Department of Financial Institutions
PO Box 1768
Madison, WI 53701

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Attachment G – State Agencies

The State agencies involved with franchising are as follows.

California·
Commissioner of Business Oversight
One Sansome Street, Suite 600
San Francisco, CA 94104-4428

Connecticut
Securities and Business Investment Division
Connecticut Department of Banking
260 Constitution Plaza
Hartford, CT 06103-1800

Florida·
Department of Agriculture & Consumer Services
Division of Consumer Services
P O Box 6700
Tallahassee, FL 32314-6700

Hawaii.
Business Registration Division
Department of Commerce and Consumer Affairs
P.O. Box 40
Honolulu, HI 96810

Illinois
Illinois Attorney General
Office of Attorney General
500 S Second
Springfield, IL 92796

Indiana
Franchise Section
Secretary of State
302 West Washington Street
Indianapolis, IN 46204

Iowa
Director of Regulated Industries Unit
Iowa Securities Bureau
340 East Maple
Des Moines, IA 50319-0066

Maryland.
Office of the Attorney General
Securities Division
200 St Paul Place, 20th Floor
Baltimore, MD 21202-2020

Michigan
Franchise Administrator
Michigan Department of Attorney General
670 Law Building
Lansing, MI 48913

Minnesota
Franchise Examiner
Minnesota Department of Commerce
133 East Seventh Street
St. Paul, MN 55101

Nebraska
Department of Banking and Finance
1200 N Street, Suite 311
PO Box 95006
Lincoln, NE 68509

New York
Bureau of Investor Protection and Securities
New York State Department of Law
120 Broadway, 23rd Floor
New York, NY 10271

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North Dakota
Franchise Examiner
Office of Securities Commissioner
600 East Boulevard, Fifth Floor
Bismarck, ND 58505

Oregon.
Director
Department of Consumer and Business Services
Corporate Securities Section
Labor and Industries Building
Salem, OR 97310

Rhode Island·
Chief Securities Examiner
Division of Securities
233 Richmond Street, Suite 232
Providence, RI 02903

South Dakota
Franchise Administrator
Division of Securities
118 West Capitol
Pierre, SD 57501

Texas.
Statutory Document Section
PO Box 12887
Austin, TX 78711

Utah:
Division of Consumer Protection
Utah Department of Commerce
160 East Three Hundred South
PO Box 45804
Salt Lake City UT 84145-0804

Virginia:
State Corporations Commission
Division of Securities and Retail Franchising
1300 E Main Street, 9th Floor
Richmond, VA 23219

Washington
Director
Department of Financial Institutions
Securities Division

PO Box 9033
Olympia, WA 98507-9033

Wisconsin
Franchise Administrator
Division of Securities
Department of Financial Institutions
PO Box 1768
Madison, WI 53701

The Address of the United States Federal Trade Commission is.
Federal Trade Commission
Washington, D C 20580

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Attachment H – State Law Addendum

Addendum for State-Specific Requirements

GENERAL

These states have statutes which may supersede the franchise agreement in your relationship with Us including the areas of termination and renewal of your franchise ARKANSAS [Stat Section 70-807], CALIFORNIA [Bus & Prof Code Sections 20000-20043], CONNECTICUT [Gen Stat Section 42-133e *et seq*], DELAWARE [Code, Tit 6, Chap 25, Section 2551 et seq], HAWAII [Rev Stat Section 482E-1], ILLINOIS [ILCS 705/1-44], INDIANA [Stat Section 23-2-2 7], IOWA [Code Sections 523H 1 – 523H 17], MICHIGAN [Stat Section 19 854(27)], MINNESOTA [Stat Section 80C 14], MISSISSIPPI [Code Section 75-24-51], MISSOURI [Stat Section 407 400], NEBRASKA [Rev Stat Section 87-401], NEW JERSEY [Stat Section 56 10-1], SOUTH DAKOTA [Codified Laws Section 37-5A-51], VIRGINIA [Code 13 1-557-574-13 1-564], WASHINGTON [Code Section 19 100 180], WISCONSIN [Stat Section 135 03] These and other states may have court decisions that may supersede the franchise agreement in your relationship with Us including the areas of termination and renewal of your franchise

Some states have statutes that limit Our ability to restrict your activity after the franchise agreement has ended Other states have court decisions limiting Our ability to restrict your activity after the franchise agreement has ended

A provision in the franchise agreement that terminates the franchise upon your bankruptcy may not be enforceable under Title 11, United States Code

CALIFORNIA ADDENDUM
(APPLIES ONLY TO CALIFORNIA FRANCHISEES)

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

SECTION 31125 OF THE CALIFORNIA CORPORATIONS CODE REQUIRES US TO GIVE YOU A DISCLOSURE DOCUMENT APPROVED BY THE COMMISSIONER, BEFORE WE ASK YOU TO CONSIDER A MATERIAL MODIFICATION OF YOUR FRANCHISE AGREEMENT THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE FRANCHISE DISCLOSURE DOCUMENT

Neither We nor any person identified in Item 2 is subject to any currently effective order

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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 the persons from membership in that association or exchange

YOU MUST SIGN A GENERAL RELEASE OF CLAIMS IF YOU TRANSFER YOUR FRANCHISE CALIFORNIA CORPORATIONS CODE §31512 VOIDS A WAIVER BY THE PERSON ACQUIRING A FRANCHISE OF CERTAIN RIGHTS UNDER THE FRANCHISE INVESTMENT LAW (CALIFORNIA CORPORATIONS CODE §§31000 THROUGH 31516) BUSINESS AND PROFESSIONS CODE §20010 VOIDS A WAIVER OF CERTAIN RIGHTS UNDER THE FRANCHISE RELATIONS ACT (BUSINESS AND PROFESSIONS CODE §§20000 THROUGH 20043)

Item 17 Additional Paragraph(s) required The paragraph (s) required by this provision may be included in Item 17 or in a preface, exhibit, or appendix, which is part of the offering circular If the paragraph(s) are in a preface, exhibit, or appendix, a reference to preface, exhibit, or appendix shall be prominently set for in Item 17

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 termination of the franchise This provision may not be enforceable under California law

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

The franchise agreement requires binding arbitration The arbitration will occur at Queens, New York, USA, with the costs of arbitration being borne equally by the parties Each party will bear its own expenses, including attorney's fees Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040 5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California

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

The Antitrust Law Section of the Office of the California Attorney General views maximum price agreements as per se violations of the Cartwright Act As long as this represents the law of the State of California, We will not interpret the Franchise Agreement as permitting or requiring maximum price limits

If your Licensed Business will be in California, You will not pay your Initial Fee to Us until your business is open and we have completed all of Our material pre-opening obligations to you Item 5 of the Franchise Disclosure Document and Article 2 of the Franchise Agreement are amended accordingly Please review Item 11 for our pre-opening obligations You must have your bank verify that you have sufficient funds

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available at the time We sign the Agreement The only condition on your obligation to pay the Initial Fee is that We must complete all of Our material pre-opening obligations to you

OUR WEBSITE (www readingtown com) HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT ANY COMPLAINTS CONCENERING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT AT www dbo ca gov

HAWAII ADDENDUM
(APPLIES ONLY TO HAWAII FRANCHISEES)

If your Licensed Business will be in Hawaii, You will not pay your Initial Fee to Us until your business is open and we have completed all of Our material pre-opening obligations to you Item 5 of the Franchise Disclosure Document and Article 2 of the Franchise Agreement are amended accordingly Please review Item 11 for our pre-opening obligations You must have your bank verify that you have sufficient funds available at the time We sign the Agreement The only condition on your obligation to pay the Initial Fee is that We must complete all of Our material pre-opening obligations to you

ILLINOIS ADDENDUM
(APPLIES ONLY TO ILLINOIS FRANCHISEES)

The receipt and the Franchise Agreement are both amended to provide that We must provide the Franchise Disclosure Document to You at least fourteen calendar days before You sign any binding contract or give us any money

The Illinois Franchise Disclosure Act, Section 4, prohibits any agreement that specifies jurisdiction or venue of any lawsuit in a place outside of the state of Illinois The Act does permit agreements to require you to arbitrate outside the state of Illinois The Act prohibits choice of law provisions that would require the application of any laws except the laws of the state of Illinois (Section 41) You cannot waive any of your rights given to you by the Illinois Franchise Disclosure Act (Section 41) You may have other rights under the Illinois Franchise Disclosure Act or other laws of the state of Illinois To the extent that the Franchise Agreement is inconsistent with Illinois law, the inconsistent terms of the Franchise Agreement will not be enforced and the terms of the applicable Illinois law shall apply

INDIANA ADDENDUM
(APPLIES ONLY TO INDIANA FRANCHISEES)

Indiana law prohibits requiring you to prospectively agree to a release or waiver which purports to relieve any person from liability imposed by the Indiana Franchise Practices Act (IC 23-2-2 7(5)) The Franchise Agreement shall be deemed amended to the extent necessary to comply with IC 23-2-2 7(5)

Indiana law limits the parties agreement to resolve disputes in any jurisdiction outside of Indiana (IC 23-2-2 7(10) Subject to the Federal Arbitration Act, the Franchise

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Agreement shall be deemed amended and the forum for any court proceedings shall be in Indiana

MARYLAND ADDENDUM
(APPLIES ONLY TO MARYLAND FRANCHISEES)

The Maryland Franchise Registration and Disclosure Law, COMAR 02 02 08 16L, provides that, as a condition of the sale of a franchise, We may not require you to agree to a release, assignment, novation, waiver, or estoppel that would relieve a person from liability under the Franchise Registration and Disclosure Law Item 17 of the Franchise Disclosure Document is amended by adding any general release required as a condition of sale and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law

The Franchise Agreement and Franchise Disclosure Document shall be deemed amended so that no release, assignment, novation, waiver or estoppel is required if it would violate the Maryland Franchise Registration and Disclosure Law Nothing in the franchise agreement, including any acknowledgments or representations, shall be deemed a release or waiver of any right or obligation under the Maryland Franchise Registration and Disclosure Law

Item 17 of the Franchise Disclosure Document is amended by adding the following The provision in the Franchise Agreement that provides for termination upon bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U S C Section 101, et seq)

If you are a resident of Maryland or your Licensed Business will be in Maryland, You will not pay your Initial Fee or any other money to Us until your business is open and we have completed all of Our material pre-opening obligations to you Item 5 of the Franchise Disclosure Document and Article 2 of the Franchise Agreement are amended accordingly Please review Item 11 for our pre-opening obligations You must have your bank verify that you have sufficient funds available at the time We sign the Agreement The only condition on your obligation to pay the Initial Fee is that We must complete all of Our material pre-opening obligations to you

Item 17 of the Franchise Disclosure Document and Article 19 of the Franchise Agreement are amended by adding any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise

Article 19 of the Franchise Agreement is amended to provide as follows Any lawsuit permitted under this Article shall be brought in the federal or state courts located in the State of Maryland Item 17 is hereby amended by adding the identical language in the "summary" column of line v

MINNESOTA ADDENDUM
(APPLIES ONLY TO MINNESOTA FRANCHISEES)

Minn Stat §80C 21 and Minn Rule 2860 4400J prohibit us from requiring litigation to be conducted outside Minnesota In addition, nothing in the Franchise Disclosure Document or agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction

With respect to franchises governed by Minnesota law, the franchisor will comply with Minn Stat §80C 214, Subds 3, 4, and 5 which require, except in certain specified cases, that We give you 90 days notice of termination (with 60 days to cure) and 180 days notice of non-renewal of the franchise agreement

We will protect your right to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name, to the extent required by Minn Stat §80C 12, Subd 1(g)

To the extent governed by Minn Rule 2860 4400J, you shall not be deemed to have waived any rights under Minnesota law You shall not be deemed to have consented to Us obtaining injunctive relief, although We may seek injunctive relief A Court or the arbitrators shall determine whether to require a bond as a condition of injunctive relief

If your Licensed Business will be in Minnesota, You will not pay your Initial Fee to Us until your business is open and we have completed all of Our material pre-opening obligations to you Item 5 of the Franchise Disclosure Document and Article 2 of the Franchise Agreement are amended accordingly Please review Item 11 for our pre-opening obligations You must have your bank verify that you have sufficient funds available at the time We sign the Agreement The only condition on your obligation to pay the Initial Fee is that We must complete all of Our material pre-opening obligations to you

NEW YORK ADDENDUM
(APPLIES ONLY TO NEW YORK FRANCHISEES)

Item 3 is amended to read as follows

Neither We nor any person identified in Item 2 above have any administrative, criminal or material civil action (or a significant number of civil actions irrespective of materiality) pending against us alleging a violation of any franchise law, antitrust or securities law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property or comparable allegations

Neither We nor any person identified in Item 2 above have been convicted of a felony or pleaded *nolo contendere* to any felony charge or during the 10 year period immediately preceding the date of this Franchise Disclosure Document, been convicted of or pleaded *nolo contendere* to a misdemeanor charge been held liable in any other civil action by final judgment or been the subject of any other material complaint or other legal proceeding where such felony, misdemeanor civil action, complaint or other legal proceeding involved violation of any franchise law, antifraud or securities law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices,

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misappropriation of property or comparable allegations Neither We nor any person identified in Item 2 above is subject to any currently effective injunctive or restrictive order or decree relating to the franchise or under any federal, state or Canadian franchise, securities, antitrust, trade regulation or trade practice law as a result of 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 by 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

Item 4 is amended to read as follows

During the 10 year period immediately preceding the date of the Franchise Disclosure Document neither We nor any predecessor, affiliate, current officer or general partner of Us has been the subject of a bankruptcy proceeding, been adjudged bankrupt or reorganized due to insolvency or been a principal officer of a company or a general partner of a partnership at or within one year of the time that such company or partnership became the subject of a bankruptcy proceeding or was adjudged bankrupt or reorganized due to insolvency or is subject to any such pending bankruptcy or reorganization proceeding

Item 5 is amended by adding the following We will use the Initial Fee for the purposes of covering the costs of selling the franchise and other franchises, for your initial training, for general overhead and for profit

Item 12 is amended by adding the following Although We will consider many factors in determining the boundaries of your Marketing Area, it will contain a population of not less than 25,000 people

Item 17 is amended by changing the caption and preliminary statement to read as follows

> Item 17 RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION
>
> THIS TABLE LISTS CERTAIN IMPORTANT PROVISIONS OF THE FRANCHISE AND RELATED AGREEMENTS PERTAINING TO RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION YOU SHOULD READ THESE PROVISIONS IN THE AGREEMENTS ATTACHED TO THIS FRANCHISE DISCLOSURE DOCUMENT

Item 17 D is amended by adding the following You may terminate the agreement on any grounds available by law

Item 17 J is amended by adding the following We will only assign to an assignee who in Our good faith judgment is willing and able to assume Our obligations

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NORTH DAKOTA ADDENDUM
(APPLIES ONLY TO NORTH DAKOTA FRANCHISEES)

Under North Dakota law, no modification or change We make to the Manual or method of operation may materially affect your status, rights or obligations under the Franchise Agreement

Covenants not to compete are considered unenforceable in the State of North Dakota

Under North Dakota law, a requirement that you consent to liquidated damages or termination penalties in the event of termination of the franchise agreement is considered unenforceable

The North Dakota Franchise Investment Law (Section 51-19-09) requires that the laws of North Dakota, which laws will prevail, will govern the Franchise Agreement Further, North Dakota law requires that all issues or disagreements relating to the Franchise Agreement will be arbitrated, tried, heard and decided within the jurisdiction of courts in the state of North Dakota

Under the North Dakota Franchise Investment Law (Section 51-19-09), a North Dakota franchisee may not be required to execute a general release upon renewal of the Franchise Agreement

RHODE ISLAND ADDENDUM
(APPLIES ONLY TO RHODE ISLAND FRANCHISEES)

Item 17 is amended by adding the following Section 19-28 1-14 of the Rhode Island Franchise Investment Act provides that a provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act

If your Licensed Business will be in Rhode Island, You will not pay your Initial Fee to Us until your business is open and we have completed all of Our material pre-opening obligations to you Item 5 of the Franchise Disclosure Document and Article 2 of the Franchise Agreement are amended accordingly Please review Item 11 for our pre-opening obligations You must have your bank verify that you have sufficient funds available at the time We sign the Agreement The only condition on your obligation to pay the Initial Fee is that We must complete all of Our material pre-opening obligations to you

SOUTH DAKOTA ADDENDUM
(APPLIES ONLY TO SOUTH DAKOTA FRANCHISEES)

Covenants not to compete upon termination or expiration of a franchise agreement are generally unenforceable in South Dakota, except in certain instances as provided by law

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In the event that either party shall make demand for arbitration, such arbitration shall be conducted in a mutually agreed upon site in accordance with Section 11 of the Commercial Arbitration Rules of the American Arbitration Association

The law regarding franchise registration, employment, covenants not to compete, and other matters of local concern will be governed by the laws of the State of South Dakota, but as to contractual and all other matters, this agreement and all provisions of this instrument will be and remain subject to the application, construction, enforcement and interpretation under the governing law of the state where the franchise is located

Any provision of the franchise agreement which requires you to agree to jurisdiction and venue outside of South Dakota is void with respect to any cause of action which is otherwise enforceable in South Dakota

Notwithstanding any term of the franchise agreement, We not terminate the franchise agreement upon default without first affording you thirty (30) days notice with an opportunity to cure the default within that time

To the extent required by South Dakota law, all provisions giving any party a right to liquidated damages are hereby deleted from the franchise agreement and the parties shall be entitled to their actual damages instead

VIRGINIA ADDENDUM
(APPLIES ONLY TO VIRGINIA FRANCHISEES)

Item 17 of the Franchise Disclosure Document is amended by adding the following The provision in the Franchise Agreement that provides for termination upon your bankruptcy may not be enforceable under federal bankruptcy law (11 U S C Section 101, et seq)

WASHINGTON ADDENDUM
(APPLIES ONLY TO WASHINGTON FRANCHISEES)

If any of the provisions in the Franchise Disclosure Document or franchise agreement are inconsistent with the relationship provisions of RCW 19 100 180 or other requirements of the Washington Franchise Investment Protection Act, the provisions of the Act will prevail over the inconsistent provisions of the Franchise Disclosure Document and franchise agreement with regard to any franchise sold in Washington

In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in Washington or in a place as mutually agreed upon at the time of the arbitration, or as determined by the arbitrator

Initial Fees of new Washington franchisees are held in an escrow account until the franchisee's business is open

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The state law addendum, above, if applicable, is a part of the Franchise Agreement and supersedes any inconsistent term(s) of the Franchise Agreement

IN WITNESS WHEREOF, the parties have executed this Agreement on the day and year indicated below

Date signed _____	**Date signed** _____
FRANCHISOR	**FRANCHISEE**
Good Servant, Inc **(d/b/a Reading Town)**	
By _____ CEO	_____ Franchisee
44-07 Little Neck Parkway, **Little Neck, NY 11363**	Address _____ _____
718) 229 - 6400	Phone _____

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Attachment I – Franchise Application

Date _____

APPLICATION FOR A READING TOWN FRNACHISE (US)
TERRITORY A

I/We _____

of _____
hereby submit an application to **Good Servant**, Inc (d/b/a Reading Town), 44-07 Little Neck Parkway, Little Neck, NY 11363 for a **Reading Town** Franchise

Our **Reading Town** Franchise is to be located in

_____, in the state of_____(the "State")
This application once submitted is subject to the following terms and conditions

1 Initial Franchise Fee for this franchise is **$35,000 00** payable in certified check as follows

a **Five Thousand Dollars ($5,000)** deposit (non refundable, except as set forth in Paragraph 2 below) Payable to Reading Town upon submitting this Application

b **Twenty Thousand Dollars ($30,000)** is due and payable to **Reading Town** within seven (7) days of notification that my/our application has been approved At such time, I/we will execute the **Reading Town** Franchise Agreement and appropriate Exhibits

2 If my/our Application is disapproved by **Reading Town**, the $5000 deposit will be immediately refunded

3 I/we acknowledge that I/we have, at least fourteen calendar days, prior to the signing of this Application Agreement, received **Reading Town**'s current form of Franchise Disclosure Document applicable to the State I/we understand that a completed form of the Franchise Agreement will be provided at least five business days prior to signing the Franchise Agreement, and that all other terms are to be in accordance with it

4 I/we have submitted a completed Confidential Qualification Report, including a completed Individual Financial Statement on **Reading Town**'s form and I/we hereby authorize **Reading Town** to conduct an investigation of my/our background(s) to verify the information submitted

