www.readingtown.com

Franchise Disclosure Document

ReadingTown

FRANCHISE DISCLOSURE DOCUMENT

Good Servant Inc.
A New York State Corporation
D/B/A 'Reading Town'
44-07 Little Neck Parkway,
Little Neck, NY 11363
(718)229-6400
www.readingtown.com

You will operate a business of tutoring and learning center relates services for students from Pre-K to 12th grade under the marks and systems of Reading Town.

The Initial Franchise Fee is $35,000.00 for territory A and $25,000 for territory B. The estimated required initial investment including Franchisee fee is ranged from $99,500 (for territory B) to $163,600 (for territory A.)

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Soonho Song at 44-07 Little Neck Parkway, Little Neck, NY 11363, (718) 229-6400, drsong@readingtown.com.

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

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

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

Issuance Date: December 29, 2020

STATE COVER PAGE

How to Use This Franchise Disclosure Document

Here are some questions you may be asking about buying a franchise and tips on how to find more information:

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Exhibit C.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Exhibit A includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Reading Town business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a Reading Town franchisee?	Exhibit C lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

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

Business model can change. The franchise agreement may allow the franchisor to change its manuals and business model without your consent. These changes may require you to make additional investments in your franchise business or may harm your franchise business.

Supplier restrictions. You may have to buy or lease items from the franchisor or a limited group of suppliers the franchisor designates. These items may be more expensive than similar items you could buy on your own.

Operating restrictions. The franchise agreement may prohibit you from operating a similar business during the term of the franchise. There are usually other restrictions. Some examples may include controlling your location, your access to customers, what you sell, how you market, and your hours of operation.

Competition from franchisor. Even if the franchise agreement grants you a territory, the franchisor may have the right to compete with you in your territory.

Renewal. Your franchise agreement may not permit you to renew. Even if it does, you may have to sign a new agreement with different terms and conditions in order to continue to operate your franchise business.

When your franchise ends. The franchise agreement may prohibit you from operating a similar business after your franchise ends even if you still have obligations to your landlord or other creditors.

Some States Require Registration

Your state may have a franchise law, or other law, that requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends the franchise or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use the agency information in Exhibit G.

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

Special Risks to Consider About *This* Franchise

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

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

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

Table of Contents

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

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

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.

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

We have two affiliates. The first affiliate is Reading Town, LTD, located at #811 Digital ro 243, Guro-gu, Seoul, Korea, which is rendering the internet-based learning service called www.readingtownusa.com. The second one is Reading World, LTD, located at #811 Digital ro 243 Guro- gu, Seoul, Korea, which supports more than twenty Reading Town franchisees in Korea.

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.

Item 2. Business Experience

Dr. Soonho (Joshua) Song, President and CEO

Dr. Soonho Song founded Reading Town in 1986 and has been engaged inthe 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 overseen developing the curriculum and managing finances. Mrs. Song is working for Good Servant, Inc. as a vice president and chief finance officer.

Mrs. Julie Hong, 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 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.

Item 3. Litigation

No litigations is required to be disclosed in this item.

Item 4. Bankruptcy

No bankruptcies are required to be disclosed in this item.

Item 5. Initial Fees

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.

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 (Exhibit 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.

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 the knowledge test results and our observations of your ability to use the knowledge which you will obtain from training effectively.

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 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 services you sell, whether 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.
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 franchisee.

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 Coupon	$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.

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.

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.

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 a manager or academic director certified by Reading Town. Both of you must successfully complete our initial training program. We will decide whether you and your manager/academic director successfully complete the initial training program based upon the 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.

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 must pay Reading Town USD$7,500 as a transfer fee, and the assignee must 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 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.

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 territory, 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 the next renewal of the agreement after the first renewal.

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 exclusive authority to form the cooperative, but we do not 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 decisions for choice of the media, marketing mix, or total co-op marketing expenses, etc. are 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 should also conduct 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.

Item 7. Estimated Initial Investment

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	$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	$2,000	$4,000	As agreed with Landlord or Mortgage Lender	As Arranged	Landlord or Mortgage Lender
Leasehold Improvements	$1,000	$4,000	As Incurred	As Arranged	Landlord, Lender or Contractor(s) and Vendors
Equipment	$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	$800	$5,000	As Incurred within first 30 days	As Incurred within first 30 days	Reading Town & Vendors

Marketing & Marketing Fees	$7,500	$10,000	As Incurred.	As Incurred	Advertising Media Vendors
Insurance	$2,500	$3,500	As Arranged	As Arranged	Insurance Companies
Legal Fees	$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)	$10,000	$20,000	As Incurred	As Incurred	Employees, Vendors, Utilities, Taxing Agencies, Etc.
Miscellaneous Opening Costs	$1,000	$5,000	As Incurred	As Incurred	Vendors, Suppliers, Utilities, Tradesmen, Deposits etc.
Total	$99,500	$163,600			

A deposit in the amount of $5,000 is payable in cash upon signing the Reading Town application for franchise (Exhibit 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 an agreement which will be within seven (7) days after we approve your application.

