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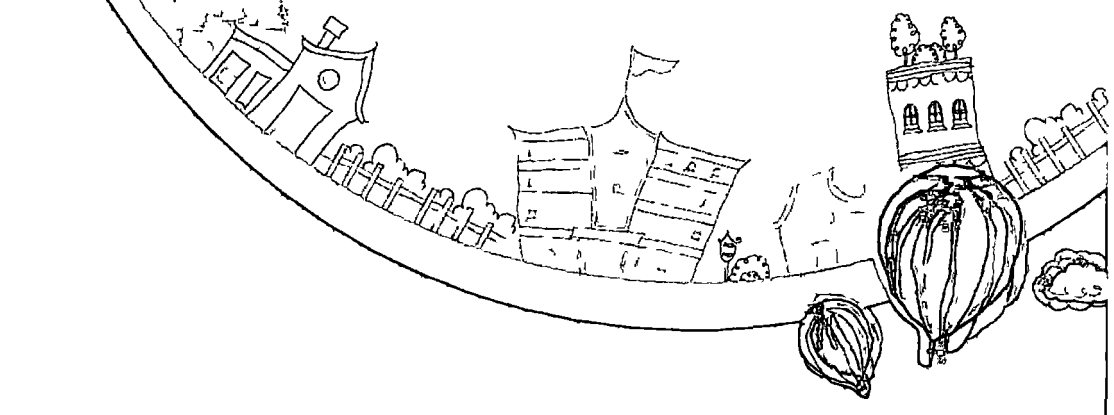
Franchise Disclosure Document



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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 followingour 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 We have no agent for service in the State of California

1 4 Our Business Form

We are a New York State corporation, organized on 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 three corporate-owned centers and

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eighteen 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 five 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

171 Reading Town, LTD, located at #1208 Digital-ro 31 Gil, 38-21, Guro-dong, Guro-gu, Seoul, Korea, which is rendering the internet-based learning service called www readingtownusa com

172 Reading World, LTD, located at #1208 Digital-ro 31 Gil, 38-21, Guro-dong, 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 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 Jennifer Han
Asst Director of Franchisee Support

Mrs Jennifer Han has joined the staff at Reading Town as an assistant director of franchisee support on Oct 1st 2013 Before she joined Reading Town, she ran a liquor store called Han's Thrifty Liquor at College Point, NY with her husband for 10 years Her duty at Reading Town is to provide franchisees with assistance and support relevant to the proper operation of the Reading Town program

Mr Wonkook Cho
Director of Logistics

Mr Wonkook Cho has been working for Reading Town, starting on Nov 1st, 2018, and before he joined Reading Town, he used to work for VTI, a digital design company in Farmingdale, New York for 18 years as president His duties

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at Reading Town are to prepare the initial materials for new franchisees, to place order of books with publishers, to supervise import of printed workbooks from overseas, and to 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

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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

NOTEG 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

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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 20172018 ending September 30th, 20172018, the total revenue from all required purchasing of workbooks and supplies is $25,000 , which is about 3 8percent of our total revenues-$ 654,268 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

1111 License You to use our Marks and System in connection with Your Licensed Business (Franchise Agreement - Article 1),

1112. Designate Your territory (Franchise Agreement - Article 1),

1113 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 17 years 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 17 years experience with Reading Town, will teach Office and administration and conduct Certification testing and Graduation, Mrs Insook You, who has 12 years experience with Reading Town as director of franchisee support, will teach Curriculum Training and Systems Training, finally, Mrs Julie Hong, who has 11years experience with Reading Town as assistant director of franchisee support, will conduct Class Observation

11151 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

11152 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 oftrainees

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

1123 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)

1124 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 advertising fund principally to solicit new franchise sales So, there were no expenditures

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of the National Marketing Fees in 2016

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

1129 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'soperations

1210 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

1211 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

1212 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

1131 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

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training shall be borne by Franchisee

1132 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

1133 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

1134 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

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2. The ELG (E-Learning Gate), Reading Town's Learning Management System, is proprietary business management software We are not obligated to provide 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 We are not responsible for problems of ELG resulted fromslow internet speed of Your territory

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 anupgrade 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 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 -CSTEM Coding, CSTEM Prep, MILC, Leading Kids,, 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

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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

The minimum distance between a new Reading Town center in the adjacent territory and Your Reading Town center should be at least one (1) mile from each other, but there will be ten (10) percent allowance in the distance in case that the new center cannot help locating within one (1) mile distance limit due to the zoning issue of the new territory This minimum distance is defined not as the direct distance between two centers, but as the driving distance from one center to another in different territories, and Our decision of distance is based on the driving distance on the Google map We don't consider the driving time between two centers However, there is no distance limit if You open another Reading Town in your territory

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"

In addition to Our common law rights to the Mark, We have secured federal trademark registrations as follows and has 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 of any infringing uses of the Marks that could materially affect Your use of the Marks

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 6 months 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 days 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	The law of the state where Your Licensed Business is located applies

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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 2016 to 2018

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2016	15	15	0
	2018	15	14	-1
	2018	15	18	3
Company-Owned	2016	5	5	0
	2018	5	4	-1
	2018	4	3	-1
Total Outlets	2016	20	20	0
	2018	20	18	-2
	2018	18	21	3

Transfers of Outlets from Franchisees to New Owners (other than the Franchisor) For years 2016 to 2018

State	Year	Number of Transfers
California	2016	0
	2018	0
	2018	1
Illinois	2016	0
	2018	0
	2018	1
New Jersey	2016	0
	2018	0
	2018	1
Total	2016	0
	2018	0
	2018	3