5 I/we acknowledge and understand that submission of this application does not bind or obligate **Reading Town**, Inc to issue a **Reading Town** Franchise to me/us

_____	_____
(Signature)	**(Signature)**
_____	_____
Applicant (Print Name)	**Applicant (Print Name)**

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Date _____

APPLICATION FOR READING TOWN FRANCHISE (US)
TERRITORY B

I/We _____

of _____
hereby submit an application to **Good Servant** , Inc (d/b/a Reading Town), 44-07 Little Neck Parkway, Little Neck, NY 11363 for a **Reading Town** Franchise

Our **Reading Town** Franchise is to be located in

_____, in the state of_____(the "State")
This application once submitted is subject to the following terms and conditions

1 Initial Franchise Fee for this franchise is **$25,000 00** payable in certified check as follows

a **Five Thousand Dollars** (**$5,000**) deposit (non refundable, except as set forth in Paragraph 2 below) Payable to Reading Town upon submitting this Application

b **Twenty Thousand Dollars** (**$20,000**) is due and payable to **Reading Town** within seven (7) days of notification that my/our application has been approved At such time, I/we will execute the **Reading Town** Franchise Agreement and appropriate Exhibits

2 If my/our Application is disapproved by **Reading Town**, the $5000 deposit will be immediately refunded

3 I/we acknowledge that I/we have, at least fourteen calendar days, prior to the signing of this Application Agreement, received **Reading Town**'s current form of Franchise Disclosure Document applicable to the State I/we understand that a completed form of the Franchise Agreement will be provided at least five business days prior to signing the Franchise Agreement, and that all other terms are to be in accordance with it

4 I/we have submitted a completed Confidential Qualification Report, including a completed Individual Financial Statement on **Reading Town**'s form and I/we hereby authorize **Reading Town** to conduct an investigation of my/our background(s) to verify the information submitted

5 I/we acknowledge and understand that submission of this application does not bind or obligate **Reading Town**, Inc to issue a **Reading Town** Franchise to me/us

_____	_____
(Signature)	**(Signature)**
_____	_____
Applicant (Print Name)	**Applicant (Print Name)**

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[RETAIN THIS COPY FOR YOUR RECORDS]

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

If Reading Town, at 44-07 Little Neck Parkway, Little Neck, NY 11363 (phone 718-229-6400) offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale or soon if required by applicable state law

If Reading Town does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, C C 20580 and Department of Business Oversight, One Sansome Street, Suite 600, San Francisco, CA 94104-4428

Franchise seller Mr Soon Phil Song, 1222 S Idaho St Suite A La Habra, CA 90631 (phone 714-900-0856)

This Franchise Disclosure Document was issued on December 20th, 2016

I have received a Franchise Disclosure Document, dated_____ that included the following Attachments

A	**Financial Statements**
B	**Franchise Agreement**
C	**List of Current and Former Franchisees**
D.	**Operation Manual for Administration Table of Contents**
E	**Operation Manual for Instruction Table of Contents**
F	**Our Agents for Service of Process**
G	**State Agencies**
H	**State Law Addendum**
I	**Franchise Application**

Issue Date December 20th, 2016

_____
Signature

_____
Printed Name

_____
Address

_____
City **State** **Zip**

RECEIPT

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[RETURN THIS COPY TO US]

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

If Reading Town, at 44-07 Little Neck Parkway, Little Neck, NY 11363 (phone 718-229-6400) offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale or soon if required by applicable state law

If Reading Town does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, C C 20580 and Department of Business Oversight, One Sansome Street, Suite 600, San Francisco, CA 94104-4428

Franchise seller Mr Soon Phil Song, 1222 S Idaho Street, Suite A, La Habra, California 90631 (Phone 714-900-0856)

This Franchise Disclosure Document was issued on December 20th, 2016

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A.	**Financial Statements**
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D	**Operation Manual for Administration Table of Contents**
E	**Operation Manual for Instruction Table of Contents**
F.	**Our Agents for Service of Process**
G	**State Agencies**
H.	**State Law Addendum**
I	**Franchise Application**

Issue Date **December 20th, 2016**

_____
Signature

_____
Printed Name

_____
Address

_____
City **State** **Zip**

RECEIPT

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Attachment J - License Agreement for the Principal Trademark

The License Agreement for trademark for Reading Town

1 **Parties** Dr Soonho Song, 116 The Crescent Roslyn Heights, NY 11577 (hereinafter 'Licensor') who is the principal register of 'Reading Town' shall give Good Servant Inc , 44-07 Little Neck Parkway, Little Neck, NY 11363, (hereinafter 'Licensee') the exclusive right to use the mark of Reading Town

2 **Purpose of this license agreement** Licensor shall give the Licensee the exclusive right to use the mark as described in this agreement

3 **Principal Mark** Details of principal mark of Reading Town (hereinafter 'mark')are as described below

Mark "READING TOWN"
Serial Number 77574029
Registration Number 3618918
Principal Register Soonho Song
Registration Date 5/12/2009
Renewed On 12/23/2016

4 **Duration** This license will be valid for ten (10) years from January 1st, 2010 to December 31st, 2019

5 **Renewal** If both parties agree, this license shall be renewed for every ten years The renewal agreement shall be made at least two (2) months before the expiration date

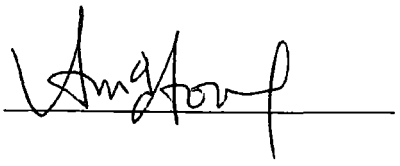
6 **Fee** Licensor shall not collect any fee from the licensee

7 **Responsibility** Licensor shall not set any limitation for Licensee to use 'mark' except that the Licensee cannot modify the design of 'mark Licensor have to renew the registration of 'mark' to USPTO and keep it registered to USPTO during this agreement Franchisees of the Licensee shall receive the temporary permit to use 'mark' during the valid franchisee agreement period with the Licensee

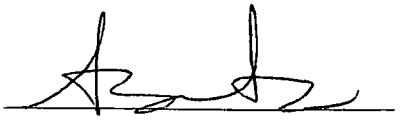
Both parties duly agree to comply all terms specified above by signing below

Date December 20th, 2009

Licensor Dr Soonho Song,
the principal register of 'mark'



Licensee Mrs Seonyong Song,
the vice president of Good Servant Inc



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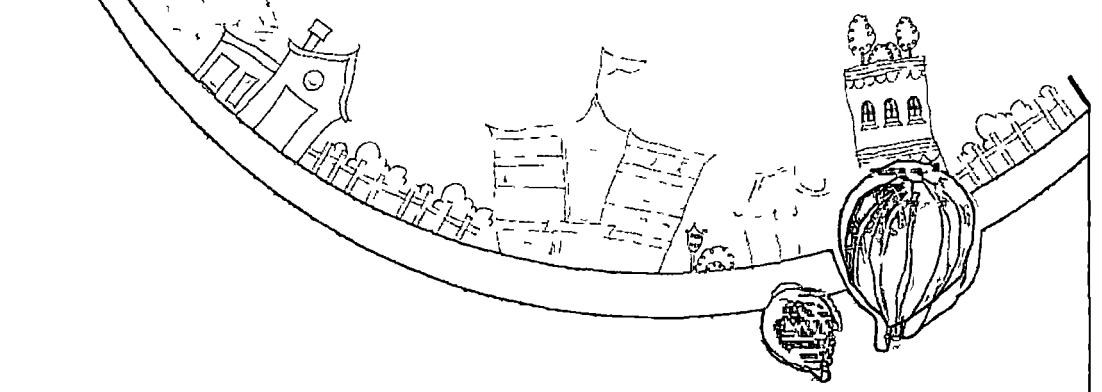
ReadingTown

Good Servant, Inc
(d/b/a/ Reading Town)
44-07 Little Neck Pkwy, Little Neck, NY 11363
Tel 718-229-6400

www.readingtown.com

Franchise Agreement



ReadingTown

Good Servant, Inc.
D/B/A
Reading Town
"Read, Think, and Present"

Franchise Agreement

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Franchise Agreement No _____

DATED _____("Effective Date")

BETWEEN Good Servant, Inc (d/b/a Reading Town) ("Franchisor")

AND _____("Franchisee")

RECITALS

WHEREAS To simplify this Franchise Agreement, "We" or "we" means Good Servant, Inc, (d/b/a/ Reading Town), the franchisor Sometimes "Our", "our", "Us", or "us" refers to Good Servant, Inc (d/b/a/ Reading Town), when appropriate "You" or "you" means the person who buys the franchise If you are a legal entity, "you" includes all owners of any equity interest in the entity "Licensed Business" means the business you will operate under the Franchise Agreement, offering tutoring and learning center services operating under our Marks and following our System

WHEREAS Franchisor (hereinafter "Reading Town") has developed a unique system for identifying, operating and marketing businesses offering of tutoring and learning center related services under the Marks and using the System of Reading Town (hereinafter the "System"),

WHEREAS Franchisor owns the trade name "Reading Town" and related logos and marks and trade dress as more fully described in this Agreement (hereinafter the "Marks"),

WHEREAS, as between Franchisor and Franchisee, Franchisor is the sole and exclusive owner of all goodwill associated with and to become associated with the Marks, the value of which Franchisee acknowledges,

WHEREAS Franchisee recognizes the advantages and value of the System and Marks and desires to obtain a license for a "Reading Town" business (hereinafter the "Licensed Business"),

WHEREAS Franchisee recognizes the necessity and value of maintaining high standards and uniformity of appearance, image, products, services and customer relations in

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conformity with the System as Franchisor may reasonably modify it from time to time,

WHEREAS Franchisee is aware of the risks, business and otherwise, associated with owning an Reading Town Licensed Business and has independently evaluated those risks without relying upon any representations from Franchisor or Franchisor's agents regarding revenues, profits or probability of success, excepting only those representations and accompanying cautions contained in Franchisor's Franchise Disclosure Document—revenues, profits or probability of success being affected primarily by factors beyond Franchisor's control, including Franchisee's skill, personality, diligence and dedication and general regional or local economic or demographic conditions, and

WHEREAS, Franchisor, in reliance upon Franchisee's representations, is willing to provide certain training and other services and to grant a license, but only on the terms of this Agreement, which terms Franchisee understands and accepts and both parties acknowledge to be reasonable and material,

NOW THEREFORE, for and in consideration of the mutual covenants herein set forth, and other good and valuable consideration, the receipt and sufficiency of which each party hereby acknowledges, and each party fully intending to be legally bound hereby, Franchisor and Franchisee mutually agree as follows

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Article 1 - License and System

- **1 01 Grant of License**

1 01 01 Subject to the terms and conditions of this Agreement, Reading Town grants to Franchisee a non-exclusive license to operate one (1) center using the System and Marks for a period of three (3) years from and after the Effective Date of this Agreement, said center to be located only at the location specified in Exhibit A hereto, or at such other location within the Territory as Reading Town may approve in writing Franchisee, based upon Franchisee's own research and knowledge, shall select a location within 180 days after signing this Agreement and that location shall be accurately stated in Exhibit A Notwithstanding anything herein to the contrary, if the Licensed Business is to be located upon real property subject to a master lease under which Reading Town or a related company is the primary lessee, this Agreement shall terminate without further notice upon the earlier termination or expiration of the current term of any applicable master lease for the Premises Reading Town is under no obligation to extend or exercise any option to extend any master lease If a master lease is involved, a copy of the master lease is attached as Exhibit H to this Agreement If there is no master lease, this Agreement shall terminate upon expiration or termination of Franchisee's lease (a) upon Franchisee's written election, or (b) upon Reading Town's election if Franchisee does not obtain an acceptable lease at an approved location at least (90) days before expiration of Franchisee's lease Franchisee shall not move Franchisee's Premises without Reading Town's prior written approval Subject to Franchisee complying with applicable laws and ordinances and to written approval of Reading Town, Franchisee may operate the Licensed Business, in whole or in part, from Franchisee's residence, provided Franchisee's residence is within Franchisee's Territory

- **1 02 Location and Territory**

1 02 01 Except as specifically permitted by this Agreement, Franchisee's Reading Town center shall be the only Reading Town center to operate within the geographical territory described in Exhibit B hereto (the "Territory") Reading Town will not locate or open a competitive Reading Town center in the Territory, either company-owned or franchised, during the term of this Agreement, so long as Franchisee is not in breach of this Agreement However, there shall be no geographic restrictions upon where customers may come from for any Reading Town center, company-owned or franchised Franchisee shall not distribute or publish advertising or otherwise market outside Franchisee's territory except in compliance with this Agreement and the Manual

1 02 02 Exclusions from Territory The following, and any substantially similar locations, shall be excluded from Franchisee's Reading Town Territory Home shows, trade fairs, exhibitions and online sales of related industry program As to such excluded locations, Reading Town shall have the right, directly or indirectly, to sell and distribute goods and services, including those normally offered by Franchisee and using the Marks, without compensation to Franchisee or any other franchisee(s) Reading Town may, directly, indirectly, or through a franchisee or licensee offer services and products under the same or a different trade name or trademark, including within Franchisee's

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Territory through alternative distribution methods, including through catalogs, mail order, independent retail outlets, and through electronic media, including television, radio, the "Internet" and through other new or emerging commercial technological media Reading Town shall have no obligation to share any revenues from alternative distribution activities with Franchisee Without limiting the foregoing, Franchisee shall not, without Reading Town's prior written approval, which approval may be withheld for any reason whatsoever, use the Marks or any part of the Marks or anything similar to the Marks as part of a domain name or in any other manner in connection with any commerce on the Internet or similar media Franchisee shall not use the Marks in or market through alternative distribution methods without Reading Town's prior written approval, which approval may be withheld for any reason whatsoever

1 02 03 Modifications of Territory The parties agree that the estimated population of the Territory contained in Exhibit B is a reasonable estimate of the population of the Territory based upon available governmental data In the event the population of the Territory increases by fifty percent (50%) or more from the estimated population contained in Exhibit B, based upon reliable governmental data (United States Bureau of the Census or successor if in the United States), Reading Town shall have the option of dividing Franchisee's Territory and creating a new Territory, which may include portion(s) of the territories of other franchisees If, at the time Reading Town exercises the option to modify Franchisee's Territory, Franchisee is in full compliance with all of the terms of this Agreement and has had no notices of default within the prior twelve calendar months, then Franchisee shall have a sixty (60) day first right of refusal to license and operate another Reading Town center in the newly created territory If Reading Town's modification of Territory boundaries reduces the size of more than one franchisee's Territory, the franchisees shall receive rights of refusal in the order of the percent(s) of population severed from their respective territories as determined by Reading Town If the territories of two or more franchisees are reduced by substantially equal percentages of population, the franchisees will receive rights of refusal in the order in which they executed their original franchise agreements for the affected territories

- **1.03 Licensed Business**

1 03 01 The term "Licensed Business" means a business in which the Franchisee engages in the business of tutoring and learning center related services under the Marks and using the System of Reading Town Reading Town shall have the right to add or delete or change program and service offerings at any time and Franchisee agrees to comply with such changes

- **1 04 Licensed Program**

1 04 01 The term "Licensed Program" means the curricula which the Franchisee is allowed to use for the initial franchisee fee as specified in 2 01 in the business of tutoring and learning center related services under the Marks and using the System of Reading Town Standard Package Program listed in Exhibit C is The "Licensed Program " Franchisee can add more programs by paying additional fee, Five Thousand Dollars ($5,000) per each center to Reading Town from Elective Program in Exhibit C

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- **1.05 System And Marks**

1 5 1 Franchisee agrees to operate the Licensed Business only according to the System and only under the Marks pursuant to the Manual Franchisee acknowledges that Reading Town owns all rights to the System and the Marks and Franchisee has only such rights as this Agreement grants For purposes of this Agreement, the "System" includes the rights and obligations set forth in this Agreement, the Operation Manual furnished to the Franchisee as amended from time to time, Reading Town's name, training, formulas, methods of operation, reputation, advertising, system and similar benefits pursuant to which the Franchisee operates the Licensed Business Reading Town's unique trade dress is part of the Marks

1 5 2 Unless otherwise first approved by Reading Town in writing or unless otherwise required by applicable law, Franchisee agrees to do business only under the name "Reading Town " Franchisee shall not use the Marks in any manner not specifically approved by Reading Town, including, without limitation, as part of any domain name or other address on any portion of the Internet or any new medium, including as part of any meta tag(s) or similar use

1 5 3 Franchisee shall immediately notify Reading Town, in writing, if Franchisee learns of any attempt by any person to infringe the Marks or to wrongfully appropriate the System or any part of it Reading Town may, in its sole discretion, take whatever action it deems appropriate to protect or defend the Marks or System but is not obligated to take any action whatsoever Franchisee agrees to fully cooperate with Reading Town in any action anticipated by or taken by or on behalf of Reading Town Franchisee understands that it may become necessary, in Reading Town's sole discretion, to change, totally or in part, the Marks, as a result of litigation or otherwise In that event, Franchisee agrees to immediately adopt the new or revised Marks, and Reading Town's maximum liability, including for any purported goodwill, shall be to reimburse Franchisee the actual out-of-pocket costs of changing the principal signs identifying the Premises

1 5 4 Reading Town may change the System or any part of the System at any time, and as changed it shall remain the System pursuant to this Agreement Reading Town shall own any improvements or changes in the System whether developed by Reading Town, by Franchisee or by other franchisee(s) and shall have the right to adopt and perfect such improvements or changes without compensation to Franchisee or other franchisees If Reading Town modifies the System, Franchisee shall, at Franchisee's own expense except to the extent specifically provided in this Agreement, adopt and use such modification(s) as if it were part of the System at the time of execution of this Agreement

1 5 5 Franchisee agrees to operate no other business whatsoever in or about the Premises of the Licensed Business or otherwise in connection with the System or Marks without first obtaining Reading Town's written approval, provided that, Franchisee may provide any service(s) or product(s) permitted according to the Manual Franchisee acknowledges that Reading Town owns, in connection with the Marks, all goodwill associated with or to become associated with the telephone numbers and telephone

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listings and agrees to execute an Assignment of Telephone Numbers in the form of Exhibit F, attached

- **1 06 Manual**

Reading Town agrees to loan to Franchisee during the term of this Agreement one or more operation manuals (the "Manual"), together with such updates and modifications as Reading Town may from time to time provide to Franchisee Reading Town may make any changes or modifications in the Manual as in Reading Town's sole judgment are desirable Franchisee agrees that if there should, at any time, be a discrepancy between the terms of Franchisee's copy of the Manual and the master copy maintained in Reading Town's offices, the terms of the master copy shall prevail Franchisee agrees, at all times, to conform to the Manual in all respects including to obtain any equipment, fixtures, personnel or technology necessary to do so The Manual is and shall at all times remain the property of Reading Town and shall be returned to Reading Town upon expiration, termination or nonrenewal of this Agreement for any reason Franchisee agrees not to make it available to or permit another to make any copies of the Manual or any portion thereof without Reading Town's prior written consent Franchisee acknowledges and agrees that the fair value of the Manual is at least Fifteen Thousand Dollars ($15,000)

Article 2 - Franchise Fees and Advertising

- **2 01 Initial Fee**

The Initial Franchise Fee is $35,000 for territory A and $25,000 for territory B The Initial Fee shall be paid as stated in the Reading Town Application for Franchisee (Attachment I) Exhibit B

A deposit in the amount of $5,000 is payable in certified check payable to Reading Town, upon signing the Reading Town Application for Franchise (Attachment I) The balance of the Initial Fees ($30,000 for territory A, and $20,000 for territory B, respectively) is payable in full, in certified check payable to Reading Town, upon signing the Agreement which will be within seven (7) days after we approve your application

If We disapprove Your application for a franchise for any reason before You sign the Franchise Agreement, We will refund Your deposit in full After We have approved Your Application, We will not refund the Initial Franchise Fee except if, through no fault of You, We determine that You have not successfully completed the initial training If that happens, We will refund one-half of the Initial Fee We will determine whether You have successfully completed the initial training based upon knowledge test results and Our observations of Your ability to use the knowledge which You will obtain from training effectively

If Franchisee acquires an existing Reading Town business from Reading Town in connection with this franchise, Franchisee will pay the fair market going concern value of the assets purchased pursuant to a separate asset purchase and sale agreement to be

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negotiated, in addition to the Initial Fee If the parties are unable to reach an agreement on the purchase and sale of assets within ninety (90) days following the date of this Agreement, either party may terminate this Agreement by giving not less than ten (10) business days notice to the other Termination shall be pursuant to the terms of Articles 17 and 18