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. The 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 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 you succeed in the Reading Town business or not. 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.

The cost of the leasehold improvements 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. The dimension, 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.

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.

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 accurately because of local market factors, including the types of the available marketing media, 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, the grand opening cost is varying.

This estimate includes the average local and cooperative marketing expenses the existing Reading Town franchisees used to spend before they started Reading Town business. The 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.

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.

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.

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

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 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.

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.

See Item 10. We do not offer financing for any items. If we should 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).

Finally, we will not refund any of the payments you make except as provided in Item 5 above.

Item 8. Restrictions on Sources of Products and Services

To start or operate a Reading Town business, you must purchase 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 about 30 percent.

In the fiscal year of 2020 ending September 30, 2020, the total revenue from all required purchasing of workbooks and supplies is $4,500 which is about 1.3 percent of our total revenues-$327,508. 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.

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. Besides, we and our officers do not own any interests in any suppliers.

Item 9. Franchisee's Obligations

This table lists Your principal obligations under the franchise and other agreements. It will help you find more detailed information about your obligations in these agreements and in other items of this 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 Exhibit B, Exhibits A, B & E Exhibit 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 Exhibit B, Exhibits A, B, C & D Exhibit 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 Exhibit B, Exhibits A, B, C & D Exhibit 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, Exhibit 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, Exhibit B, Exhibit G; Exhibit 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, Exhibit B, Exhibits C & D

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, Exhibit 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 & Exhibit 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, Exhibit 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, Exhibit 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, Exhibit 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

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.

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

We are performing the following assistance for you before you open your Reading Town business.

First, we license you to use our marks and system in connection with your Reading Town business.

Second, we designate your territory.

Third, we review, approve or disapprove your selected business premises within five (5) business days. 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. However, you are responsible for complying with all local ordinances and building permits and to obtain any required permits. You must obtain and install the required equipment, signs, fixtures and supplies. Refer to Item 8 for more information.

The factors we will consider in reviewing any proposed site will be unique to that site. We will generally consider such factors as demographics of the surrounding area, the type of nearby development, zoning, physical characteristics of the proposed site, and access/egress issues. No one factor or combination of factors will be determinative in every case. However, if you do not secure a location at the territory agreed by the franchise agreement within 180 days (or any extension we agree to), you may forfeit your initial fee, and we will terminate the franchise agreement. Still, we are interested in new operations, not forfeitures. So, if you are making a reasonably diligent effort to secure a good location, we would ordinarily agree to extend time. We expect you to communicate with us about your efforts.

Fourth, we provide you with one or more operational manuals and initial training for you and one manager. Before opening your Reading Town business, you and your manager or academic director, must successfully complete our initial training program. 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 Reading Town 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

*All hours are approximate and we may adjust them based upon your experience and phase 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 19 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 19 years experience with Reading Town, will teach office and administration and conduct certification testing and graduation;; finally, Mrs. Julie Hong, who has 13 years experience with Reading Town a director of franchisee support, will conduct class observation and system training.

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 Youremployee(s). You and Your manager/academic director must successfully complete the initial training program. We will decide whether You successfully complete theinitial training program based upon knowledge test results and Our observations of Your ability to use the knowledge effectively.

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

After you start your Reading Town business, we also provide you with the continuous assistance.

First, we take any actions we deem appropriate to protect or defend the marks or system.

Second, we provide you with 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. Exhibit D includes a copy of the Manual's table of contents.

Third, we will manage any national marketing fees in case when we will implement the national marketing. We will provide a periodic accounting, but only as to the aggregate amount of any national marketing fees to be collected and how we use them by general category. We will also manage all aspects of the marketing program using any national marketing fees collected. We will collect and manage funds received as rebates, discounts and allowances from vendors you do business with.

Fourth, we 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.

Fifth, we will provide to franchisee, from time to time, seasonal print advertising templates created by Reading Town. Franchisee may use their own advertising material, but before they conduct advertising using their own material, its content should be approved by us in writing or e- mail.

Sixth, 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 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.

Seventh, we collect national marketing fees if we decide to 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 launches, 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 of the national marketing fees now. We don't have advertising council composed of franchisees.