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Status of Franchised Outlets
For years 2016 to 2018

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of Year
CA	2016	6	0	0	0	0	0	6
	2018	6	0	0	0	0	0	6
	2018	6	1	0	0	0	0	7
IL	2016	1	1	0	0	0	1	1
	2018	1	1	0	0	0	1	1
	2018	1	0	0	0	0	0	1
NJ	2016	5	0	0	0	0	0	5
	2018	5	0	0	0	0	1	4
	2018	4	1	1	0	0	0	4
NY	2016	3	0	0	0	0	0	3
	2018	3	0	0	0	0	0	3
	2018	3	3	0	0	0	0	6
Totals	2016	15	1	0	0	0	1	15
	2018	15	1	0	0	0	1	14
	2018	15	4	1	0	0	0	18

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Status of Company-Owned Outlets For years 2018 2016 to 2018

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	2016	2	3	0	3	0	2
	2018	2	0	0	1	0	1
	2018	1	0	0	0	0	1
NY	2016	3	2	0	2	0	3
	2018	3	0	0	0	0	3
	2018	3	0	0	1	0	2
Totals	2016	5	5	0	5	0	5
	2018	5	0	0	1	0	4
	2018	4	0	0	1	0	3

Projected Openings As of September 30, 20182018

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	1	0
NY	0	1	0
Total	0	2	0

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 from Oct 1st, 2015 to Sep 30th, 2016, and from Oct 1st 2016 to Sep 30th, 2017, from Oct 1st, 2017 to Sep 30th, 2018 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

Reading Town

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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 20182018

C-1 Company owned

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

C-2 Current Franchisees

Fort Lee Franchisee	201-302-9696 Mr Chul Bae	221 Main St , 2Fl Fort Lee, NJ07024
Paramus Franchise	201-843-0030 Mrs Young S Kang	29N Farview Ave , 2nd Fl Paramus NJ 07652
Sunnyside Franchisee	718-784-1234 NK Global Leaders, Inc	35-01 Queens Blvd 2fl Long Island City NY 11101
Closter Franchisee	201-767-7732 Mr Seok Ho Park	570 Piermont Rd , #C3, Closter NJ07624
Syosset Franchisee	516-921-2761 Mr Sung Hyun Choi	6851 Jericho Turnpike, #130, Syosset
Flushing Franchisee	718-445-6500 Mrs Kyeong-Ah Choi	42-02 192nd St Flushing NY 11358

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Cupertino Franchisee	408-615-0557 Dr Tae Jin Kim	384 S Baywood Ave San Jose
Torrance Franchisee	408-615-0557 Mrs Kyuna Choi	2370 W Carson St Suite #250
Woodbury Franchisee	949-387-5014 Mrs Hayoung Chung	910 Roosevelt #200 Irvine CA 92620
Cerritos Franchisee	562-924-0386 Ms Sarah Kang Kim	13253 South St , Cerritos CA90703
La Habra Franchisee	714-526-1100 Mrs Sookhee Song	1222 S Idaho St Suite A La Habra CA 90631
Glenview Franchisee	224-415-3495 K&P Edu Co	1935 Shermer Rd Suite 260 Northbrook, IL 60062
Yorba Linda Franchisee	714-996-1619 Mr Youngman Cho	1073 E Imperial Highway, Placentia, CA 92870
Palisades Franchisee	201-566-7111 Mr Seng Soo Kim	12 East Edsall Blvd Palisades Park, NJ 07650
Woodside Franchisee	347-855-9997 JM & Goshen inc	45-06 64th Street, Woodside, NY, 11377
LongIsland Franchisee	516-513-1668 Mr Sang Hyuk Lee	525 South Oyster Bay Road, Plainview NY 11803
Bayside Franchisee	718-423-4333 RT Bayside NY Inc	48-09 Bell Blvd Bayside, NY 11364
Fremont Franchisee	510-358-2615 Ms Amy Cho	39420 Liberty Street #140 Fremont, CA 94538

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C-3 Former Franchisees

Fayetteville Franchisee	910-574-8505 Mr Woong Cheol Kim	404-103 Santa Fe Dr Fayetteville NC 28303
Bayside Franchisee	N/A Mrs Keum Sun Lee	214-25 42 Ave , Bayside, NY 11361
Troy Franchisee	248-250-9018 First Bridge Inc	1073 E Long Lake Rd , Troy MI 48085
Edison Franchisee	732-777-1144 Mrs Eunice H Oh	1876 Route 27 #203, Edison NJ 08817
Buffalo Grove Grove, IL 60089	847-793-8778 Franchisee Mr Seong Ha Lee	131 McHenry Rd , Buffalo
Tenafly Franchisee	201-567-7877 Mrs Sung Min	111 Dean Dr , #1N Tenafly NJ 07670
Old Tappan Franchisee	201-564-7185 Mrs Hellen Kim	184 Central Ave , Old Tappan NJ 07675

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 forInstruction

Table of Contents (TOTAL 133 pages pp1-133)

Chapter 1 READING CENTER (total 34 pages pp5-38)
- Reading Town 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 forInstruction

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**
  - **7 Debate Basic**
  - **8 Debate Intermediate**
  - **9 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,NewYork, 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 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 toyou

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)

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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,

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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 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
(APPLIESONLYTORHODEISLANDFRANCHISEES)

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

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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 29th, 2018

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 29th, 2018

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)

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G	**State Agencies**
H	**State Law Addendum**
I	**Franchise Application**

Issue Date December 29th, 2018

Signature

Printed Name

Address

City **State** **Zip**

RECEIPT

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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