- **2.02 Royalties**

Franchisee shall pay to Reading Town a monthly royalty in an amount equal to the greater of eight percent (8%) of Gross Revenues or USD$800 per month, if greater The royalties are payable monthly by Electronic Funds Transfer Funds must be in Franchisee's designated bank account in time so that Reading Town can obtain them on or before close of business on 10th day of the month following the month on which the Royalties are based Reading Town may, upon thirty (30) days prior written notice, require Franchisee to pay Royalties by check, pre-authorized check, or other mechanism or to pay on a different periodic basis If Franchisee owns more than one Reading Town franchise, Franchisee shall report and pay royalties for each franchise independently, unless otherwise directed by Reading Town

- **2.03 National Marketing Fee**

2 3 1 As of now, We have not started national marketing yet National marketing fees will not be collected until national marketing starts National marketing launching date will be determined by sole direction of Reading Town

2 3 2 If the national marketing starts, Franchisee shall pay to Reading Town a monthly National Marketing Fee in the amount equal to the greater of two percent (2%) of Gross Revenues or USD$100 per month, if greater Reading Town may reduce or discontinue the National Marketing Fee at any time and may, thereafter, reinstate it upon a new thirty (30) day Notice Franchisee shall pay the National Marketing Fee at the same time and in the same manner as Royalties If Franchisee owns more than one Reading Town franchise, Franchisee shall report and pay the National Marketing Fee for each franchise independently, unless otherwise directed by Reading Town

2 3 3 Reading Town may, in Reading Town's sole discretion, upon at least sixty(60) days prior written notice, increase the National Marketing Fee up to a maximum of four percent (4%) of Gross Revenues

2 3 4 Reading Town shall maintain all National Marketing Fees collected, net of any taxes Reading Town is required to pay on account of having collected the National Marketing Fees, in one or more bank accounts separate from Reading Town's regular account(s) Franchisee authorizes Reading Town to mingle Franchisee's National Marketing Fees with those paid by other Franchisees Reading Town will provide an unaudited annual accounting to all Franchisees as to the aggregate amount of National Marketing Fees collected and their use and application by general category, which accounting will be prepared within ninety days following the end of Reading

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Town's fiscal year Franchisee acknowledges and agrees that each such accounting is a Trade Secret and shall be treated as such according to this Agreement Except as herein specifically provided, Franchisee waives all compliance with the Uniform Trust Accounting Act and related or similar laws to the broadest extent permitted by law

2 03 05 Reading Town shall use National Marketing Fees collected, net of taxes and governmental fees, for advertising, marketing and promotion for the benefit of Reading Town's System Selection of marketing, advertising and promotion location, scope, content, copy, timing and approach shall be by Reading Town and in Reading Town's sole discretion Reading Town may use some of the funds, in its discretion, for market research, production and administration of the advertising program Reading Town will attempt to benefit all of Reading Town's franchisees through the marketing program over all, however, not every element of the marketing and promotion program will necessarily directly benefit any specific franchisee In making its marketing decisions, Reading Town will consider but not be bound by advice from any advisory committee(s) of franchisees approved by Reading Town

2 03 06 Reading Town shall have no duty to conduct any marketing program and if Reading Town does conduct a program, Reading Town makes no representations or warranties regarding the nature of the marketing to be conducted or about how it will affect Franchisee's revenue

- **2 04 Management Assistance**

In the event Franchisee requests Reading Town to provide extraordinary management or support services at Franchisee's location or in Franchisee's Territory, Franchisee shall pay Reading Town's usual fee for such extraordinary services, which shall be due and payable no later than the second date for payment of royalties following the date of the services All such extraordinary services shall be arranged as provided in the Manual

- **2 05 Gross Revenues**

The term "Gross Revenues" shall mean the full the price of all services including class, registration, and/or consulting by Franchisee from or relating to the Licensed Business, whether or not Franchisee has received cash or other consideration The things not included in Gross Revenues are goods sold to clients by Franchisees, and taxes or fees Franchisee is required to collect on behalf of the government and which Franchisee actually remits Gross Revenues are calculated at the time Franchisee sells the services, without regard to when the Franchisee receives or expects to receive cash or other consideration therefore

- **2 06 Local and Cooperative Marketing**

Franchisee shall spend, on a monthly basis, not less than the greater of (a) three percent (3%) of Gross Revenues or (b) Five Hundred Dollars ($500) on local and cooperative marketing Local and cooperative marketing expenditures shall be in addition to the National Marketing Fees paid pursuant to paragraph 2 03 Reading Town may direct

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Franchisee to deposit some or all of its Local Marketing expenditures into a Local Marketing Cooperative

2 06 01 Local Marketing In addition to complying with any specific marketing requirements of Reading Town, Franchisee shall place and pay for such other marketing as Franchisee deems necessary and appropriate Franchisee shall be responsible to assure that all marketing so placed complies with the Manual and serves to enhance and not detract from or harm the Marks and the goodwill attached and to become attached thereto Franchisee shall promptly send to Reading Town copies of all marketing copy and media used after Franchisee conducts actual marketing In the event Reading Town deems any advertisement or marketing technique to be not in compliance with this paragraph, Franchisee shall, immediately upon receipt of a written notice from Reading Town, cease using the subject advertisement or marketing technique and shall thereafter fully comply with this paragraph If Franchisee violates this paragraph more than two times in any twelve (12) month period, Reading Town may, in addition to all other remedies available pursuant to this Agreement, require Franchisee to obtain prior written approval of copy and marketing technique for all or certain categories of marketing

2 06 02 Regional Marketing Cooperative If there are two or more Reading Town franchisees in a marketing area, as determined by Reading Town, the franchisees shall form a Regional Marketing Cooperative and Franchisee shall participate in said cooperative and shall contribute such sums thereto as may be assessed by a majority vote of the cooperative No Regional Marketing Cooperative shall make assessments, of more than two percent (2%) of Gross Revenues Funds contributed to any local marketing cooperative shall be in addition to the National Marketing Fee paid pursuant to paragraph 2 03 Each Regional Marketing Cooperative shall be organized and operate as specified in the Manual or by the regional manager/academic director

- **2 07 Grand Opening Seminar/Ceremony**

Franchisee shall, within six months after the date that Franchisee is open for business, publicize and conduct a grand opening consistent with Reading Town's guidelines The grand opening shall be appropriate for Franchisee's territory, location, community, competitive environment, and similar factors

- **2.08 Rebates, Discounts and Allowances**

Franchisee authorizes Reading Town to collect all available rebates, discounts, and allowances (RDA) from vendors or others with whom Franchisee does business, provided that, in Reading Town's reasonable business judgment, it is appropriate to collect them Reading Town shall place all collected RDAs in either the National Marketing fund or in a separate account and shall apply all such funds for purposes of subsidizing the cost of franchisee conventions, meetings and incentive programs Franchisee authorizes Reading Town to commingle Franchisee's RDA funds with those received on account of business conducted by other franchisees Reading Town is authorized to pay from the collected RDA funds any taxes and assessments payable on account of having received the funds

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and a reasonable portion of the administrative and marketing costs of securing, managing and disbursing such funds Reading Town will provide an un-audited annual accounting as to the aggregate amount of RDA funds collected and their use and application by general category, which accounting will be prepared within ninety(90) days following the end of Reading Town's fiscal year and will be provided to Franchisee upon written request Franchisee acknowledges and agrees that each such accounting is a Trade Secret and shall be treated as such according to this Agreement Except as herein specifically provided, Franchisee waives all compliance with the Uniform Trust Accounting Act and related or similar laws to the broadest extent permitted by law

Article 3 - Reports and Audits

- **3 01 Records and Reports**

Franchisee shall at all times maintain true and accurate business records in the manner specified by Reading Town Franchisee shall, on a monthly basis, provide Reading Town with such report(s), in the form(s) specified by Reading Town, as Reading Town may require, including but not limited to, reports of Gross Revenues, customer information, the amount of marketing expenditures, detailed records of marketing expenditures, or and/or monthly sales summary within 10th day of the month following the month on which the royalties are based By submitting any reports to Reading Town, Franchisee is certifying that they are true and correct Within ninety (90) days following the end of each calendar year, Franchisee shall provide Reading Town with a copy of Franchisee's balance sheet and an income and expense statement for the year At the time they are filed, Franchisee shall provide Reading Town with copies of Franchisee's federal income tax return(s) and state and local excise tax returns, if applicable, together with all exhibits and schedules thereto and all amendments thereafter Reading Town is authorized to rely upon such reports and financial documents and to disclose them to governmental authorities as and if properly requested Reading Town may use data from the reports and financial documents in composite or statistical form for any purpose in Reading Town's sole discretion Reading Town is authorized to obtain or verify the information and reports described herein by electronic means from Franchisee's computer(s), at any time, without prior notice, at Reading Town's sole election Franchisee shall retain all business records for at least five (5) years or such longer period of time as may be required by applicable law

- **3 02 Failure to Report**

If Franchisee fails, for any reason, to timely deliver to Reading Town any required report with all required information, Reading Town is authorized, without further notice, to assess Royalties and National Marketing Fees for each relevant month and effect an electronic funds or other transfer of such funds calculated as the greater of (a) Franchisee's average monthly Royalties and National Marketing Fees over the prior twelve(12) months or (b) the average monthly Royalties and National Marketing Fees of all similar franchisees within Franchisee's region as defined by Reading Town Franchisee hereby authorizes Franchisee's bank to make such transfers upon Reading

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Town's request No action taken under this sub-paragraph shall constitute a cure of any breach by Franchisee, an election of remedies by Reading Town or act, in any way, to limit Franchisee's liability to pay fees under this Agreement

- **3.03 Audits and Inspections**

Reading Town shall have the right, at any time, to enter the Premises (either physically or electronically) for purposes of auditing the accuracy of reports submitted and to otherwise verify compliance with the terms and conditions of this Agreement Should any audit or inspection reveal that Franchisee has underreported the amount of Gross Revenues by less than 3% for any month, Franchisee shall immediately pay to Reading Town the additional amount of royalties and other fees payable on account of the underreporting, plus interest thereon at the rate of one and a half percent (1 5%) per month, but not more than the maximum interest allowed by applicable law If an audit or inspection reveals that Franchisee has underreported Gross Revenues by three percent (3%) or more for any month, then Franchisee shall also pay to Reading Town the additional amount of royalties and other fees payable on account of the underreporting, plus interest thereon at the rate of two and a half percent (2 5%) per month, immediately, and the cost of the audit or inspection In all other cases, Reading Town shall bear the entire cost of the audit or inspection, including incidental costs Should Franchisee at any time cause an audit to be made of Franchisee's Licensed Business, Franchisee shall cause a copy of the report of said audit to be delivered to Reading Town without any cost or expense to Reading Town

- **3.04 Contact with Others**

Reading Town shall have the right, in Reading Town's sole discretion and without further notice to Franchisee or to any other person or entity, to contact any of Franchisee's customers, landlord, accountant, vendors, or other persons within Franchisee's Territory or otherwise for the purpose of verifying the accuracy of any information submitted by Franchisee, for quality assurance or for any other purpose not inconsistent with this Agreement

Article 4 - Training

- **4 01 Initial Training**

As a condition subsequent to this Agreement, Franchisee and Franchisee's designated manager/academic director or academic director, if applicable, shall successfully complete Reading Town's initial training program The initial training program will be approximately 12 to 20 hours in length and shall be conducted at such location(s) as Reading Town specifies The initial training may be conducted, in whole or in part, in an existing Reading Town Licensed Business owned by Reading Town, an affiliate of Reading Town or another franchisee Franchisee and Franchisee's manager/academic director, if applicable, will be required to execute a consent, waiver and release in the form of Exhibit K before beginning training, relieving Reading Town or other franchisees who might be involved in the training of liability for wages, benefits, and for injury,

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damages or harm that might occur while training in the facilities of Reading Town or another franchisee Franchisee shall be responsible for all salaries, compensation, benefits, and living and travel expenses of trainees After the initial training, Reading Town will be available for such reasonable consultation as Reading Town deems appropriate Reading Town reserves to itself the exclusive right to determine whether Franchisee and other trainees have satisfactorily completed the training program If Franchisee and Franchisee's designated manager/academic director, if applicable, do not satisfactorily complete the initial training program, Reading Town may terminate this Agreement Franchisee acknowledges that such failure to satisfactorily complete the initial training program is grounds for termination of this Agreement without refund of the initial fee

- **4 02 Manager/Academic Director Training**

At all times, Franchisee or Franchisee's manager/academic director in charge of operating the Licensed Business shall be an individual who has successfully completed Reading Town's manager/academic director training program and who otherwise meets Reading Town's manager/academic director criteria Any new manager/academic director shall successfully complete Reading Town's manager/academic director training program within 60 days after assuming the role of manager/academic director Franchisee shall pay $500 per person for training of additional manager/academic directors after the first manager/academic director trained In all cases, Franchisee shall be solely responsible for any salaries, compensation, benefits and living and travel expenses of trainees

- **4 03 Teacher Training**

At all times, Franchisee shall employ only teachers who have successfully completed Reading Town's training program either in person at Reading Town or other Reading Town's franchisees or via video or web training Franchisee shall pay Reading Town's or a third party's usual fee(s) for such mandatory training Franchisee shall, in any event, be solely responsible for all salaries, compensation, benefits, and living and travel expenses of trainees

- **4 04 Subsequent Training**

Reading Town may require Franchisee and Franchisee's manager/academic director and employees to complete additional training at a location determined in Reading Town's sole discretion Franchisee shall pay Reading Town's usual fee(s) for such mandatory training , $500 per person Franchisee shall, in any event, be solely responsible for all salaries, compensation, benefits, and living and travel expenses of trainees

- **4 05 Training Materials**

Reading Town may, from time to time, provide or make available to Franchisee training materials and equipment for providing training for Franchisee's manager/academic director(s) and employees Reading Town may charge a reasonable fee for such materials and equipment Franchisee agrees that all such materials are Trade Secrets pursuant

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to this Agreement Franchisee agrees to require all of its manager/academic directors and employees, as applicable, to successfully complete any such training program(s) if Reading Town designates them as mandatory

- **4.05 No Warranty of Success**

Reading Town's determination that Franchisee or Franchisee's employee(s) have successfully completed any training shall not be a warranty or representation that the person can or will successfully operate the Licensed Business or any aspect thereof

Article 5 - Trade Secrets and Confidentiality

Franchisee will have access during the course of this Agreement to trade secrets that are the property of Reading Town Trade Secrets include, but are not limited to, the System, the Manuals, formulas, methods, customer lists and related information, vendor and pricing lists and policies, the Training, and other programs, techniques and policies as they may be developed by Reading Town from time to time Franchisee acknowledges that the Trade Secrets derive independent economic value from not being generally known to, and not readily ascertainable by proper means by, other persons who could obtain economic value from their disclosure or use Franchisee agrees to not disclose or in any way make available to any unauthorized person(s) any Trade Secret(s) or any information regarding any Trade Secret(s) or any proprietary information made available to Franchisee by Reading Town Franchisee shall hold all such information in complete confidence Franchisee will not disclose any Trade Secrets whatsoever to any person(s) not employed by or under contract with Franchisee Franchisee will disclose Trade Secrets only to those employees and agents of Franchisee with a legitimate need to know, each of whom Franchisee warrants will be subject to this article Franchisee shall cause every manager/academic director and every employee who has access to Trade Secrets to sign a Confidentiality and Nondisclosure Agreement in the form prescribed by Reading Town, the current form of which is Exhibit I hereto Franchisee agrees that Reading Town shall have sole discretion in determining what items or information are Trade Secrets and that any items or information designated Trade Secrets by Reading Town in the Manual or otherwise in writing shall be treated as Trade Secrets under this Agreement whether or not such items or information would be trade secrets under any other applicable legal or other definition(s), including any applicable statutes In addition to all other remedies available to Reading Town, upon proof of violation of this Article by Franchisee, Franchisee agrees that Reading Town shall be entitled to liquidated damages in an amount equal to the greater of (a) the sum of the average monthly Royalty Fees and the average monthly National Marketing Fees paid or payable by Franchisee during the preceding twelve months, multiplied by the number of months, or portion thereof, during which Franchisee was in violation of this Article or (b) one hundred percent(100%) of the gross revenues received or receivable by Franchisee or any transferee of any Trade Secrets during every day, or portion thereof, during which Franchisee was in violation of this Article Franchisee acknowledges and agrees that, in the event of Franchisee's violation of this Article, proof of actual damages would be difficult and that the formula for calculating liquidated damages contained herein is a reasonable estimate of what

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actual damages would be The foregoing formula does not result in a penalty

Article 6 - Pre-Opening Obligations

- **6 01 Premises and Lease**

6 1 1 Franchisee shall be solely responsible for selecting the location for the Licensed Business that complies with the Manual (hereinafter "the Premises") Franchisee, within 180 days after signing this Agreement, should select a location, subject to Reading Town's approval Reading Town will attempt to provide to Franchisee any information in its possession regarding the Premises, proposed Premises and any known alternative Premises within Franchisee's Territory Such information is provided by Reading Town without warranty as to its accuracy or completeness or otherwise Reading Town has no special expertise in such matters Franchisee shall not sign a lease, sub-lease or other obligation until after Franchisee has received Reading Town's approval of the Premises and lease or sub-lease in writing, which approval shall be deemed to have been given if Reading Town has not notified Franchisee within ten (10) business days following Reading Town's receipt from Franchisee of a copy of the proposed lease or sub-lease and such other information about the proposed Premises as Reading Town may require Approval of the Premises or the lease or sub-lease by Reading Town does not constitute a representation or warranty by Reading Town that the Premises will be good and does not constitute a legal or other opinion as to any term of the lease or sub-lease Reading Town may, in Reading Town's discretion, condition approval upon execution of the Lease Conditional Assignment Agreement by Franchisee and Franchisee's landlord in the form of Exhibit E, attached If Franchisee fails to select an approved location within 180 days, Reading Town shall have the option of terminating this Agreement Franchisee acknowledges and agrees that failure to select an approved location within 180 days is cause for Termination of this Agreement Notwithstanding Reading Town's right to terminate for failure to select an approved location within 180 days, Reading Town will reasonably extend the selection period if Franchisee has made best efforts to select a location and for valid reasons has been unsuccessful

6 1 2 If Franchisee requests Reading Town to send a person to Franchisee's Territory to assist in identifying, selecting or negotiating the terms of a lease or purchase of or otherwise in connection with Franchisee's selection of Premises, upon Reading Town's request, Franchisee shall arrange for appropriate transportation, hotels and meals and reasonable expenses not to exceed the current per diem rate for federal employees all at Franchisee's expense Except for the per diem allowance, Franchisee shall pay such expenses directly to the transportation and other providers

6 1 3 In some instances, Reading Town may have already entered into a master lease for the Premises In such event, Franchisee shall execute a sublease or assignment agreement, as appropriate, subject to the same terms and conditions as the master lease The sublease or assignment may provide that Franchisee shall pay rent and other obligations directly to the master landlord

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- **6.02 Specifications**

Franchisee's Licensed Business shall operate only from Premises meeting Reading Town's specifications, including appropriate office, class room, and library space Franchisee understands and agrees that, although all Reading Town offices will follow a consistent theme, the details of their design will differ in many cases, based upon location requirements, landlord requests, and unique features of the community Reading Town will consider Franchisee's requests for features for Franchisee's office, but is not obligated to follow those requests Franchisee shall be obligated to update the design of Franchisee's office at Franchisee's expense not more than once every three years Franchisee may change or update the design of Franchisee's office, subject to Reading Town's prior written approval, at any time, at Franchisee's expense If Reading Town approves any changes in the plans or designs at Franchisee's request (or to comply with governmental codes, rules or ordinances), Reading Town shall own all rights to such plans as modified without further compensation to Franchisee or any other person Franchisee shall sign and obtain signatures of necessary third parties on any documents requested by Reading Town to transfer any and all copyrights or other proprietary interests of any person in and to such modified plans or designs

- **6 03 Appearance of Premises**

Franchisee acknowledges that not every Reading Town office will be required to have identical decor, color schemes and layout Franchisee agrees to accept Reading Town's subjective evaluation as to what would keep the Premises in compliance with Reading Town's standards Franchisee agrees, at Franchisee's sole cost and expense, to maintain the Premises, including, but not limited to equipment, displays, fixtures, and interior and exterior decor in accordance Reading Town's standards throughout the term of this Agreement