Eighth, we will maintain a procedure called the Quality Enhancement Review and its checklist for the review of all aspects of Franchisee's operation. We will 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 its officer to franchisee's Center to conduct a Quality Enhancement Review. At franchisee's request, Reading Town will have its officer conduct a Quality Assurance Review at franchisee's center once each calendar year if Reading Town has not itself initiated such action. At franchisee's request, Reading Town will provide franchisee with the materials and forms used in the Quality Enhancement Review process for franchisee's use in reviewing franchisee's operations.

Ninth, we will try to update its programs, contents, and systems. 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.

In addition to the free assistances as described above, there are also services we provide you, but you need to pay for the services.

First, there is a regional training from time to time. We will conduct this kind of training sessions at a location other than our headquarters. Attendance at such training session may be made mandatory for franchisee's manager or academic director. We may charge you a fee for attending at the regional training sessions. All travel, room and board expenses for franchisee and its staff shall be borne by franchisee.

Second, we will also hold a national conference for less than five (5) days during at a location selected by us. We will determine the topics and agendas for the conference. We may charge a fee for attendance at a national conference. All travel, room and board expenses for franchisee and its staff shall be borne by franchisee.

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.

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.

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. We will determine the necessity of its upgrade or its replacement with another version or new learning management system. If we decide to upgrade the current curriculum and program, and/or launch new learning programs, you should adopt new earning systems immediately In those cases, if there are fees imposed, which are due to all Reading Town franchisees, you should pay without objection.

Via our proprietary software, we have a right to access to the information and data generated on ELG or other systems provided by us. There are no contractual limitations on our rights to access the information and data.

We require the high-speed Internet connection. We recommend that you obtain your Internet access from a major supplier. We are not responsible for problems of ELG resulted from slow internet speed of your territory.

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 major software companies.

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 Reading Town Business. You must install and use upgrades and replacement equipment when we require it, which we may do at any time. There is no contractual limit on how much an upgrade would cost.

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. We will not provide the information to any other person except in summary or statistical formats—and with your identifying information removed.

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.

Item 12. Territory

We will grant you an exclusive geographic territory ("Territory") which we will describe in Exhibit B of 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 Reading Town 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. You will select either Territory A- a town or city that has more than 5,000 school-age children (5-17 years old) or Territory B-a town or city that 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.

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 do not consider the driving time between two centers. However, there is no distance limit if You open another Reading Town in your territory.

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 (5) business days of receiving your notice.

READING TOWN may also sell and operate directly and license and franchise others 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, SYSTEM 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, through the online.

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 agreement 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 pay to expand your Territory.

Except with READING TOWN's consent and to the extent some forms of media 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 (60) day first right of refusal to license and operate another Reading Town franchise in the newly created territory. If a modification reduces the size of the territory of more than one franchisee, the affected franchisees will have rights of refusal in the order of the amounts of population severed from each territory; but if more than one territory is reduced by approximately the same percentage, then the affected franchisees will receive rights of refusal in the order of their seniority as Reading Town franchisees in the affected territories.

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

If you are in full compliance with the agreement and with the manual, we may permit you to acquire expansion territory. Expansion territory is adjacent territory that we have not assigned to another franchisee. The current price of such expansion territory is $0.10 per person residing in the expanded territory based upon currently available governmental demographic data. The purchase price for expansion territory is payable, in full, when you sign an addendum for the expansion territory. We will determine the minimum and maximum size and configuration of an expansion territory and may impose reasonable conditions, including, but not limited to the opening of a satellite office in the expansion territory.

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 Reading Town 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" through a licensing agreement with Mr. Soonho Song which expires on December 31, 2030.

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 Reading Town Business.

There are no agreements that significantly limit our rights to use or license You to use the marks in any manner material to Reading Town 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 our workbook, NextBuk, manuals, and all training materials We provide or sell to You and Your employees.

The manual(s), the contents of each, and certain 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.

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 Reading Town 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 Reading Town 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 able 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.

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 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 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 should, 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.

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.

Any representations or promises outside of the Franchise Disclosure Document and other agreements may not be enforceable.

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.

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.

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 Reading Town 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.

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 representations or promises outside of the Franchise Disclosure Document and other 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.

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.