- **6 04 Required Material**

Franchisee shall acquire install and use, at Franchisee's sole expense the Required Material The current list of Required Material is contained in Exhibit D Franchisee understands that the specific list of Required Material may be different for Franchisee's Licensed Business than for other franchisees or company-owned offices on account of differences in the Premises, lease terms, demographics or otherwise and that Reading Town shall have the right to modify the list of Required Material in the Manual or otherwise in writing All Required Material shall meet or exceed Reading Town's specifications Franchisee shall purchase the Required Material only from Reading Town or from vendors approved by Reading Town

Article 7 - Operation of Licensed Business

- **7 01 Independent Contractor**

Each party to this Agreement is and shall remain an independent contractor and shall control the manner and means of operation of its respective business and shall exercise

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complete control over and responsibility for all labor relations and the conduct of its agents and employees Neither party shall be considered or held out to be agent(s), joint venturer, partners or employee(s) of the other, except as specifically authorized by this Agreement Neither party shall negotiate or enter into any agreement or incur any liability in the name of or on behalf of the other unless, and to the extent, specifically authorized by this Agreement Franchisee shall prominently display signs at all times in the manner specified by Reading Town, indicating the name of the Franchisee and stating that the Licensed Business is independently owned and operated Franchisee's business forms that bear the Marks shall contain Franchisee's name and a statement that the Licensed Business is independently owned and operated in such form as Reading Town may specify

- **7 02 Personal Participation**

Throughout the term of this Agreement, Franchisee shall either devote Franchisee's full time and effort to actively managing the Licensed Business or delegate its management to a responsible person Notwithstanding any delegation of authority hereunder, Franchisee shall reserve and exercise ultimate authority and responsibility with respect to the operation and management of the Licensed Business If Franchisee employs a manager/academic director to run the day to day operations, the manager/academic director shall be required to attend and successfully complete Reading Town's training program prior to taking over full day-to-day responsibilities, at Franchisee's sole cost and expense (except for Franchisee's first manager/academic director whom Reading Town will train at no additional charge to Franchisee for the training—but Franchisee shall be solely responsible for all travel and living costs of trainees) Franchisee shall devote such time and effort to the Licensed Business as Franchisee determines, but shall reserve and exercise ultimate authority and responsibility with respect to the operation and management of the Licensed Business

- **7 03 Retail Prices**

Reading Town may recommend prices and pricing strategies for services and goods Franchisee is obligated to follow such price recommendations to the extent such obligation is consistent with applicable law

- **7.04 Compliance with Laws**

Franchisee shall be solely responsible, at Franchisee's sole cost and expense, for obtaining and maintaining all necessary or required permits and licenses in order to operate the Licensed Business Franchisee is solely responsible for strictly complying with each and every law, ordinance and regulation applicable to the Licensed Business, including, but not limited to, licensing, health, safety, environmental, consumer and labor regulations Franchisee shall timely pay all applicable taxes as they come due, but may challenge the amount or applicability thereof, provided, that Franchisee hereby agrees to indemnify, hold harmless and defend Reading Town from any and all liabilities for taxes based upon Franchisee's operations

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- **7 05 Franchisee Business Operation**

Franchisee understands and acknowledges that every detail of the System and of the operation of the Licensed Business is important to Franchisee, Reading Town and other Reading Town franchisees in order to maintain and further develop high and uniform operating standards, to increase the demand for services and goods sold by Reading Town and all franchisees, to enhance the image of Reading Town and the Marks, and to protect Reading Town's reputation and goodwill Therefore, Franchisee agrees that

7 5 1 Compliance with Manual Franchisee shall operate the Licensed Business in conformity with such uniform methods, standards and specifications as Reading Town may prescribe, in the Manual or otherwise, to insure that the highest degree of quality and service is uniformly maintained Franchisee shall acquire and maintain, at all times, all equipment and software required by Reading Town for operation of the Licensed Business Franchisee shall offer all of the services and goods designated by Reading Town and no others without the written consent of Reading Town, which consent Reading Town may withhold for any reason Franchisee shall assure that all telephone calls are answered live in compliance with the Manual

7 5 2 Image Franchisee shall, at all times, work to protect and enhance Reading Town's image and, specifically, shall maintain employees or workers in the Licensed Business whose appearance, attire, attitude, reputation and demeanor are consistent with Reading Town's image Franchisee acknowledges and agrees that Reading Town shall have sole discretion in determining what constitutes Reading Town's image, and further acknowledges that said image is constantly evolving as markets change and evolve

7 5 3 Business Dealings Franchisee shall not, at any time, engage in any business dealings in relation with the Licensed Business or the Franchise which are unethical, dishonest or otherwise could cause harm to the Marks, Reading Town, the goodwill associated with the Marks, or to any customer or vendor of Franchisee

7 5 4 Maintenance Franchisee shall, at Franchisee's sole cost and expense, maintain the Premises, inside and out, in the highest degree of sanitation, repair and condition, and in connection therewith shall make such additions, alterations, repairs and replacements thereto (but no others without Reading Town's prior written consent) as may be required for that purpose, including without limitation, such periodic cleaning, repainting, repairs to impaired equipment and replacement of obsolete signs and equipment as Reading Town may reasonably direct Franchisee shall maintain all landscaping and other outside areas of the premises in an attractive and clean condition, if applicable

7 5 5 Refurbishing At Reading Town's request, which shall not be more often than once every three (3) years, Franchisee shall replace or update the Premises at Franchisee's sole expense, to conform to the design, trade dress, color schemes and presentation of the Marks consistent with Reading Town's then-current image, including, without limitation, such internal changes and redecoration and such modifications to existing equipment as may be necessary in Reading Town's sole judgment

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7 5 6 Advisory Committees Franchisee shall participate, at Franchisee's sole expense, in local, regional and national franchisee advisory committees or councils if established or sanctioned by Reading Town

- **7 06 Restrictions on Sources of Services and Products**

7 06 01 Specifications As to all materials, supplies and inventory ("Items") necessary to operate the Licensed Business, except as otherwise specified herein, Franchisee may purchase them from Reading Town or from the vendor of Franchisor's choice, but the Item(s) must meet Reading Town's specifications, if any The current list of required material is included as Exhibit D Reading Town reserves the right to change the list of Items that Franchisee must purchase in accordance with specifications

7 6 2 Items Bearing Marks and Proprietary Items Franchisee shall purchase only from Reading Town or a supplier approved by Reading Town all Items used to start or operate the Licensed Business that contain or bear the Marks or that are proprietary to Reading Town In addition, Franchisee shall purchase from a supplier approved by Reading Town, all signs used to identify the Licensed Business

7 6 3 Other Suppliers Reading Town will approve other suppliers of non-proprietary items if Franchisee or the supplier request the approval in writing and if the supplier demonstrates to the satisfaction of Reading Town that it is financially capable and can provide Item(s) or service(s) that meet Reading Town's standards and that it is willing and able to protect Reading Town's proprietary information Reading Town may charge a reasonable fee to cover its costs in evaluating a proposed supplier Reading Town will normally make its decision within thirty days after it receives all of the requested information and any requested samples Reading Town reserves the right to withdraw approval of any supplier whose performance falls below Reading Town's standards

7 6 4 Unspecified Products Franchisee may obtain any Item used in the Licensed Business that Franchisee is not required to purchase in accordance with specifications or from an approved supplier from any source, so long as the Item is consistent with Reading Town's image Should Reading Town later publish specifications or require use of an approved supplier, Franchisee shall comply with that requirement

7 6 5 Inventory Franchisee shall, at all times, maintain a sufficient inventory of Items so that the Licensed Business can operate at maximum capacity

7 6 6 Training and Other Services Certain services may be available to Franchisee only through Reading Town or an affiliate, including mandatory training Franchisee will be required to pay the usual price for any of these services, unless otherwise provided in this Agreement

7 6 7 Proprietary Items Proprietary Items are Items that contain one or more unique characteristics or ingredients which are either not known to the general public or which are subject to protection as intellectual property or Trade Secrets, and can include

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packaging, trademarks or containers Patented or patentable Items are Proprietary Items Reading Town or its Affiliate(s) may develop Proprietary Items Reading Town or an Affiliate will (i) manufacture, supply and sell Proprietary Items to franchisees of Reading Town, and/or (ii) disclose the formulae for and methods of preparation of the Proprietary Items to one or more supplier(s) who will be authorized by Reading Town to manufacture Proprietary Items to Reading Town's precise specifications and sell Proprietary Items to franchisees of Reading Town and/or (iii) license Franchisee to use them pursuant to this Agreement If required, Franchisee shall purchase and use Proprietary Items from Reading Town or from supplier(s) so authorized by Reading Town Reading Town or its Affiliate(s) will derive revenue and profits from Franchisee's purchases of any Proprietary Items Reading Town or its Affiliate(s) may distribute Proprietary Items through alternative channels of distribution, including near Franchisee's location

7 6 8 Proprietary Software Reading Town will license you to use proprietary software The Software, and any additions or modifications or further developments are and will be Trade Secrets of Reading Town

- **7 07 Minimum Hours**

Franchisee shall keep the Premises open to the public every day of the year except Christmas, unless otherwise specified by Reading Town or agreed in writing by Reading Town or unless required by law or by a lease approved pursuant to this Agreement The normal hours of operation shall be from 9 00 a m to 8 00 p m , every day, subject to seasonal adjustments, however, Reading Town, in its sole discretion may, from time to time specify different hours of operation Franchisee may request different hours for good cause The dates and hours of operation may not be the same for all Licensed Businesses or all franchisees, even in the same general area, because of local conditions Franchisee shall have not less than ten(10) business days to adjust to any increase in the minimum hours required by Reading Town for Franchisee's location

- **7 08 Signs**

Franchisee agrees to obtain, install and maintain on the Premises and on certain vehicles used in the Licensed Business, appropriate signs bearing the Marks as specified by Reading Town Any deviation from the required signage shall be subject to Reading Town's prior written approval

- **7.09 Computer System**

Franchisee shall purchase specified computer hardware and software ("Computer System") for use in operation of the Licensed Business as required by Reading Town

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In addition, Franchisee may be required, from time to time, to purchase replacement hardware or software or software upgrades, all of which Franchisee shall install and use as required by Reading Town, including, without limitation, point of sale and communications software and hardware If required, Franchisee will install and maintain and use, at Franchisee's expense, a dedicated telephone or other data line or transmission facility as specified by Reading Town Franchisee may obtain a Computer System and related components and services from any source as long as the equipment, software and service meets or exceeds Reading Town's specifications Franchisee shall be solely responsible for maintenance, repair and replacement of the Computer System Without limiting the applicability of this paragraph, Franchisee shall, at all times, use and maintain the software as required by Reading Town Franchisee shall not block or attempt to block or limit Reading Town's access, including electronically, to any data or programs contained on Franchisee's Computer System and Franchisee shall maintain information relating to the Licensed Business only on the Computer System(s) to which Reading Town has access

- **7 10 Communications Equipment or Systems**

Franchisee shall purchase and use in the Licensed Business communications equipment or systems and service as required by Reading Town and shall update or replace such equipment, systems and service as required, but Reading Town will not require replacement more than once per year Except as otherwise required or permitted by this Agreement or by applicable law, Franchisee shall use only the communications systems designated by Reading Town in communicating with Reading Town and other franchisees relating to the Licensed Business Reading Town shall have a proprietary interest in all communications made through any communications systems maintained or provided by Reading Town Franchisee acknowledges that the provisions of this paragraph 7 10 are reasonable and necessary and beneficial to the Reading Town franchise system Franchisee shall monitor and respond to all communications in a timely manner as specified in the Manual

- **7.11 Material Maintenance**

Franchisee shall be solely responsible, at Franchisee's cost and expense, for maintaining, repairing, and replacing, when appropriate, all material required, recommended or permitted pursuant to this Agreement

- **7.12 Warranties**

Franchisee shall not represent to any customer or the public that Reading Town provides any warranty as to the quality of any product or service, unless Reading Town has specifically authorized such warranty in writing If Franchisee offers any warranties, they shall be in writing and shall clearly state, both in the warranty and in any promotional or advertising materials, that the warranty is available and will be honored only by Franchisee Franchisee hereby indemnifies, holds harmless and agrees to defend Reading Town, its related companies and all other Reading Town franchisees from any and all claims of whatever nature arising from any such additional warranties made by

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Franchisee Franchisee shall participate in and comply with any warranty program that Reading Town may adopt from time to time

- **7 13 No Pirating of Personnel**

During the term of this Agreement and for a period of two (2) years following Termination or Nonrenewal of this Agreement for any reason whatsoever, Franchisee shall not (a) induce, or attempt to induce any employee of Reading Town, an Affiliate or of any other franchisee to leave their current employer, (b) without the prior written approval of Reading Town (which may be conditioned upon the prior written approval of another franchisee and other proper conditions) hire or associate or offer to hire or associate any employee of Reading Town, an Affiliate, or of any other franchisee, or (c) without the prior written approval of Reading Town (which may be conditioned upon the prior written approval of another franchisee and other proper conditions) hire or associate or offer to hire or associate any former employee of Reading Town, an Affiliate, or of any other franchisee, who has, voluntarily or otherwise terminated his or her relationship with Reading Town, an Affiliate, or any other franchisee during the prior eighteen (18) calendar months The terms of this paragraph 7 13 shall survive termination or nonrenewal of this Agreement for any reason Any waivers of this paragraph 7 13 must be in writing and signed by the Reading Town

- **7.14 Marketing**

Franchisee shall, at all times, comply with the Manual in all advertising, including, but not limited to using exclusively Reading Town's toll free number when required Franchisee shall not use television, radio or Internet advertising unless in full compliance with the Manual, or approved in writing in advance by Reading Town

- **7 15 Leads and Service Area**

Except as specifically permitted by the Manual, Franchisee shall not engage in marketing outside of Franchisee's Territory There are no restrictions on where customers of Franchisee may come from, provided Franchisee is in full compliance with all applicable laws, ordinances and regulations, for customers who may contact Franchisee directly Reading Town shall make a reasonable effort to channel calls received on its toll free number(s) to the franchisee in the territory where the customer needs services Reading Town may adopt and follow non-discriminatory policies for distributing calls and leads if Franchisee does not respond or perform in compliance with the Manual which may result in another franchisee being permitted to perform work in Franchisee s Territory

- **7 16 New Developments**

Reading Town shall be the sole and exclusive owner of all new developments, including workbooks, software, learning management system, inventions, methods, products, ideas, formulas, research results, equipment, and otherwise, that Franchisee develops or has any role in developing that relate to the Licensed Business Franchisee shall immediately disclose any and all such new developments to Reading Town and shall execute any

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documents necessary, in Reading Town's opinion, to consummate the transfer of all ownership rights therein The mutual covenants of this Agreement are sufficient consideration for such transfers Reading Town shall not, otherwise, be required to compensate Franchisee for such new developments

- **7 17 Staffing Requirements**

Franchisee shall, at all times, comply with the minimum staffing requirements specified in the Manual, which shall be not less than one business manager/academic director

Article 8 - Indemnity and Insurance

- **8 01 Indemnity**

Franchisee shall defend, hold harmless and indemnify Reading Town, its officers, directors, shareholders, agents, employees, landlords and related companies from any and all losses, claims, damages, liabilities, or expenses of any kind or nature, including fines, penalties, interest, attorneys' fees, and all other types of costs or expenses, arising directly or indirectly from the acts or omissions (whether or not negligent or wrongful) of Franchisee or of any of Franchisee's manager/academic director(s), employees or agents in connection with the performance or breach of any obligation under this Agreement Reading Town shall indemnify and hold harmless Franchisee, its officers, directors and shareholders from any losses, claims, damages, liabilities or expenses of any kind or nature, arising from the wrongful acts or omissions of Reading Town in connection with the performance or breach of any obligation under this Agreement

- **8 02 Insurance**

Franchisee shall purchase and maintain, at Franchisee's expense, throughout the term of this Agreement commercial general liability insurance, including bodily injury, property damage, personal injury, advertising injury, non-owned automobile, loss of business income, and broad form contractual coverage for liability assumed under this Agreement Such insurance shall be on an occurrence basis and shall consist of combined single limit coverage of at least one million dollars per occurrence/two million dollars annual aggregate Franchise shall purchase and maintain professional liability (errors and omissions) insurance with coverage of at least $1,000,000 per occurrence/ annual aggregate Franchisee shall purchase and maintain worker's compensation and employer's liability insurance with a reputable insurer acceptable to Reading Town or with a state agency, if applicable Franchisee shall provide Reading Town with one or more certificates of insurance evidencing such coverage's and naming Reading Town as an additional insured as to each applicable policy Such certificate(s) of insurance shall provide that the coverage's under the respective policy(ies) may not be modified (except to increase coverage) or canceled until at least thirty (30) days prior written notice of such cancellation or modification has been given to Reading Town Upon request by Reading Town, Franchisee shall provide Reading Town with a true copy of any insurance policy, including all endorsements Every insurance policy of Franchisee required by

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this Agreement shall provide that coverage is primary/non-contributory Every insurance policy shall be with an insurance company that meets Reading Town's criteria as set forth in the Manual

Article 9 - Renewal

- **9 01 Conditions of Renewal**

After expiration of the term of this Agreement, if Reading Town has made a business decision, in Reading Town's sole discretion, to continue the Reading Town Franchise System in Franchisee's area, Franchisee will be permitted to renew Franchisee's Franchise Agreement, but only upon the following terms and conditions

9 1 1 Franchisee must be current in payment of all fees and charges to Reading Town and any of its related companies and must not have made more than two late payments within the last three years for which Reading Town gave written notice(s) of breach, which notice(s) were not withdrawn by Reading Town,

9 1 2 Franchisee must not be in material breach of this Agreement or of any other agreement between Reading Town and Franchisee and must have substantially complied with the operating standards and other criteria contained in the Manual or otherwise communicated in writing by Reading Town,

9 1 3 Franchisee shall pay a renewal fee as established at the time by Reading Town, but which shall be not more than two thirds of the then-current Initial Fee (See 9 02), payable in full at the time of execution of the Franchise Agreement referred to in sub-paragraph 9 01 04,

9 1 4 Franchisee shall execute the then current form of Franchise Agreement, which may differ in material ways that are not reasonably foreseeable at this time, but may include material differences in territorial boundaries and economic terms, including the amount of royalties and National Marketing Fees or entirely new categories of fees or mandatory expense,

9 01 05 Franchisee must maintain possession of the Premises identified in Exhibit A for the renewal term or obtain substitute premises approved by Reading Town,

9 1 6 Franchisee, at Franchisee s sole cost and expense, shall remodel or refurbish the Premises and otherwise modernize and renovate the Premises, signs and equipment to be consistent with the then current image of the System and to meet Reading Town's then current specifications,

9 1 7 Franchisee shall give written Notice to Reading Town at least six months (6) prior to the end of the term of this Agreement of Franchisee's desire to renew, and

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9 1 8 Franchisee must not, during the preceding term, have engaged in any business dealings in relation with the Licensed Business or the Franchisee which are unethical, dishonest or otherwise could cause harm to the Marks, Reading Town, any other franchisee, the goodwill associated with the Marks, or to any customer, client or vendor of Franchisee, Reading Town or of another franchisee

- **9 02 Renewal Fee**

The renewal fee is $15,000 for territory A and $10,000 for territory B The renewal fee should be paid by the certified check payable to Reading Town, upon signing Franchise Renewal Agreement

Article 10 - Continuation

If, following the termination or expiration of this Agreement for any reason, whether voluntary or involuntary, Franchisee continues to operate the Licensed Business or occupy the Premises with the express or implied consent of Reading Town, but without a renewal franchise agreement, such continuation shall constitute a month-to-month extension of this Agreement and shall be terminable by either party upon the lesser of (a) thirty (30) days written notice or (b) such shorter notice by Reading Town as would otherwise be applicable in a termination for cause Franchisee acknowledges and agrees that such continuation shall be good cause for termination of this Agreement Both parties shall continue to be subject to all terms of this Agreement during any such continuation period

Article 11 - Entity Franchisee

- **11.01 Entity Definition**

An "Entity" is any form of business organization except for a sole proprietorship and includes all kinds of corporations, limited liability companies, limited partnerships and general partnerships and any other form of business organization involving either multiple equity owners or which attempts to provide limited liability

- **11 02 Founding Document Restriction**

If Franchisee is an Entity or becomes an Entity or if Franchisee transfers Franchisee's interest under this Agreement or any interest in the Licensed Business to an Entity, the founding document(s) of the Entity must provide as follows

> This [ ] shall not enter into any agreement or undertaking which would, directly or indirectly, limit any of the rights or obligations of the [ ] or of any owner of the [ ] under the Reading Town Franchise Agreement dated_____,_____ Any such agreement or undertaking is void

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- **11 03 Liability of Owner(s)**

Every owner of an equity or other interest in any Entity franchisee (and any individual person who is an owner of an Entity which owns any equity interest in any Entity franchisees) shall personally guarantee this Agreement Any change in or addition of equity or other owner(s) shall be subject to the Assignment and Death and Incapacity provisions of this Agreement

- **11.04 Restriction on Certificates of Ownership**

Each and every document, if any, issued by any Entity franchisee evidencing ownership of an equity or other interest in the Entity must provide as follows

> Ownership of this [ ] is restricted and cannot be transferred, assigned, sold or encumbered except in strict compliance with the Reading Town Franchise Agreement dated_,_____ Any other transfer or attempted transfer is void

- **11.05 Additional Requirements of Entity Franchisee**

Franchisee shall, upon Reading Town's request, provide Reading Town or its designee with true copies of such of Franchisee's Entity records and documents as Reading Town shall designate An Entity Franchisee shall, at all times, have one individual person who shall be the designated principal who shall have authority to act on behalf of the Entity in all respects under this Agreement The designated principal shall be the individual who is responsible for assuring compliance by the Entity with all of the terms of this Agreement Notwithstanding the requirement of a designated principal, Reading Town shall be entitled to rely upon the acts or words of any principal, employee or agent of an Entity Franchisee whom Reading Town understands to be acting or speaking on behalf of the Entity

Article 12 - Assignment or Transfer

- **12 01 Prior Consent**

Franchisee shall not assign, transfer, sell, sublease, sublicense or encumber (hereinafter collectively referred to as "Assign" or "Assignment"), in whole or in part this Agreement, the Franchisee, the Licensed Business, any option or first right of refusal relating to this Agreement, the Franchisee or the Licensed Business, the assets of the Licensed Business or the leasehold of the Licensed Business or represent to any person that such an Assignment has been made without Reading Town's prior written approval For purposes of this Paragraph 12 01, the terms "Assign" or "Assignment" shall include any assignment, transfer, sale or encumbrance of any shares of stock of a Franchisee that is a corporation, any partnership interest of a Franchisee that is a partnership, any membership interest of a Franchisee that is a limited liability company, and any equity or ownership interest or rights in any other form of entity Any attempted Assignment without Reading Town's prior written consent shall be void and a breach of this

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- **12 02 Conditions of Assignment**

As preconditions for obtaining Reading Town's consent to an Assignment, at least the following terms and conditions must be met

12 2 1 Franchisee must be current in payment of all fees and charges to Reading Town and any of its related companies,

12 2 2 Franchisee must not be in material breach of this Agreement or of any other agreement between Reading Town and Franchisee,

12 2 3 Franchisee must have paid in full all debts in connection with the Licensed Business,

12 2 4 The assignee must have agreed to assume all of the obligations of the Licensed Business,

12 02 05 The assignee must execute a disclosure form containing a waiver and release of any claim against Reading Town for any amount(s) paid to, or representation(s) made by Franchisee or any omission by Franchisee to disclose facts, material or otherwise,

12 2 6 Franchisee must execute, at Reading Town's option, a mutual termination of this Agreement and a general release, or an assignment of this Agreement and a general release, and an agreement to defend, hold harmless and indemnify Reading Town from any claim by the assignee in form specified by Reading Town, the current version(s) of which are attached as Exhibit J,

12 2 7 Franchisee must pay to Reading Town a Transfer Fee in the amount of Seven Thousand, Five Hundred Dollars ($7,500)

12 2 8 The assignee must pay to Reading Town a Processing Fee in the amount of Seven Thousand, Five Hundred Dollars ($7,500) and execute, at Reading Town's option, the then current form of Franchise Agreement or an assumption of this Agreement (in any event providing for the same royalty and National Marketing Fees as contained herein, for the balance of the term hereof),

12 2 9 The assignee must, in the sole opinion of Reading Town, successfully complete the then current initial training program at the assignee's sole cost and expense,

12 2 10 The assignee must have met the then current standards of Reading Town for experience, financial strength, reputation and character required of new or renewal Franchisees,

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12 2 11 The assignee must obtain such approvals as may be required to assume occupancy and possession and the continuing obligations relating to the lease or possession of the Premises, unless a new location has been approved in writing by Reading Town, and

12 2 12 Reading Town must have been given at least thirty (30) business days written first right of refusal by Franchisee, upon the same terms as those agreed upon by Franchisee with any proposed assignee, provided, however, Reading Town may substitute cash of equivalent value for any non-cash term In the event Reading Town waives or fails to exercise its right of first refusal, if Franchisee thereafter agrees to accept a revised offer, regardless of the nature of the revision, Reading Town shall have a new right of first refusal hereunder on the new terms

- **12.03 Assignment to an Entity**

Notwithstanding the foregoing, if Franchisee is an individual, Franchisee may assign this Agreement to an Entity, as defined in Article 11, formed under the laws of the state where the Licensed Business is located, which is wholly owned by Franchisee, provided that the individual Franchisee shall first provide written notice of the assignment to Reading Town and shall personally guarantee the performance of this Agreement If Franchisee is an Entity, Franchisee may assign this Agreement to another Entity, formed under the laws of the state where the Licensed Business is located, of the same or different form, which has exactly the same ownership, including percentages of ownership as Franchisee, provided that each of the individual equity or other owners of the new Entity shall personally guarantee the performance of the Agreement The personal guarantee shall be in the form of Exhibit G hereto No assignment under this paragraph shall change or limit the liability of any person or entity under this Agreement Franchisee shall pay to Reading Town a Processing Fee of Five Thousand Dollars ($5,000) for an assignment pursuant to this paragraph 12 03

- **12.04 Approval Process**

Reading Town may use its own discretion in approving or rejecting prospective transferees in the same manner as if it was approving or rejecting any other new prospective franchisee, taking into consideration such factors as their financial ability, character, business reputation, experience and capability to conduct the type of business involved The approval of one Assignment does not obligate Reading Town to approve any other or subsequent Assignment If Franchisee is an Entity, notwithstanding any statute or agreement to the contrary, the addition, withdrawal or expulsion of any equity or other owner or the transfer, encumbrance or assignment of any equity or ownership or control interest of any equity or other owner or the dissolution or reorganization of the Entity for any reason is subject to the same considerations as any other Assignment

- **12 05 Transfer by Reading Town**

There shall be no restriction upon Reading Town's right to encumber, transfer or assign this Agreement or the System Following such a transfer or assignment, Reading Town

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shall have no further obligation or liability to Franchisee hereunder or otherwise so long as the assignee or transferee agrees to assume all of Reading Town's liabilities and obligations to Franchisee Upon Reading Town's request, Franchisee shall execute and deliver a certificate to Reading Town, as described in Paragraph 21 05, in connection with an anticipated transfer or financing procedure by Reading Town Franchisee agrees to accept any transferee of Reading Town, including any sub-Reading Town and perform for such transferee the same as for Reading Town

- **12 06 No Sublicensing**

Franchisee shall not, directly or indirectly, sublicense or attempt to sublicense the Marks or the System or any part thereof to any person or entity for any purpose Any attempted or purported sublicense shall be void

Article 13 - Death or Incapacity

- **13 01 Alternatives Upon Death or Incapacity**

In the event of the death or incapacity of an individual franchisee, or of any individual equity or other owner of an Entity franchisee, the heirs, beneficiaries, devisees or legal representatives of said individual shall, within ninety (90) days of such event

13 1 1 Apply to Reading Town for the right to continue to operate the franchise and the Licensed Business for the duration of the term of this Agreement and any renewals hereof, which right to continue to operate will be granted upon the fulfillment of all of the conditions set forth in Article 12 of this Agreement (except that no transfer fee shall be required), or

13 1 2 Sell, transfer or convey Franchisee's interest to a third party in compliance with the provisions of Article 12 of this Agreement, provided, however, in the event a proper and timely application for the right to continue to operate has been made and rejected, the ninety (90) days to sell, transfer or convey shall be computed from the date of said rejection For purposes of this paragraph, Reading Town's silence on an application to continue to operate through the ninety (90) days following the event of death or incapacity shall be deemed a rejection made on the last day of such period

- **13 02 Effect of Failure to Comply**

In the event of the death or incapacity of an individual franchisee, or any owner of an equity or other interest in an Entity franchisee where the provisions of this Article have not been fulfilled within the time provided, all rights granted to Franchisee under this Agreement shall, at the option of Reading Town, terminate and the parties shall proceed according to and have the rights provided for in Articles 17 and 18

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- **13 03 Incapacity Defined**

For purposes of this Agreement, "incapacity" is the inability of Franchisee to operate or oversee the operation of the Licensed Business on a regular basis and in the usual manner by reason of any continuing physical, mental or emotional disability, chemical dependency or other similar limitation which has continued or will more likely than not continue for a period of 60 consecutive days or more Franchisee shall advise Reading Town in writing, immediately, upon receipt of advice from any physician or other professional that Franchisee or a principal of an Entity franchisee has an incapacity However, Franchisee's failure or inability to advise Reading Town of Franchisee's incapacity shall not limit Reading Town's rights under this sub-paragraph Any dispute as to the existence of an incapacity as defined herein shall be resolved by majority decision of three (3) licensed medical physicians practicing in the state in which the Licensed Business is located, with each party selecting one (1) physician, and the two (2) physicians so designated selecting the third physician The determination of the majority of the three (3) physicians shall be binding upon the parties and all costs of making said determination shall be borne by the party against whom it is made Notwithstanding the foregoing, if any insurance company pays to the Franchisee or Franchisee's Entity any disability benefits for 60 consecutive days, or more, of disability, the Reading Town may regard that as conclusive evidence of incapacity

Article 14 - Successors and Assigns

This Agreement shall bind and inure to the benefit of the successors, permitted transferees and assigns, personal representatives, heirs and legatees of the parties hereto

Article 15 - Termination

Reading Town may terminate this Agreement as follows

15 1 Reading Town may terminate this Agreement upon at least thirty days notice and opportunity to cure (or longer if required by law) if Franchisee is in breach of any term of this Agreement or of any other agreement between Franchisee and Reading Town or any affiliate of Reading Town

15 2 Reading Town may terminate this Agreement upon at least 72 hours notice and opportunity to cure (or longer if required by law) for occurrence of any one or more of the following events (each of which Franchisee acknowledges is good cause for termination and a material breach of this Agreement), notwithstanding that Reading Town may have the option to give a longer notice and cure period pursuant to other provisions of this Agreement

I Franchisee fails to pay or deposit when due, and in the manner prescribed by Reading Town, any moneys owed to Reading Town or any of its related companies or to another Reading Town franchisee,

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II Franchisee files a voluntary petition in bankruptcy or has an involuntary petition filed against Franchisee, Franchisee makes an assignment for the benefit of creditors, or a receiver or trustee is appointed,

III Franchisee violates or attempts to violate any of the Assignment provisions of this Agreement,

IV Franchisee vacates, deserts, or otherwise abandons all or any substantial portion of the Premises or equipment, or abandons the Licensed Business for more than 24 hours (whether or not Franchisee intends to abandon),

V Franchisee sublicenses or attempts to sublicense the Marks or the System in violation of this Agreement,

VI Franchisee is an Entity and an impasse exists between equity or other owners or there is any change in the ownership of any interest in the Entity without having first complied with the provisions of this Agreement,

VII Franchisee fails to timely permit any audit or inspection by or on behalf of Reading Town,

VIII Franchisee violates or fails to comply with any law, rule, regulation, ordinance or order relating to the operation of the Licensed Business (including any health codes, rules or regulations) or fails to obtain and continue any license, permit or bond necessary, in Reading Town's opinion, for Franchisee's operation of the Licensed Business,

IX Franchisee is convicted of or pleads guilty or "Nolo Contendere" to any felony,

X Franchisee fails to operate the Licensed Business under the Marks or fails to properly display the Marks at all times in full compliance with this Agreement and the Manual,

XI Franchisee engages in any business dealings in relation with the Franchise, the Licensed Business or the Franchisee which are unethical, dishonest or otherwise could cause harm to the Marks, the System, Reading Town, other franchisees, the goodwill associated with the Marks, or to any customer, client or vendor of Franchisee or any other franchisee or the Reading Town,

XII Franchisee fails or refuses to timely execute and deliver a truthful certificate pursuant to paragraph 21 05,

XIII Franchisee fails to maintain insurance or workers compensation coverage, or

XIV Any other agreement, including any other Franchise Agreement to which Franchisee is a party, between Franchisee and Reading Town or between Franchisee and any of Reading Town's related companies is terminated for cause

15 3 Reading Town may terminate this Agreement without giving notice or opportunity to cure upon occurrence of any one or more of the following events (each of which Franchisee acknowledges is good cause for termination and a material breach of this

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Agreement), notwithstanding that Reading Town may have the option to give a longer notice and a cure period pursuant to other provisions of this Agreement

I Upon three willful and material breaches of the same term of this Agreement occurring within a twelve-month period,

II Franchisee is adjudicated a bankrupt or insolvent,

III Franchisee makes an assignment for the benefit of creditors or similar disposition of the assets of the Licensed Business,

IV Franchisee voluntarily abandons the Licensed Business, or

V Franchisee is convicted of or pleads guilty or no contest to a charge of violating any law relating to the Licensed Business

15 4 Notwithstanding any right of Reading Town to terminate this Agreement, pursuant to this Agreement or otherwise, Reading Town may, in Reading Town's sole discretion, elect to not terminate this Agreement and to, in lieu thereof, impose limitations on Franchisee, including, but not limited to, revocation of Franchisee's Territorial rights, and revocation of Franchisee's rights to acquire or offer and sell certain services and products Reading Town's election to not terminate this Agreement pursuant to this paragraph shall not constitute an election of remedies and Reading Town may, thereafter, terminate this Agreement on account of the same or any other event(s) of default as set forth herein

Article 16 - Competition with Reading Town

- **16.01 Competing Business Activities During Term**

During the term of this Agreement, Franchisee shall not engage, directly or indirectly, either personally or as an employee, partner, member, manager/academic director, Reading Town, franchisee, agent, consultant, shareholder, director, officer, advisor or otherwise, in any other business the same as or similar to that defined under "Licensed Business" herein or which is or would directly or indirectly compete with the Licensed Business or otherwise with the business of Reading Town or with any other franchisee of Reading Town This prohibition includes, but is not limited to, any business offering tutoring and learning center business Franchisee shall not operate any other business from the Premises Franchisee shall not use nor permit to be used any Trade Secret(s) of Reading Town or the Marks or anything resembling the Marks in connection with any other business, whether or not such other business is owned, controlled by or associated with Franchisee

- **16 02 Competing Business Activities After Term**

16 2 1 Franchisee covenants and agrees that, for a period of twenty-four (24) months following the effective date of any termination, expiration or non-renewal

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("the Termination Date"), Franchisee will not, individually or together with another, directly or indirectly, on its own behalf or on behalf of or through any other person, sole proprietorship, or Entity, do any of the following

a Compete with Reading Town or any franchisee of Reading Town within a ten (10) mile radius of the boundary of Franchisee's designated Territory, as it existed immediately before the Termination Date, in the operation of any business offering tutoring and learning center business, any aspect of such Licensed Business as it exists on the Termination Date, or any business substantially similar thereto or tending to compete for the same customers as Reading Town or its Franchisees ("Prohibited Activities),

b Solicit, take away, or divert, and/or influence or attempt to influence any customers, franchisees, vendors, clients, and/or patrons of Reading Town or of any franchisee of Reading Town, which customers, franchisees, vendors, clients, and/or patrons were served by Reading Town or a franchisee of Reading Town at any time during the three (3) years preceding the Termination Date, to transfer or divert their business or patronage from Reading Town or Reading Town's franchisee(s) to any other person or Entity engaged in the Prohibited Activities or anything similar to the Licensed Business,

c Solicit or attempt to hire any person who was an employee of Reading Town or of any other franchisee of Reading Town during the one (1) year period ending on the Termination Date, or attempt to influence any such person to terminate his employment with Reading Town or Reading Town's franchisee(s)

16 2 2 Franchisee covenants and agrees that, at no time will Franchisee, directly or indirectly, disclose or cause or permit to be disclosed, sell, or otherwise transfer to any party other than Reading Town, including, but not limited to, a person or Entity, for or not for consideration, the Trade Secrets, or any part thereof,

16 2 3 Franchisee covenants and agrees that, for a period of twenty-four (24) months from the Termination Date, Franchisee will not, individually or together with another, directly or indirectly, through others or on its own behalf, hold any ownership or have a financial or other interest in, be employed by, or otherwise have any ownership or management relationship with, any person or Entity, either as principal, broker, member, agent, stockholder of any class, or as a partner, officer, director, trustee, franchisee, Reading Town, employee, consultant, lender, guarantor, member of a board of directors or board of trustees, or in any other capacity, which does any of the following

a Competes with Reading Town or any franchisee of Reading Town,

b Solicits, takes away, or diverts, and/or influences or attempts to influence any customers, clients, franchisees, vendors, and/or patrons of Reading Town or of any other franchisee of Reading Town, which customers, clients, franchisees, vendors, and/or patrons were served by Reading Town or any franchisee of Reading Town at any time during the three (3) years preceding the Termination Date, to transfer or divert their business or patronage from Reading Town or any other franchisee to any other person or Entity engaged in the Prohibited Activities or anything similar to the Licensed Business,

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c Solicits or attempts to hire any person who was an employee of Reading Town or of any other franchisee of Reading Town during the two (2) year period ending on the Termination Date, or attempts to influence any such person to terminate his employment with Reading Town or any franchisee of Reading Town

16 2 4 Franchisee covenants and agrees that, at no time will Franchisee, directly or indirectly, through others or on its own behalf, hold any ownership or have a financial or other interest in, be employed by, or otherwise have any ownership or management relationship with, any person or Entity, either as principal, broker, agent, stockholder of any class, or as a member, partner, officer, director, trustee, franchisee, Reading Town, employee, consultant, lender, guarantor, member of a board of directors or board of trustees, or in any other capacity, which, discloses or causes to be disclosed, sells, or otherwise transfers to any party other than Reading Town, including, but not limited to, a person, sole proprietorship, partnership, joint venture, firm, limited liability company, corporation, trust, or other Entity, for or not for consideration, the Trade Secrets, or any part thereof,

16 02 05 Franchisee acknowledges and agrees that the periods of time of this covenant and the geographical areas of restriction imposed by this covenant are fair and reasonable and are reasonably required for the protection of Reading Town and its franchisees Franchisee would desire at least this same protection against competitive activities by another former franchisee whose franchise agreement was either expired, terminated or non-renewed Franchisee agrees that, in the event a court or arbitrator should determine any part of this covenant to be excessively broad, unenforceable, and/or invalid, the remaining parts hereof shall nevertheless continue to be valid and enforceable as though the invalid portions were not a part hereof Franchisee further agrees that, in the event that any of the provisions of this Agreement relating to the geographic area of restriction or the periods of time of the covenants shall be deemed to exceed the maximum area or periods of time which a court of competent jurisdiction would deem enforceable, the geographic area or periods of time shall, without further action on the part of any person, be deemed to be modified, amended and/or limited, to the maximum geographic area or time periods which a court of competent jurisdiction would deem valid and enforceable in any jurisdiction in which such court shall be convened Any such modification shall apply only in the jurisdiction of the deciding court or in the state where the arbitrator made the decision

16 2 6 It shall not be a violation of this Article for Franchisee to have or maintain a passive investment in stock of any publicly traded corporation, provided said stock holdings shall not exceed five percent (5%) of the issued and outstanding stock of such corporation

16 2 7 For purposes of this Agreement, all references to Reading Town shall be deemed to include (a) any corporation or entity which acquires all, or substantially all, of the assets of Reading Town, whether by statutory merger or otherwise, (b) any corporation, partnership, or other entity directly or indirectly controlled by or under common control with Reading Town or its successor, and (c) any subReading Town or

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other assignee of Reading Town

16 02 08 Franchisee agrees that it would be extremely difficult to prove with certainty the exact amount of damages caused to Reading Town by a violation of this Article 16 by Franchisee and therefore, Franchisee agrees that, upon proof that Franchisee violated this Article 16, Reading Town shall be entitled to liquidated damages in an amount calculated by multiplying the amount of gross revenues generated by Franchisee or a third party that benefited from the violation during the period of breach and multiplying it by 1 5 Franchisee acknowledges that this results in a reasonable estimate of what Reading Town's actual damages would be and is not a penalty