Item 20. Outlets and Franchisee Information

Systemwide Outlet Summary
For years 2018 to 2020

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2018	14	18	4
	2019	18	19	1
	2020	19	19	0
Company-Owned	2018	4	3	1
	2019	3	4	1
	2020	4	4	0
Total Outlets	2018	18	21	3
	2019	21	23	2
	2020	23	23	0

Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For years 2018 to 2020

State	Year	Number of Transfers
California	2018	1
	2018	0
	2020	0
Illinois	2018	1
	2019	0
	2020	0
New Jersey	2018	1
	2019	0
	2020	0
Total	2018	3
	2019	0
	2020	0

Status of Franchised Outlets
For years 2018 to 2020

State	Year	Outlets at Start of Year	Outlets Opened	Termina-tions	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of Year
CA	2018	6	1	0	0	0	0	7
	2019	7	2	0	0	0	0	9
	2020	9	0	0	0	0	0	9
IL	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
NJ	2018	4	1	1	0	0	0	4
	2019	4	0	0	0	0	0	4
	2020	4	0	0	0	0	0	4
MD	2018	0	0	0	0	0	0	0
	2019	0	1	0	0	0	0	1
	2020	1	0	0	0	0	0	1
NY	2018	5	1	0	0	0	0	6
	2019	6	0	0	0	0	2	4
	2020	4	0	0	0	0	0	4
Total	2018	16	3	1	0	0	0	18
	2019	18	3	0	0	0	2	19
	2020	19	0	0	0	0	0	19

Status of Company-Owned Outlets
For years 2018 to 2020

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	2018	1	0	0	0	0	1
	2019	1	0	0	0	0	1
	2020	1	0	0	0	0	1
NY	2018	3	0	0	1	0	2
	2019	2	1	0	0	0	3
	2020	3	0	0	0	0	3
Total	2018	4	0	0	1	0	3
	2019	3	1	0	0	0	4
	2020	4	0	0	0	0	4

Projected Openings As of September 30, 2020

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	0	0
NY	0	0	0
Total	0	0	0

Please refer to Exhibit 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.

We have not sold any previously owned franchised outlets now under our control. No franchisees signed confidentiality clauses during the last three fiscal years.

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

Item 21. Financial Statements

Our audited financial statements as of September 30, 2018, 2019 and 2020 are attached.

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:

Exhibit 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.

EXHIBITS

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. **Registered Agents**

G. **State Agencies**

H. **State Law Addendum**

I. **Franchise Application**

Exhibit A - Financial Statement

GOOD SERVANT, INC.

Financial Statements
and
Independent Auditor's Report

For the Fiscal Year Ended
September 30, 2018

PADILLA & COMPANY, LLP
Certified Public Accountants

GOOD SERVANT, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Stockholders
Good Servant, Inc.
44-07 Little Neck Parkway,
Little Neck, New York 11363

We have audited the accompanying financial statements of **Good Servant, Inc. (the "Company")**, which comprise the balance sheet as of September 30, 2018 and the related statement of income, statement of changes in stockholder's equity and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Good Servant, Inc. as of September 30, 2018 and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Padilla and Company, LLP

Jamaica, New York
January 9, 2020

GOOD SERVANT, INC.
BALANCE SHEET
AS OF SEPTEMBER 30, 2018

ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	$	22,286
Receivables (Note 5)		191,835
Inventories (Note 9)		132,604
Total current assets		346,725
Non-Current Assets		
Property and equipment, net (Note 6)		67,335
Other assets		13,001
Total non-current assets		80,336
TOTAL ASSETS	**$**	**427,061**
LIABILITIES AND STOCKHOLDER'S EQUITY		
Current Liabilities		
Accounts payable	$	108,211
Notes payable (Note 7)		100,526
Income tax payable		6,726
Withholding taxes payable		6,804
Total liabilities		222,267
Stockholder's equity		
Common stock		
200 shares authorized, no par value, 200 shares issued and outstanding		10,000
Additional paid-in capital		150,000
Retained earnings		44,794
Total stockholder's equity		204,794
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	**$**	**427,061**

GOOD SERVANT, INC.
STATEMENT OF INCOME
FOR THE PERIOD ENDED SEPTEMBER 30, 2018

REVENUES

Royalties and books	$ 299,065
Tuition fee	175,087
Grant revenue	173,781
Other revenues	6,335
Total Revenues	654,268

EXPENSES

Operating expenses (Note 8)	545,262
Cost of sales (Note 9)	58,465
Depreciation and amortization (Note 6)	12,745
Interest expense (Note 7)	5,958
Total Expenses	622,430

Income before income taxes	31,838
Provision for income taxes	(6,726)
Net income	**$ 25,112**

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

GOOD SERVANT, INC.
STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY
AS OF SEPTEMBER 30, 2018