16 2 9 Franchisee agrees that any violation of the covenants contained in this Article will cause irreparable harm to Reading Town and its other franchisees and may, as a matter of course, be restrained by process issued out of a court of competent jurisdiction, in addition to any other remedies provided by law In the event of any action for a temporary or permanent injunction to enforce this Covenant, Franchisee hereby waives any requirement of a bond to the extent that any bond would exceed one hundred dollars The substantially prevailing party in any such enforcement action shall be entitled to recover their attorneys fees and costs incurred therein in addition to any and all other remedies

16 2 10 Nothing in this Article 16 shall obligate Reading Town to take action to enforce this or any other covenant against competition against any other franchisee or former franchisee Nothing in this Article 16 shall entitle Franchisee to take any action to enforce this or any other covenant against competition against any other franchisee or former franchisee

16 2 11 The terms of this Article 16 shall survive the termination or expiration of this Agreement for any reason

Article 17 - Effect of Termination

- **17 01 Loss of Rights**

After the Termination Date, Franchisee shall have no further rights to use, in any manner, propriety inventories, the System, the Marks, anything similar to the Marks, the telephone numbers, the telephone listings, any proprietary computer software, any trade secrets or the Manual Franchisee shall immediately notify such persons as Reading Town shall reasonably require of Franchisee's loss of rights thereto All sums of money due from Franchisee to Reading Town or to any other Reading Town franchisee as of the Termination Date shall become immediately due and payable As between the parties hereto, whether or not a Lease Conditional Assignment Agreement has been signed, Reading Town or Reading Town's designee shall have the option, exercisable within sixty (60) days, to assume the lease for the Premises If Reading Town elects to assume the lease for the Premises, pursuant to the Lease Conditional Assignment Agreement or otherwise, Franchisee agrees to cooperate in the transfer, to execute any documents which

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may be required for Reading Town or Reading Town's designee to assume the lease, and to otherwise take no actions which would interfere with the ability of Reading Town or it's designee to assume the said lease Franchisee specifically agrees to execute such document(s) as may be necessary to transfer the telephone number(s) to Reading Town or Reading Town's designee In the event Franchisee or any owner or affiliate of Franchisee owns the Premises, Franchisee agrees that Reading Town shall have the option to lease the Premises at fair market value for a term of up to ten (10) years, at Reading Town's election, such option exercisable by Reading Town within sixty (60) days following the Termination Date

- **17.02 Change of Identity**

After the Termination Date, Franchisee shall immediately refrain from holding itself out to the public in any way as a Franchisee or affiliate of Reading Town or as a former Franchisee or affiliate of Reading Town If directed by Reading Town, Franchisee shall, at Franchisee's sole cost and expense, make or cause to be made such changes in signs, telephone numbers, buildings or structures as Reading Town may direct to distinguish the Premises from its former appearance and from other Reading Town franchisees If Franchisee fails to make such changes within ten (10) calendar days, then Reading Town shall have the right to enter upon the Premises, without liability for trespass or otherwise, and to make or cause to be made such changes at the expense of Franchisee, which expenses shall be paid by Franchisee upon demand Franchisee shall immediately file the appropriate forms to abandon or withdraw any assumed name certificate or to change the name of its corporation or partnership to eliminate any reference to the System or the Marks If Franchisee fails or refuses to cooperate with Reading Town, Franchisee hereby appoints Reading Town as its Attorney in Fact to complete the changeover Franchisee shall immediately return to Reading Town the Manual, Trade Secrets, bulletins, instruction sheets, software, forms, Marks, designs, signs, printed matter and other material containing any part of the System or the Marks together with all copies thereof (including electronic or digital copies) that are or have been within Franchisee's custody or control

- **17 03 Changeover Procedure**

Upon termination of this Agreement, either by expiration, non-renewal, or otherwise, if Reading Town or Reading Town's designee has indicated its intention to assume Franchisee's lease for the Premises and to operate an Reading Town business from that location, the parties agree to cooperate in the changeover of the Licensed Business to Reading Town, including by taking the steps set forth herein If Franchisee fails or refuses to cooperate with Reading Town, Franchisee hereby appoints Reading Town as its Attorney in Fact to complete the changeover In such case, the parties shall notify the landlord of the change of tenancy pursuant to the Lease Conditional Assignment Agreement or otherwise and Reading Town shall be entitled to take control of the Premises, including by changing the locks, terminate vendor accounts at Reading Town's option, conduct an inventory of all equipment, fixtures, tenant improvements, supplies and inventory (if Franchisee elects to not participate in the inventory, Reading Town's inventory shall be presumed accurate and complete), Reading Town shall have the

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right to use Franchisee's equipment, furniture, fixtures and related items for up to sixty (60) days and shall pay or credit Franchisee with the fair market rental value of that use, Reading Town shall be entitled to communicate directly with Franchisee's agents, employees, customers and vendors in order to facilitate a smooth transition to ownership by Reading Town or Reading Town's designee, Reading Town or it's designee shall be entitled to all Gross Revenues received after the date of termination No action taken pursuant to this paragraph shall constitute a waiver by Reading Town of any claims against Franchisee for any reason The parties agree that there are no circumstances justifying a stay or delay in implementation of the terms of this paragraph and the parties specifically agree that any claims, including, but not limited to, allegations of wrongful termination, can be separately resolved and that an award of damages would be an adequate remedy

- **17 04 Continuing Royalties**

Reading Town shall be entitled to receive royalties on all Gross Revenues received or receivable by Franchisee as of the Termination Date All such royalties shall be due and payable on the Termination Date

- **17 05 Option to Purchase Certain Assets**

Reading Town shall have and is hereby granted an exclusive option for a period of sixty (60) days from and after the Termination Date, to purchase from Franchisee all of Franchisee's right, title and interest in all or any part of the franchise, Franchisee's Licensed Business and business assets and/or the Premises, if applicable, at the fair market value, except as otherwise specifically provided herein, of all assets purchased, but excluding any value for purported "goodwill" or "blue sky" Franchisee acknowledges that Reading Town already owns the "goodwill" or "blue sky", which is attached to the Marks and the Licensed Business Reading Town's notice exercising the option granted herein shall contain a list, at least by major category, of the assets Reading Town is purchasing Reading Town shall not be obligated to assume any liabilities of Franchisee

- **17 06 Payment and Terms**

Reading Town shall pay to Franchisee all sums due pursuant to this Article, and any other sums required by this Agreement or by law, over a period of sixty months, or such shorter period as Reading Town, in its sole discretion, shall elect, with interest thereon at the prime interest rate as published by Bank of America or its successor, if applicable, determined as of the end of the calendar quarter immediately preceding the Termination Date

- **17.07 Survival of Terms**

The terms of this Article 17 shall survive the termination, non-renewal or expiration of this Agreement for any reason

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Article 18 – Release from Franchisee Obligations

At any time, upon not less than ninety (90) days prior written notice to Reading Town, Franchisee may secure a release from Franchisee's continuing obligations under this Agreement by executing a Release From Continuing Obligations in substantially the form of Exhibit L and by electing one of the alternatives contained in the Release From Continuing Obligations Upon receipt of a notice pursuant to this paragraph, Reading Town may, but is not obligated to, accelerate the effective date of Franchisee's termination to such date as Reading Town may select in Reading Town's sole discretion

Article 19 - Arbitration of Disputes

- **19 01 Agreement to Arbitrate**

Except as provided in paragraph 19 04, any controversy or claim or dispute between the parties hereto or between any party hereto and any other person arising out of or relating to this Agreement, the negotiation thereof, the offer or acceptance thereof, or the performance or breach thereof, shall be settled by arbitration administered by the American Arbitration Association under its Commercial Arbitration Rules, and judgment on the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof This Article shall be governed by the Federal Arbitration Act Any arbitration shall be before a panel of three arbitrators and shall take place in Queens, New York, U S A No party shall join or attempt to join their claims in a single proceeding with the claims of any other party, person or entity even if similarly situated The parties shall bear their own expenses, including their own attorney's fees and costs and shall share equally all expenses of the arbitrator

- **19.02 Conduct of Arbitration**

Unless otherwise specifically required by applicable law, demand for arbitration or proceedings in arbitration, or court proceedings shall not operate to stay, postpone, prohibit or rescind any expiration, termination or non-renewal of this Agreement as provided in this Agreement, and the parties will be limited to their remedy in damages, as determined by the court or arbitrator, for non-renewal or termination found by the arbitrator to be wrongful Damages would be an adequate remedy for any such wrongs The court or arbitrator shall not extend, modify or suspend any of the terms of this Agreement or the reasonable standards of business performance set by Reading Town The arbitrators shall permit discovery between the parties pursuant to the Federal Rules of Civil Procedure

- **19.03 Conditions Precedent to Arbitration**

As conditions precedent to commencing an arbitration proceeding pursuant to this Agreement, the parties shall first comply with the terms of this paragraph 19 03 Failure to comply with this paragraph shall be a material breach of this Agreement and shall entitle the non-defaulting party to an award of all of their attorney's fees and costs reasonably expended in enforcing the terms of this paragraph Such award of attorney's

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fees shall be made by the court enforcing this paragraph and shall be paid by the breaching party before and as a condition precedent to further proceeding in accordance with this Article For the limited purpose of enforcing this paragraph 19 03, each party hereby waives arbitration and the matter shall be heard in the Queens County Superior Court in Queens, New York, USA Within not more than sixty days following the date on which the aggrieved party first discovered or reasonably should have discovered the facts of a dispute between the parties, but not more than one year after the date of the events or facts which gave rise to the dispute, the aggrieved party shall give a Notice to the other party (and any involved other persons) of the existence of the dispute, and shall set forth, in writing, a detailed description of the relevant facts together with a reasonably detailed description of the legal basis of the claim The Notice shall include a detailed description by the aggrieved party of the remedy or outcome desired The non-aggrieved party shall respond to the Notice within thirty days following its receipt If the Notice and response does not resolve the dispute, the parties shall meet, in person, within sixty days following the date of the non-aggrieved party's response, in the corporate offices of the Reading Town, and attempt to informally resolve the matter If the informal meeting does not resolve the matter, the parties shall, within sixty days following the date of the informal meeting, submit to non-binding mediation in Queens, New York with a mediator selected according to the rules of the American Arbitration Association If the dispute is not resolved through mediation, then either party may commence an arbitration proceeding, but must do so within ninety days following the date that either party or the mediator has declared the mediation terminated The demand for arbitration shall contain a certificate by the party commencing arbitration that the party has fully complied with every provision of this paragraph 19 03 Copies of the Notice and the response thereto exchanged pursuant to this paragraph shall be attached to the demand for arbitration and the issues in the arbitration shall be limited to matters contained therein

- **19 04 Limited Exceptions to Arbitration and Mediation**

The requirements of paragraphs 19 01, 19 02, and 19 03 shall not apply to actions for the sole purpose of collecting unpaid money, including franchise fees, royalties or Marketing Fees pursuant to this Agreement or to actions for the sole purpose of enforcing Reading Town's rights in the Marks (both for injunctive relief and damages), the Trade Secrets or the covenant against competition Such actions and claims are not submitted to arbitration Any such actions and claims shall be brought in the Queens County Superior Court in Queens, New York, USA Any counterclaims to such actions and claims are submitted to arbitration and shall be subject to paragraphs 19 01, 19 02 and 19 03

Article 20 - Representations of Franchisee

Franchisee represents

20 1 1 Franchisee is not currently a party to or subject to any contract or agreement, including any other franchise agreement, employment agreement or any covenant not to compete which would directly or indirectly be breached by entering into this Agreement or which would directly or indirectly prohibit or restrict Franchisee's signing of this

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Agreement or performance thereunder,

20 1 2 Franchisee is executing this Agreement and purchasing the license herein for Franchisee's own account and not as an agent or representative of another (unless for an Entity otherwise named herein and in compliance herewith),

20 1 3 Franchisee intends to be actively involved in the Licensed Business for the entire term of this Agreement and knows of no reason that he/she might become a passive owner,

20 1 4 Franchisee is basing Franchisee's decision to purchase this license, in full, upon statements and representations contained in this Agreement and the Reading Town Franchise Disclosure Document and upon facts obtained pursuant to Franchisee's own investigation Franchisee is not relying upon any statements or any information received either directly or indirectly from Reading Town or any person acting or purporting to act on behalf of Reading Town which information or statements are not contained in this Agreement or the Reading Town Franchise Disclosure Document or otherwise in writing and signed by an officer of Reading Town Franchisee has not received any earnings claims or financial performance information, directly or indirectly, from Reading Town excepting only such information as may be contained in Item 19 (Financial Performance Representations) of the Reading Town Franchise Disclosure Document

20 01 05 Franchisee has not terminated and will not terminate Franchisee's existing employment or cease any other income-producing activity until after franchisee has an approved location, has successfully completed the Initial Training, and is open for business If Franchisee elects, notwithstanding this sub-paragraph to terminate employment or income-producing activity, Franchisee knowingly assumes the risk of loss of income and does so contrary to Reading Town's advice

Article 21 - Miscellaneous Provisions

- **21 01 Nonwaiver**

No act or omission or delay in enforcing a right by either party shall waive any right under or breach by the other of this Agreement unless such party executes and delivers a written waiver The waiver by either party of any right under or breach of this Agreement shall not be a waiver of any subsequent or continuing right or breach

- **21 02 Attorneys Fees**

In the event that legal action is properly commenced in court by either party to enforce this Agreement or to determine the rights of any party, as permitted by paragraph 19, including any appeal proceeding, the substantially prevailing party, in addition to any other remedy, shall be entitled to receive its reasonable actual attorneys fees and costs, including expert fees and fees on appeal

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- **21 03 Severability**

In the event that any of the provisions, or portions thereof, of this Agreement are held to be unenforceable or invalid by any court of competent jurisdiction or by an arbitration panel, the validity and enforceability of the remaining provisions, or portions thereof, shall not be affected thereby, and full effect shall be given to the intent manifested by the provisions, or portions thereof, held to be enforceable and valid, unless such invalidity shall pertain to the obligation to pay fees, in which event this Agreement shall terminate

- **21.04 Warranty of Authority**

Each person signing this Agreement for or on behalf of any party to this Agreement warrants that he/she has full authority to sign and to legally bind the party

- **21.05 Estoppel Certificate**

In the event that Reading Town is considering transferring, assigning or encumbrancing this Agreement, the System, or any other of Reading Town's rights or assets, or upon request by Reading Town at any time, Franchisee shall, within ten (10) calendar days after Reading Town shall request the same, execute, acknowledge and deliver to Reading Town, a written certificate that (a) this Agreement is unmodified and in full force and effect (or, if modified, stating the nature of such modification and certifying that this Agreement as so modified is in full force and effect), (b) the date to which royalties or other charges have been paid in advance, if any, (c) there are not, to Franchisee's knowledge, any uncured defaults on the part of Reading Town or Franchisee hereunder, or specifying such defaults if any are claimed, (d) setting forth the dates of commencement and expiration of the Term of this Agreement, (e) Franchisee has and knows of no basis for any claims of any kind against Reading Town (or, if Franchisee has or knows of any such claims, a detailed statement of all such claims and a statement that Franchisee has and knows of no other claims), and (f) any other matter upon which certification is requested by Reading Town or a prospective assignee or encumbrancer Reading Town may rely upon any certificate given pursuant to this sub-paragraph as may any prospective purchaser or encumbrancer of all or any portion of Reading Town's rights hereunder Any failure or refusal to timely execute a truthful certificate pursuant to this sub-paragraph shall be a material breach of this Agreement

- **21 06 Paragraph Headings**

The various paragraph headings are for convenience of reference only and shall not affect the meaning or interpretation of this Agreement or any portion thereof

- **21.07 Recitals**

The recitals preceding the first numbered paragraph of this Agreement are hereby made part of this Agreement as if set forth within the numbered paragraphs All references to "Franchisee" shall include all owners, parents and subsidiaries of Franchisee if Franchisee is an entity

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- **21.08 No Third Party Beneficiary**

Nothing in this Agreement shall be construed to give Franchisee any rights as a third party beneficiary or otherwise arising out of any similar or other agreement(s) between Reading Town and any other franchisee(s) Nothing in this Agreement shall be construed to give to any other franchisee or any other person any rights arising out of this Agreement Any action or inaction by Reading Town with regard to any other franchisee's performance or non-performance as to any term of this or any similar agreement shall not give rise to any claims or rights in favor of Franchisee under this Agreement

- **21.09 Choice of Law**

Except as otherwise specified herein, this Agreement shall be governed by and construed under the laws of the State of New York

- **21 10 Notices**

All notices required or permitted by this Agreement ("Notice" or "Notices") shall be sent to the respective parties at the addresses set forth herein The place of Notice may be modified by appropriate Notice to the other party All Notices shall be sent by certified mail, return receipt requested, postage prepaid, personally delivered, or by facsimile, overnight delivery, or telegraph Notices shall be deemed given at the earlier of (a) receipt by the addressee, including by facsimile or electronic mail, (b) two (2) days following deposit with the United States Postal Service or its successor, with postage prepaid, or (c) immediately upon refusal of delivery by the addressee

- **21.11 Entire Agreement**

This document, together with any exhibits and addenda appended hereto, constitutes the full and complete agreement between the parties hereto with respect to the subject matter hereof There are no verbal or other agreements that affect or modify this Agreement Any prior or contemporaneous representations, promises, contracts or agreements not contained in this Agreement or the Franchise Disclosure Document presented herewith are hereby fully superseded

- **21 12 Modification**

This Agreement shall not be modified or changed except by a written agreement executed by an officer of Reading Town No approval of a deviation from the terms of this Agreement shall be valid unless signed by an officer of Reading Town

- **21 13 Effective Date**

This Agreement shall have no force or effect unless and until signed by an officer of Reading Town The effective date shall be the date of such corporate signature Notwithstanding the order of signatures, this Agreement shall be deemed made and entered into in the state where the Licensed Business is located

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- **21 14 Time of Essence**

Time is of the essence of this Agreement

Article 22 - Business Risk

- **22.01 No Promises**

Franchisee has been informed by Reading Town, realizes and acknowledges that the business venture contemplated by this Agreement involves business risks and its success or failure will be largely dependent upon Franchisee's abilities in operating and managing the Licensed Business Except to the extent expressly set forth in the Reading Town Franchise Disclosure Document, neither Reading Town nor anyone acting or purporting to act on behalf of Reading Town has made any promises or warranties, expressed or implied, as to Franchisee's potential sales, profits or success As to those issues, Franchisee has made its own investigation and evaluation

- **22 02 Receipt for Disclosure Document**

Franchisee has received a copy of this Agreement and the Reading Town Franchise Disclosure Document at least ten (10) days before signing this Agreement or paying any fee to Reading Town Franchisee has received a complete copy of this Agreement and all exhibits and addenda, with all material blanks filled in, at least five (5) days before signing this Agreement Franchisee has been encouraged and provided ample opportunity to consult an attorney or other advisor(s) of its own choosing before entering into this Agreement

IN WITNESS WHEREOF, the parties have executed this Agreement on the day and year indicated below

Date signed	Date signed
FRANCHISOR	**FRANCHISEE**
Good Servant, Inc (d/b/a Reading Town) 44-07 Little Neck Parkway, Little Neck, NY 11363 U S A	Address _____
718) 229-6400	Phone _____

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ATTACHMENT I

APPLICATION FOR A READING TOWN FRANCHISE (US)
Territory A

I/We _____

of _____
hereby submit an application to Good Servant , Inc (d/b/a Reading Town), 44-07 Little Neck Parkway, Little Neck, NY 11363 for a Reading Town Franchise

Our Reading Town Franchise is to be located in

_____, in the state of _____
(the "State") This application once submitted is subject to the following terms and conditions

1 Initial Franchise Fee for this franchise is $35,000 00 payable in certified check as follows

a Five Thousand Dollars ($5,000) deposit (non refundable, except as set forth in Paragraph 2 below) Payable to Reading Town upon submitting this Application
b Twenty Thousand Dollars ($30,000) is due and payable to Reading Town within seven (7) days of notification that my/our application has been approved At such time, I/we will execute the Reading Town Franchise Agreement and appropriate Exhibits

2 If my/our Application is disapproved by Reading Town, the $5,000 deposit will be immediately refunded

3 I/we acknowledge that I/we have, at least fourteen calendar days, prior to the signing of this Application Agreement, received Reading Town's current form of Franchise Disclosure Document applicable to the State I/we understand that a completed form of the Franchise Agreement will be provided at least five business days prior to signing the Franchise Agreement, and that all other terms are to be in accordance with it

4 I/we have submitted a completed Confidential Qualification Report, including a completed Individual Financial Statement on Reading Town's form and I/we hereby authorize Reading Town to conduct an investigation of my/our background(s) to verify the information submitted

5 I/we acknowledge and understand that submission of this application does not bind or obligate Reading Town, Inc to issue an Reading Town Franchise to me/us

(Signature) **(Signature)**

Applicant (Print Name) **Applicant (Print Name)**

Date _____

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ATTACHMENT I

APPLICATION FOR A READING TOWN FRANCHISE (US)
Territory B

I/We _____

of _____
hereby submit an application to Good Servant , Inc (d/b/a Reading Town), 44-07 Little Neck Parkway, Little Neck, NY 11363 for a Reading Town Franchise

Our Reading Town Franchise is to be located in

_____, in the state of _____
(the "State") This application once submitted is subject to the following terms and conditions

1 Initial Franchise Fee for this franchise is $25,000 00 payable in certified check as follows

a Five Thousand Dollars ($5,000) deposit (non refundable, except as set forth in Paragraph 2 below) Payable to Reading Town upon submitting this Application
b Twenty Thousand Dollars ($20,000) is due and payable to Reading Town within seven (7) days of notification that my/our application has been approved At such time, I/we will execute the Reading Town Franchise Agreement and appropriate Exhibits

2 2 If my/our Application is disapproved by Reading Town, the $5,000 deposit will be immediately refunded

3 I/we acknowledge that I/we have, at least fourteen calendar days, prior to the signing of this Application Agreement, received Reading Town's current form of Franchise Disclosure Document applicable to the State I/we understand that a completed form of the Franchise Agreement will be provided at least five business days prior to signing the Franchise Agreement, and that all other terms are to be in accordance with it

4 I/we have submitted a completed Confidential Qualification Report, including a completed Individual Financial Statement on Reading Town's form and I/we hereby authorize Reading Town to conduct an investigation of my/our background(s) to verify the information submitted

5 I/we acknowledge and understand that submission of this application does not bind or obligate Reading Town, Inc to issue an Reading Town Franchise to me/us

(Signature) **(Signature)**

Applicant (Print Name) **Applicant (Print Name)**

Date _____

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EXHIBIT A

Location of Licensed Business

The location of Franchisee's "Reading Town" Licensed Business Premises shall be

Street Address _____

City _____

State _____

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EXHIBIT B

Territory

Franchisee's designated Territory shall be defined as follows

The geographic boundaries (all geographic boundaries shall be as they exist on the date of this Agreement) _____

The estimated population of the Territory is _____

The territory classification is A ( ), or B ( )

Map(s) Please see attached map(s)

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EXHIBIT C

Licensed Program

The term "Licensed Program" means the curricula which the Franchisee is allowed to use for the initial franchisee fee in the business of tutoring and learning center related services under the Marks and using the System of Reading Town

Standard Package Program

( ) Reading Center

( ) Writing Center

( ) Speech Center

Elective Program

( ) Classic Center

( ) Math Center

( ) Debate Center

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EXHIBIT D

Required Material

You must purchase the Required Material, which are listed below, only from Reading Town or from vendors approved by Reading Town

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EXHIBIT E

Lease Conditional Assignment Agreement

This Rider is attached to and is part of that certain Lease, by and between

_____(Lessor) and _____

(Lessee) dated_____for the premises located at _____

_____, legally described in Annex A hereto

A CONDITIONAL ASSIGNMENT

Lessee hereby conditionally assigns all of the Lessee's right, title and interest in this lease to Reading Town (hereinafter, "Reading Town") This assignment shall become effective only upon occurrence of both of the following conditions

1 Termination of the Reading Town Franchise Agreement between Reading Town and Lessee as Franchisee for the operation of an Reading Town franchise within the leased premises, and

2 Exercise by Reading Town of its option to assume the obligations of and to replace Lessee as the lessee under this lease as provided in the said Franchise Agreement within fifteen (15) days after termination of said Franchise Agreement

B LESSOR

hereby consents to the said conditional assignment and hereby agrees that if said conditional assignment becomes effective, Reading Town shall thereafter be substituted for Lessee as the Lessee in this lease, Lessee shall be relieved of all liability accruing under this lease after the effective date of the assignment and Reading Town shall have the right to reassign this lease to a new Franchisee of Reading Town without the prior consent of Lessor In the event of such reassignment, Reading Town shall be relieved of all liability accruing under this lease after the date of said reassignment

C LESSEE

agrees that at such time as Reading Town exercises its option to become the Lessee under this lease, Lessee will immediately vacate the demised premises without removing any fixtures, parts, or accessories except as authorized in the Franchise Agreement and Lessor will permit Reading Town to enter upon and take possession of the demised premises Lessor will cooperate in all legal action necessary to remove lessee if lessee refuses to vacate premises

D LESSOR

is hereby authorized and directed to rely solely upon written notice by Reading Town of the termination of the said Reading Town Franchise Agreement and exercise by Reading Town of its option to become the Lessee under this lease and is hereby relieved of any and all liability to Lessee for any action it takes in so relying

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E DEFAULT BY LESSEE

Lessor agrees to give Reading Town thirty (30) days prior written notice of its intention to reenter and repossess the premises and to cancel the lease on account of Lessee's default of any of the terms, conditions or provisions thereof During the thirty (30) day period Reading Town may cure such default or otherwise exercise its rights under the conditional assignment

F OPTION TO RENEW

In the event that Lessee fails to exercise any option which he might have under the lease to renew same prior to the expiration thereof, Lessor agrees to notify Reading Town in writing of lessee's failure to renew the lease and Reading Town shall then have fifteen (15) days from the receipt of such notice to exercise any option to renew and replace Lessee as the lessee under the lease

Date signed	Date signed
Reading Town Assignee	FRANCHISEE
By _____	
Dr Soonho Song, CEO	Franchisee
44-07 Little Neck Parkway Little Neck, NY 11363 U S A	Address
718-229-6400	
	Phone

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LESSOR

By

Its _____

ACKNOWLEDGMENTS

STATE OF_____)
OUNTY OF_____) ss
On this day personally appeared before me_____, to me known to be the individual(s) described in and who executed the within and foregoing instrument, and acknowledged that_____signed the same as_____free and voluntary act and deed, for the uses and purposes therein mentioned
GIVEN under my hand and official seal this_____day of _____
20_____

Notary Public in and for the State of _____
residing at __
My appointment expires _____

* * *

STATE OF_____)
COUNTY OF_____) ss
On this day personally appeared before me_____, to me known to be the individual(s) described in and who executed the within and foregoing instrument, and acknowledged that_____signed the same as_____free and voluntary act and deed, for the uses and purposes therein mentioned
GIVEN under my hand and official seal this_____day of _____
20_____

Notary Public in and for the State of _____
residing at __
My appointment expires _____

* * *

STATE OF_____)
COUNTY OF_____) ss
On this day personally appeared before me _____
____, to me known to be the_____[Title], of _____
_____, a [Type of Entity and State of Organization], the Entity that executed the foregoing instrument, and acknowledged

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the said instrument to be the free and voluntary act and deed of said corporation for the uses and purposes therein mentioned and on oath stated that he is/are authorized to execute the said instrument on behalf of said Entity
WITNESS my hand and official seal this_____day of_____,
20_____

Notary Public in and for the State of _____
residing at __
My appointment expires _____

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EXHIBIT F

Assignment of Telephone numbers

_____ Franchisee/Assignor, in consideration of Reading Town/Assignee granting an Reading Town franchise contemporaneously herewith, and other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, hereby assigns to Reading Town all telephone numbers and listings utilized or to be utilized by Franchisee/Assignor in the operation of his Reading Town Licensed Business The Assignee hereby assumes the performance of all of the Terms, Covenants, and Conditions of the agreement(s) with the telephone company with respect to such telephones, telephone numbers and telephone listings with the same force and effect as if Assignee had been originally issued such telephone, telephone numbers, telephone listings and the usage thereof This Assignment is valid on the effective date and is irrevocable It applies equally to any numbers first used after the effective date The telephone company is authorized to rely upon this Assignment at any time that it is delivered to the telephone company by Reading Town/Assignee Assignee and Assignor each agree to hold harmless and indemnify the telephone company from any claims based upon the telephone company's reliance upon this Assignment Assignee and Assignor each agree to sign any other documents necessary in the opinion of the telephone company to give effect to this Assignment

Date signed _____

Reading Town

By _____
Dr Soonho (Joshua) Song, CEO

44-07 Little Neck Parkway
Little Neck, NY 11363 U S A

718-229-6400

Date signed _____

FRANCHISEE
(Assignor)

Franchisee

Address

Phone _____

Subject telephone number(s)
(as of date of this document)

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EXHIBIT G

Personal Guaranty

IN CONSIDERATION of and to induce the consent by Reading Town, a Your State corporation ("Reading Town") to the assignment of all right, title, and interest in and to the Reading Town

Franchise Agreement dated_____to

, a [Type of Entity and State of organization] ("Franchisee"), [or alternatively, in consideration of and to induce Reading Town's consent for the undersigned to enter into the Franchise Agreement in the Entity form], and for other good and valuable consideration, I/we, and each of us jointly, severally, absolutely and unconditionally guarantee to Reading Town

- **1 01 Payment Of Obligations**

The punctual payment and satisfaction of each and every claim, demand, default, liability, indebtedness, right or cause of action of every nature whatsoever, including expenses, damages and fees, now or hereafter existing, due or to become due, or held by Reading Town, its subsidiaries, divisions, or related companies, together with any interest as it may accrue, and all costs, expenses and attorneys fees paid or incurred by Reading Town or its subsidiary, division, or related company in collecting or attempting to collect the obligations of the Franchisee or in enforcing or attempting to enforce this Guaranty, and

- **1.02 Continuing Performance.**

The timely performance of each term, covenant, and obligation of the license set forth in the **Reading Town** Franchise Agreement described above This is a continuing Guaranty which shall apply to the Franchise Agreement and any subsequent renewals, extensions, amendments or modifications thereof, and such renewals, extensions, amendments or modifications shall be conclusively presumed to be covered by this Guaranty without further notice to or acceptance by the undersigned

- **2.01 Execution And Delivery**

The undersigned acknowledge(s) and agree(s) that possession of this Guaranty by Reading Town constitutes true and correct execution and actual and proper delivery of same to Reading Town, and the undersigned waive notice of acceptance of this Guaranty and of the incurrence by Franchisee of any liability to which it applies or may apply, and waive presentment and demand for payment thereof, protest, notice of protest and notice of dishonor or non-payment thereof, collection thereof including any notice of default in payment thereof or other notice to, or demand of payment therefore on, any party The undersigned further waive any right to have security applied before enforcing this Guaranty, any right to require suit against the Franchisee or any other party before enforcing this Guaranty, and any right to subrogation to Reading Town's rights against

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the Franchisee until the Franchisee's liabilities and obligations to Reading Town are paid and satisfied in full Payment by the undersigned shall be made at the office of Reading Town in Little Neck, Queens, New York, or such other location as Reading Town may designate in writing

- **3 01 Rights Of Company**

Reading Town may, at its option, at any time, without the consent of or notice to the undersigned, without incurring responsibility to the undersigned and without impairing or releasing the obligations of the undersigned, upon or without any terms or conditions and in whole or in part

3 1 1 change the manner, place or terms of payment or change or extend the time of payment of, renew, or alter any obligation, liability or right of the Franchisee under the Franchise Agreement hereby guaranteed, or any liabilities incurred directly or indirectly hereunder, and the guaranty herein made shall apply to the obligations and liabilities of the Franchisee, so changed, extended, renewed or altered,

3 1 2 exercise or refrain from exercising any rights against Franchisee or others, or otherwise act or refrain from acting,

3 1 3 settle or compromise any liabilities hereby guaranteed or hereby incurred, and may subordinate the payment of all or any part of such liabilities to the payment of any liabilities which may be due to Reading Town or others, and

3 1 4 apply any sums paid to any liability or liabilities of Franchisee to Reading Town regardless of what liability or liabilities of Franchisee remain unpaid Reading Town may, at its option, without the consent of or notice to the undersigned, apply to the payment of the liability created by this guaranty, at any time after such liability becomes payable, any moneys, property, or other assets belonging to the undersigned in the possession, care, custody and control of Reading Town

- **4 01 Irrevocable**

This agreement shall not affect in any manner the right of Reading Town to terminate the Franchise Agreement pursuant to the terms thereof, and this Guaranty shall survive the termination, expiration, or cancellation of the Franchise Agreement Reading Town may at its option, elect to take no action pursuant to this Guaranty or the Franchise Agreement without waiving any rights under either The undersigned do further agree that it will not be necessary for Reading Town, in order to enforce the terms of this agreement against them, to first institute suit or exhaust its remedies against the Franchisee or any others This Guaranty shall operate as a continuing Guaranty and shall be non revocable, except with the express written consent of Reading Town

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- **4.02 Joint And Several Liability**

The undersigned, if more than one, shall be jointly and severally liable hereunder and the term "undersigned" shall mean the undersigned or any one or more of them Anyone signing this Guaranty shall be bound thereto at any time Any married person who signs this Guaranty hereby expressly agrees that recourse may be had against his/her community and separate property for all obligations under this Guaranty

- **4 03 Successors And Assigns**

This Guaranty shall bind and inure to the benefit of the heirs, executors, administrators, successors, and assigns of Reading Town and of the undersigned

- **4.04 Noncompetition**

The undersigned hereby agree that they shall be individually bound by the provisions of the Franchise Agreement relating to trade secrets, confidentiality, and non-competition

- **4 05 Bankruptcy Or Insolvency Of Franchisee.**

In the event that a petition in bankruptcy or for an arrangement or reorganization of the Franchisee under any state or federal bankruptcy law or for the appointment of a receiver for the Franchisee or any of its property is filed by or against the Franchisee, or if the Franchisee shall make an assignment for the benefit of creditors or shall become insolvent, all indebtedness and other obligations of the Franchisee shall, for purposes of this Guaranty be immediately due and payable

WITNESS our hands at_____, on this the_____day of _____, 20____

[SIGNATURE]
_____% owner of Franchisee

[SIGNATURE]
_____% owner of Franchisee

[SIGNATURE]
_____% owner of Franchisee

[SIGNATURE]
_____% owner of Franchisee

[SIGNATURE]
_____% owner of Franchisee

[SIGNATURE]
_____% owner of Franchisee

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EXHIBIT H

Master Lease

_____See Attached

_____None Applicable

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EXHIBIT I

Trade Secrets & Confidentiality Agreement

This Agreement is made and entered into by and between Reading Town_____

_____center,(hereinafter,"the Employer") and _____

_____ , (hereinafter, "Employee")

WHEREAS, Employer is engaged in the business of offering tutoring services under the Marks and using the System, pursuant to a franchise agreement with Reading Town (herein, "the Licensed Business") according to a unique formula and under the trade name and mark, "Reading Town"

WHEREAS, Employer has a need for a manager/academic director or key employee for the Licensed Business,

WHEREAS, Employee is willing and able to become a manager/academic director or key employee for the Licensed Business,

WHEREAS, Employer is willing to hire Employee or to promote Employee to the position of manager/academic director or key employee of the Licensed Business, but only upon the terms and conditions set forth herein,

NOW THEREFORE, for and in consideration of the mutual covenants herein contained and other good and faithful consideration, the receipt and sufficiency of which is hereby acknowledged by each party, the parties hereby agree as follows

1 Employment

Employer agrees to employ Employee as_____, and to pay compensation as follows _____

2 Trade Secrets

Employee agrees that all of the information provided to Employee by Employer in the course of employment relating to the Licensed Business, its operation, management, policies, relationship with its Reading Town, identity of is customers, members and vendors, pricing structures and formulas, product mix, and similar information, constitutes trade secrets Employee acknowledges that such information has been received only from Employer and that it is not generally available to the public and

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that it derives independent economic value from not being widely known Employee acknowledges and agrees that certain items or information to be made available may not, if analyzed in isolation, be trade secrets, however, unless Employer specifically agrees otherwise in writing, all such items and information, when placed in the context of those things which are trade secrets if analyzed in isolation, become and are part of the trade secrets and are subject to this Agreement Employee further acknowledges that should the information be misappropriated or transferred to any third party, the Employer and Employer's Reading Town would suffer irreparable harm Trade secrets does not include information on public record or readily available from a third party without consent by Employer

3 Employer Owns All Incidents

Employer shall be entitled to all of the benefits, profits and other issues arising from or incident to all work, services, and advice of Employee relating to the Trade Secrets or arising out of discussions with Employer regarding same, and in any way communicated to Employer or becoming known to Employer during or after the term of employment

4 Nondisclosure

Employee shall not at any time or in any manner, either directly or indirectly, divulge, disclose or communicate to any unauthorized person(s) any information regarding any trade secret(s) or any proprietary information of Employer All such information shall be held by Employee in complete confidence Such information is important, material, and confidential and gravely affects the effective and successful conduct of Employer's Licensed Business and goodwill Should Employee, at any time, cease to be an employee of Employer, Employee shall immediately return to the Employer the originals and all copies of all documents or other media containing or representing trade secrets Breach of any of the terms of this paragraph shall be a material breach of this Agreement The terms of this paragraph shall survive termination of this Agreement for any reason Employee shall be in breach of this Agreement during any month in which Employee or any third party has possession or use of any trade secrets in violation of this Agreement

5 Remedies

Employee agrees that, in the event of alleged breach, Employer shall be entitled, in addition to all other remedies available at law or in equity, to a temporary restraining order, a preliminary injunction and other interim relief and that the maximum bond to be required of Employer for such relief shall be ten dollars ($10 00) Employee waives any right to a higher bond Employee agrees that any action taken by Employer pursuant to this Agreement shall not constitute an election of remedies In addition to, and not in lieu of, an injunction, Employer shall be entitled to a judgment against Employee for the greater of (a) Employer's actual damages (if provable under the circumstances) or (b) liquidated damages calculated as Employee's average monthly gross compensation for the last six months (or portion thereof) for which Employee was employed by Employer, multiplied by the number of months during which Employee was in breach of this

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Agreement The parties mutually agree that the liquidated damages agreed herein are not a penalty, but are a best good faith effort to estimate what Employer's actual damages would be in the event of a breach under circumstances where actual damages may, because of facts known at that time, not be readily susceptible of accurate calculation

6 Enforcement By Reading Town

Both Employer and Employee acknowledge and agree that this Agreement is for the benefit not only of the Employer, but also of Reading Town Employer and Employee each agree that Reading Town shall have the same right to enforce this Agreement as Employer has, provided only that as between Employer and Reading Town, they shall be entitled to only one recovery of damages or liquidated damages

7 Effectiveness

This Agreement shall become effective when signed and shall be enforceable at any time thereafter

7-1 Nonwaiver
No act or omission or delay in enforcing a right by either party shall waive any right under or breach by the other of this Agreement unless such party executes and delivers a written waiver The waiver by either party of any right under or breach of this Agreement shall not be a waiver of any subsequent or continuing right or breach

7-2 Attorneys Fees
In the event that legal action or arbitration is commenced by either party to enforce this Agreement or to determine the rights of any party, including any appeal proceeding, the substantially prevailing party, in addition to any other remedy, shall be entitled to receive its reasonable attorney's fees and costs

7-3 Severability
In the event that any of the provisions, or portions thereof, of this Agreement are held to be unenforceable or invalid by any court of competent jurisdiction, the validity and enforceability of the remaining provisions, or portions thereof, shall not be affected thereby, and full effect shall be given to the intent manifested by the provisions, or portions thereof, held to be enforceable and valid, unless such invalidity shall pertain to the obligation to pay fees, in which event this Agreement shall terminate

7-4 Warranty Of Authority
Each person signing this Agreement for or on behalf of any party to this Agreement warrants that he/she has full authority to sign and to legally bind the party

7-5 Paragraph Headings

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The various paragraph headings are inserted for convenience of reference only and shall not affect the meaning or interpretation of this Agreement or any portion thereof

7-6 Recitals
The recitals preceding the first numbered paragraph of this Agreement are hereby made part of this Agreement as if set forth within the numbered paragraphs

7-7 Choice Of Law
This Agreement shall be governed by and construed under the laws of the state in which the Licensed Business is located

7-8 Notices
All notices required or permitted by this Agreement shall be sent to the respective parties at the addresses set forth herein The place of notice may be modified by appropriate registered or certified mailing to the other party All notices shall be sent by certified mail, return receipt requested, postage prepaid, or personally delivered Notices shall be deemed given at the earlier of (a) receipt by the addressee or (b) two (2) days following deposit with the United States Postal Service or its successor

7-9 Entire Agreement
This document, together with any exhibits and addenda appended hereto, constitutes the full and complete agreement between the parties hereto with respect to the subject matter hereof There are no verbal or other agreements that affect or modify this Agreement Any prior representations, promises, contracts or agreements are hereby fully superseded

7-10 Modification
This Agreement shall not be modified or changed except by a written agreement executed by an officer of Employer No approval of a deviation from the terms of this Agreement shall be valid unless signed by an officer of Employer

Date _____

EMPLOYER

By _____

_____, its _____

Address _____

EMPLOYEE

Signature

Address _____

Phone _____

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EXHIBIT J

Mutual Termination of Franchise Agreement and Release

This Mutual Termination of Reading Town Franchise Agreement and Release is entered into by

and between_____(Franchisee) and Reading Town (Franchisor)

WHEREAS Franchisee is a franchisee of Reading Town pursuant to a franchise agreement dated

_____ , governing a Licensed Business located at_____

_____,

WHEREAS Franchisee and Reading Town desire to mutually terminate the Agreement and wind up and resolve all matters between them relating to or arising out of the Agreement and their relationship as Reading Town and Franchisee, and

WHEREAS Franchisee and Reading Town each desire to be bound by the terms of this Mutual Termination of Reading Town Franchise Agreement and Release,

NOW THEREFORE, the parties hereby agree as follows, acknowledging that each has received adequate consideration for this agreement

1 Franchisee and Reading Town each acknowledge and agree that, by entering into this Agreement, all of their respective rights under the Agreement are terminated except only as specifically reserved herein

2 Except for any remaining financial obligations of Franchisee to Reading Town for franchise fees or for goods purchased and except for any post-termination requirements of the Agreement involving competition and trade secrets, all claims, demands, rights, duties, obligations, debts, dues, sums of money, accounts, covenants, contracts, controversies, agreements, promises, torts, judgments, executions, liabilities, damages, injunctions, assignments, suits or causes of action of every kind and nature, however or wherever arising, whether known or unknown, foreseen or unforeseen, direct, indirect, contingent or actual, liquidated or unliquidated, which have arisen or which might or could arise under Federal, state or local law from any relationship under the Agreement (including any supplier-purchaser relationship) or under any agreement in connection therewith, or from the execution, operation under or termination of the Agreement and any services to Franchisee thereunder or under any prior agreement relating to the Licensed Business, existing or arising at any time prior to or at the item of the execution hereof or the Effective Date (whichever is later) are hereby mutually satisfied, acquitted, discharged and released by Franchisee and Reading Town, it being the express intention of each party that this Release is as broad as permitted by law

3 Franchisee intends this Release to acquit and forever fully discharge Reading Town and

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any parent or direct or indirect subsidiary thereof, any division, affiliate or supplier who provided merchandise for Franchisee's operation of the Licensed Business, and its and their respective officers, directors, agents, employees, representatives, successors and assigns, and all other persons, firms or corporations who have acted in agreement or in concert with any of them or with Franchisee

4 This Mutual Termination of Reading Town Franchise Agreement and Release shall be binding upon Franchisee and the heirs, legal representatives, successor and assigns of Franchisee and upon Reading Town and its successors and assigns

5 Franchisee has either been advised by independent counsel before signing this or, acknowledging the need for independent counsel, knowingly waives any such review and advice

6 In the event of litigation or arbitration to enforce this Agreement, the substantially prevailing party shall be entitled to its reasonable attorney's fees in addition to all other sums owed pursuant to this Agreement or otherwise

7 The Effective Date of this document shall be _____

Franchisee(s) Franchisor Reading Town

Franchisee By _____

_____, its _____

Franchisee

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EXHIBIT K

Consent, Waiver and Release for Training

This Consent, Waiver and Release is entered into by and between _____

_____(Franchisee) and Reading Town (Franchisor) and shall also be for the benefit of any franchisee of Reading Town in whose office or premises Franchisee receives any part of his training under Franchisee's Franchise Agreement (Trainer)

Franchisee recognizes and acknowledges the value of receiving part of Franchisee's training (or Franchisee's employees' training, if appropriate) under the Reading Town Franchise Agreement in an actual Reading Town office owned and operated by another Reading Town franchisee At least some of the training will be "hands-on", actually operating the Licensed Business or some aspect of the Licensed Business on a day-to-day basis In some cases, Franchisee may be left solely in charge of the Reading Town office of the Trainer for some periods of time "Franchisee" as used in this agreement shall include any employee(s) of franchisee who obtain training

In consideration of the value of the hands-on, on-location training, Franchisee covenants and agrees

Franchisee is not and will not be or become an employee of Trainer unless by a separate written agreement

Franchisee covenants and agrees to not sue or make any claim, including under any federal, state or local statute or ordinance, for any compensation for services or for any benefits

Franchisee shall not make any statement(s) or representation(s) inconsistent with this agreement

Franchisee hereby assumes the risk of injury or death arising out of Franchisee's presence on the Licensed Business premises of Trainer and agrees to defend, hold harmless and indemnify Reading Town and Trainer from and against all claims, demands, damages, injuries or settlements arising out of or related to Franchisee's training on the premises of Trainer, excepting only for intentional or grossly negligent acts of Reading Town or Trainer

Franchisee hereby assumes the risk of injury or death to others arising out of any negligent or intentional acts of Franchisee while on the Licensed Business premises of Trainer and agrees to defend, hold harmless and indemnify Reading Town and Trainer from and against all claims, demands, damages, injuries or settlements arising out of or related to Franchisee's training on the premises of Trainer caused in whole or in part by Franchisee's negligent or intentional acts

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Franchisee consents to having some or all of Franchisee's training occur under the guidance and on the premises of Trainer Franchisee's training will take approximately two months or until Franchisee has achieved a level of competency as determined by Reading Town

Franchisee understands and acknowledges that each Reading Town franchisee conducts the Licensed Business slightly differently and that Franchisee is advised to consider Trainer's methods and procedures, in light of Franchisee's own study of the Manual(s), as one way of operating the Licensed Business Franchisee is solely responsible for Franchisee's conduct of Franchisee's Licensed Business If Franchisee is in doubt as to the appropriateness of a procedure or manner of operating the Licensed Business, Franchisee shall obtain clarification from the Reading Town directly Franchisee understands that it would not be a defense to a later breach of contract notice that he/she acted consistently with what Trainer did

Trainer covenants and agrees as follows

Trainer shall not be or become an employer of Franchisee, unless by separate written agreement

Trainer covenants and agrees to not sue or make any claim, including under any federal, state or local statute or ordinance, for any compensation for services or for any benefits to Trainer

Trainer shall not make any statement(s) or representation(s) inconsistent with this agreement

Trainer hereby assumes the risk of injury or death arising out of Franchisee's presence on the Licensed Business premises of Trainer and agrees to defend, hold harmless and indemnify Reading Town from and against all claims, demands, damages, injuries or settlements arising out of or related to Franchisee's training on the premises of Trainer, excepting only for intentional or grossly negligent acts of Reading Town

Trainer hereby assumes the risk of injury or death to others arising out of any negligent or intentional acts of Trainer and agrees to defend, hold harmless and indemnify Reading Town from and against all claims, demands, damages, injuries or settlements arising out of or related to Franchisee's training on the premises of Trainer caused in whole or in part by Trainer's negligent or intentional acts

Trainer consents to having some or all of Franchisee's training occur under the guidance and on the premises of Trainer Franchisee's training will take approximately two months or until Franchisee has achieved a level of competency as determined by Reading Town

Trainer will make best efforts to teach Franchisee the operation of the Licensed Business in accordance with the current version of the Manual(s) and to remind Franchisee that, if Franchisee has questions about the proper procedure under the Manual(s) to

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obtain clarification from the Reading Town If Reading Town requests it, Trainer will immediately modify the training to comply with the Manual(s)

Reading Town undertakes as follows

Reading Town will be responsible for determining whether Franchisee has achieved a level of competency sufficient to satisfy the training requirement under the Franchise Agreement

By signing below, the parties each hereby agree to be bound by this Consent, Waiver and Release for Training Agreement

Executed this_____day of_____, _____

Trainer	Franchisee
Franchisor **Reading Town** By _____ Dr Soonho Song, CEO	

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EXHIBIT L

Release From Continuing Obligations

This Release From Continuing Obligations is entered into by and between _____

_____ (Franchisee) and Reading Town (Franchisor)

WHEREAS Franchisee is a franchisee of Reading Town pursuant to a franchise agreement dated

_____, governing a Licensed Business located at _____

_____,

WHEREAS Franchisee desires to be released from certain of Franchisee's continuing obligations under the terms of the Agreement, and

WHEREAS Reading Town is willing to release Franchisee from certain continuing obligations under the terms of the Agreement, but only upon the terms and conditions herein,

NOW THEREFORE, the parties hereby agree as follows, acknowledging that each has received adequate consideration for this agreement

1 Release from Continuing Obligations

For the consideration set forth in the alternative selected by Franchisee below, Reading Town hereby releases Franchisee from Franchisee's continuing obligations under the Agreement to the extent set forth in the alternative selected by Franchisee Except to the extent specifically released by Reading Town according to this Release from Continuing Obligations, Franchisee shall continue to be obligated and shall continue to fully and timely perform all of Franchisee's continuing obligations under the Agreement

2 Election by Franchisee and Terms of Release

Franchisee, by initialing one of the following options, hereby elects to be released from certain continuing obligations under the Franchise Agreement (and to continue to fully perform otherwise) as set forth in the option

A By selecting this Option A, Franchisee elects to be released from all continuing obligations under the Agreement except for any existing financial obligations of Franchisee to Reading Town for franchise fees or for goods purchased, except that Franchisee shall continue to fully and timely perform according to the terms of Articles 6 (Trade Secrets), 17 (no competition), 18 (effect of termination) and 20 (arbitration) of the Agreement In consideration of this Release, Franchisee shall pay to Reading Town $5,000 (USD)

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B By selecting this Option B, Franchisee elects to be released from all continuing obligations under the Agreement except for any existing financial obligations of Franchisee to Reading Town for franchise fees or for goods purchased, except that Franchisee shall continue to fully and timely perform according to the terms of Articles 6 (Trade Secrets) and 20 (Arbitration) of the Agreement In consideration of this Release, Franchisee shall pay to Reading Town the sum of $30,000 (USD) plus the greater of (a) 1 5 times the average monthly royalty paid during the months Franchisee was a franchisee times the number of months remaining in the Term of the Agreement or (b) 1 5 times the average monthly royalty paid during the immediately preceding twelve months Franchisee was a franchisee times the number of months remaining in the Term of the Agreement The consideration for this Option B shall be due and payable upon execution of this Release of Continuing Obligations

C By selecting this Option C, Franchisee elects to be released from all continuing obligations under the Agreement except for any existing financial obligations of Franchisee to Reading Town for franchise fees or for goods purchased, except that Franchisee shall continue to fully and timely perform according to the terms of Articles 6 (Trade Secrets) and 20 (Arbitration) of the Agreement In addition, for so long as Franchisee is not in breach of any term of this Release of Continuing Obligations, Reading Town hereby agrees to not open or permit to be opened a company-owned or franchised Reading Town office within Franchisee's Territory as described in the Agreement, as modified to the date of this Release of Continuing Obligations, for the greater of two calendar years following this date or the balance of the Term of the Agreement had it not been terminated by this Release of Continuing Obligations In consideration of this Release, Franchisee shall pay to Reading Town the sum of $50,000 (USD) plus the greater of (a) two times the average monthly royalty paid during the months Franchisee was a franchisee times the number of months remaining in the Term of the Agreement or (b) two times the average monthly royalty paid during the immediately preceding twelve months Franchisee was a franchisee times the number of months remaining in the Term of the Agreement The consideration for this Option C shall be due and payable upon execution of this Release of Continuing Obligations

3 Mutual Release and Termination

3 01 Franchisee and Reading Town each acknowledge and agree that, by entering into this Agreement, all of their respective rights under the Agreement are terminated except only as specifically reserved herein The parties specifically agree to fully and timely perform pursuant to this Release From Continuing Obligations

3 02 Except for any existing financial obligations of Franchisee to Reading Town for franchise fees or for goods purchased and except for any post-termination requirements of the Agreement specifically preserved by this Release From Continuing Obligations, all claims, demands, rights, duties, obligations, debts, dues, sums of money, accounts, covenants, contracts, controversies, agreements, promises, torts, judgments, executions, liabilities, damages, injunctions, assignments, suits or causes of action of every kind and nature, however or wherever arising, whether known or unknown, foreseen or

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unforeseen, direct, indirect, contingent or actual, liquidated or unliquidated, which have arisen or which might or could arise under Federal, state or local law from any relationship under the Agreement (including any supplier-purchaser relationship) or under any agreement in connection therewith, or from the execution, operation under or termination of the Agreement and any services to Franchisee thereunder or under any prior agreement relating to the Licensed Business, existing or arising at any time prior to or at the time of the execution hereof or the Effective Date (whichever is later) are hereby mutually satisfied, acquitted, discharged and released by Franchisee and Reading Town, it being the express intention of each party that this Release is as broad as permitted by law

3 03 Franchisee intends this Release to acquit and forever fully discharge Reading Town and any parent or direct or indirect subsidiary thereof, any division, affiliate or supplier who provided goods or services for Franchisee's operation of the Licensed Business, and its and their respective officers, directors, agents, employees, representatives, successors and assigns, and all other persons, firms or corporations who have acted in agreement or in concert with any of them or with Franchisee

4 This Release of Continuing Obligations shall be binding upon Franchisee and the heirs, legal representatives, successors and assigns of Franchisee and upon Reading Town and its successors and assigns

5 Franchisee has either been advised by independent counsel before signing this or, acknowledging the need for independent counsel, knowingly waives any such review and advice

6 Terms defined in the Franchise Agreement shall have the same meanings in this Agreement Jurisdiction and Venue shall be in Queens, New York The law of the state where the Licensed Business is located (except any choice of law provisions thereof) shall govern interpretation of this Agreement In the event of litigation or arbitration to enforce this Agreement, the substantially prevailing party shall be entitled to its reasonable attorney's fees in addition to all other sums owed pursuant to this Agreement or otherwise

7 The Effective Date of this document shall be _____

Franchisee(s)

Franchisor

Reading Town

_____

Franchisee

By _____

_____, its _____

Franchisee

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EXHIBIT M

Confidentiality Agreement – Additional Information

[Applicable only if additional information requested by Franchisee]

This Confidentiality Agreement is entered into by and between _____

_____(Franchisee) and Reading Town (Franchisor)

WHEREAS Franchisee is considering purchasing an Reading Town Franchise,

WHEREAS Franchisee has requested additional information from Reading Town beyond that contained in the Franchise Disclosure Document,

WHEREAS the Reading Town regards the information Franchisee has requested to be proprietary, confidential information, and Trade Secrets,

WHEREAS, notwithstanding the foregoing, Reading Town is willing to provide certain additional information, but only upon the terms of this Confidentiality Agreement

THEREFORE, the parties agree as follows, acknowledging the existence and sufficiency of consideration, and fully intending to be bound hereby

1 Upon receipt of this Confidentiality Agreement, unaltered and fully executed by Franchisee, Reading Town will make a reasonable effort to provide to Franchisee one copy of the following information (the "Confidential Information")

2 Franchisee shall be entitled to review the Confidential Information and may permit Franchisee's advisors with a genuine need to know and who are disclosed herein, including attorneys, accountants and confidential business advisors, to review it No person shall make any reproduction, photo, electronic or other copy of the Confidential Information or any part thereof for any purpose, including summaries No person shall use the Confidential Information or any part thereof for any purposes except as specifically permitted pursuant to this Confidentiality Agreement Franchisee warrants that every person, including attorneys, accountants and confidential business advisors, who reviews any portion of the Confidential Information shall be subject to this Confidentiality Agreement, has been informed of the contents of this Confidentiality Agreement before reviewing any of the Confidential Information and has indicated, in writing, a willingness to be bound by this Confidentiality Agreement

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Franchisee's advisors whom Franchisee may permit to review the Confidential Information on Franchisee's behalf are as follows Franchisee shall not, directly or indirectly, permit any other person to review the Confidential Information or any part thereof

Name	Address & Telephone	Relationship to Franchisee

[Attach and initial an additional page if necessary]

3 Franchisee agrees that, immediately upon completion of Franchisee's review of the Confidential Information, regardless of whether Franchisee ever purchases a Reading Town franchise, to return the original and all copies of the Confidential Information to Reading Town, including all summaries of the information contained therein

4 No person shall ever transfer or convey the Confidential Information or any part thereof to any person not specifically authorized to review the information pursuant to this Agreement No person shall ever use, directly or indirectly, the Confidential Information or any part of it for any purpose whatsoever except as specifically permitted by this Confidentiality Agreement

5 In the event Franchisee or any person authorized or permitted by Franchisee or this Confidentiality Agreement to review or possess any of the Confidential Information violates this Confidentiality Agreement, in addition to all other remedies available to Reading Town, Franchisee agrees to defend, hold harmless and indemnity Reading Town and its officers, directors, attorneys, agents and assigns, from and against any claims and liability arising out of or resulting from the violation, including, but not limited to claims by any person that the information provided constituted earnings claims or financial performance information which was unlawfully provided to a prospective franchisee The obligation to defend, indemnify and hold harmless contained in this paragraph shall specifically require Franchisee to pay any attorneys fees, costs and expert witness fees incurred by Reading Town and the other beneficiaries of this paragraph in defending any such claim or in monitoring Franchisee's defense of any such claim

6 In the event Franchisee or any person authorized or permitted by Franchisee or this Confidentiality Agreement to review or possess any of the Confidential Information violates this Confidentiality Agreement, in addition to all other remedies available to Reading Town, Franchisee agrees to pay to Reading Town, as liquidated damages, an amount calculated as the greater of (a) all gross revenues of the person or entity who improperly had any of the Confidential Information during the time the person or entity retained or used any of the Confidential Information for any purpose, or (b) $250 per page, or equivalent, of Confidential Information as to which this Confidentiality Agreement is violated for each day that any provision of this Confidentiality Agreement is violated Franchisee acknowledges

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and agrees that calculating actual damages would be impossible and that the liquidated damages calculated pursuant to this paragraph would be a reasonable approximation of actual damages Reading Town would sustain on account of such breach and does not constitute a penalty

7 In the event Franchisee or any person authorized or permitted by Franchisee or this Confidentiality Agreement to review or possess any of the Confidential Information violates this Confidentiality Agreement, in addition to all other remedies available to Reading Town, Reading Town shall be entitled to obtain a temporary and a permanent injunction or similar equitable relief from any court having jurisdiction thereof and any statutory or other requirement of a bond in excess of $100 as a condition of obtaining such relief is hereby waived to the extent permitted by applicable law

8 This Agreement shall be construed under the laws of the state of [_____] and jurisdiction and venue of any action brought to enforce or interpret this Agreement shall be in [_____], [_____] Terms defined in the Franchise Agreement shall have the same meanings in this Agreement

9 If any action is brought to enforce or interpret this Confidentiality Agreement, the substantially prevailing party, in addition to all other remedies, shall be entitled to an award of their attorney's fees and costs, including expert witness fees and any fees on appeal

10 This Confidentiality Agreement is the complete agreement of the parties with regard to the Confidential Information and supersedes any prior or contemporaneous written or unwritten communications, representations or agreements

11 Time is of the essence of this Agreement

DO NOT SIGN THIS CONFIDENTIALITY AGREEMENT UNTIL YOU HAVE HAD THE READING TOWN FRANCHISE DISCLOSURE DOCUMENT FOR AT LEAST TEN BUSINESS DAYS AND UNTIL AT LEAST FIVE DAYS AFTER ALL BLANKS IN THIS CONFIDENTIALITY AGREEMENT HAVE BEEN FILLED IN

Dated _____

Reading Town	Franchisee(s)
By _____	
Dr Soonho Song, CEO	Franchisee
44-07 Little Neck Parkway Little Neck, NY 11363	
718-229-6400	Franchisee

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Reading Town

Good Servant Inc.
(d/b/a/ Reading Town)
44-07 Little Neck Pkwy Little Neck, NY 11363
Tel 718-229-6400