	Common Stock		Additional	Retained	Total
	Shares	Amount	Paid-In Capital	Earnings	Stockholder's Equity
Balance at September 30, 2016	200	$ 10,000	$ 150,000	$ 16,690	$ 176,690
Net income	-	-	-	$ 2,992	2,992
Balance at September 30, 2017	200	10,000	150,000	19,682	179,682
Net income				25,112	25,112
Balance at September 30, 2018	**$ 200**	**$ 10,000**	**$ 150,000**	**$ 44,794**	**$ 204,794**

GOOD SERVANT, INC.
STATEMENT OF CASH FLOWS
AS OF SEPTEMBER 30, 2018

Cash flow from operating activities:	
Net income	$ 25,112
Adjustments to reconcile net income to net cash used in operating activities	
Depreciation and amortization	12,745
Movements in:	
Receivables	(14,610)
Inventories	(11,484)
Accounts payable	83,072
Income taxes payable	6,726
Withholding taxes payable	5,014
Cash provided by operating activities	106,575
Income taxes paid	(170)
Net cash provided by operating activities	106,405
Cash flow from financing activities:	
Notes payable	4,385
Payment of long-term debts	(106,833)
Net cash used for financing activities	(102,448)
Net cash during the period	3,957
Cash at the beginning of the year	18,329
Cash at the end of the year	$ 22,286

SUPPLEMENTAL DISCLOSURE OF CASH FLOW AND FINANCING TRANSACTIONS

Cash paid for interest (Note 7)	$ 5,958

NOTE 1 COMPANY AND NATURE OF BUSINESS

Good Servant, Inc. (the "Company") was incorporated under Section 402 of the Business Corporation Law in the State of New York on September 28, 2001 and applied for a C Corporation status which was approved on October 1, 2001. The Company provides a comprehensive range of services including reading programs for all levels in Queens, New York, learning center franchise to other location in the United States of America, buy and sell of educational books, usage of materials developed internally and other educational purposes services.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting
The Company prepares its financial statements using the accrual method of accounting. The revenues are recognized when earned and expenses are recognized when incurred.

Basis of Preparation
The financial statements have been prepared in conformity with generally accepted accounting principles promulgated in the United States of America (U.S. GAAP). The significant accounting and reporting policies used by the Company are described subsequently to enhance the usefulness and understandability of the financial statements.

Cash and cash equivalents
Cash and cash equivalents mainly consist of cash on hand and cash in banks from major banking institution. The carrying amount of these assets approximates their fair value.

Receivables
Receivables consist of collectibles from book sales as well as other receivables from the normal course of business. The Company provides an allowance for doubtful collections which is based upon a review of outstanding receivables, historical collection information and existing economic conditions. Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the debtor.

Inventory
Inventory consists of books which are stated at the lower of cost or net realizable value.

Property and equipment
Property and equipment consists of office furniture and equipment and leasehold improvement. Property and equipment is recorded at cost. Depreciation and amortization is computed on the straight-line method. Leasehold improvement are amortized over the shorter of the useful life of the related assets or the lease term. Expenditures for repairs and maintenance are charged to expense as incurred.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Notes payable
Notes payable consists of line of credit availed from major banking institution.

Income Taxes
For financial reporting purposes, the Company has elected to use the taxes payable method. Under that method, income tax expense represents the amount of income tax the Company expects to pay based on the Company's current year taxable income.

Use of Estimates
The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates and these differences could be material.

Accounting Standards Issued but Not Yet Adopted
In February 2016, the FASB issued ASU No. 2016-02, "Leases (Topic 842)," as modified (ASC 842), which replaces existing leasing rules with a comprehensive lease measurement and recognition standard and expanded disclosure requirements. ASC 842 will require lessees to recognize most leases on their balance sheets as liabilities, with corresponding "right-of-use" assets, and is effective for annual reporting periods beginning after December 15, 2018, subject to early adoption. For income statement recognition purposes, leases will be classified as either a finance or an operating lease without relying upon the bright-line tests under current GAAP.

NOTE 3 CONCENTRATION OF CREDIT RISKS

Financial instruments that potentially subject the Company to concentration of credit risk consist principally of cash accounts in a financial institution which may exceed the federal depository insurance coverage limit of $250,000.

NOTE 4 CASH AND CASH EQUIVALENTS

This account consists of the following:

Cash on hand	$ 10,107
Cash in bank	12,179
	$ 22,286

NOTE 5 RECEIVABLES

This account consists of the following:

Accounts receivable	$ 60,951
Other receivables	130,884
Total	191,835

NOTE 6 PROPERTY AND EQUIPMENT

This account consists of the following:

Furniture and fixtures	$ 19,041
Leasehold improvement	119,116
	138,157
Less: accumulated depreciation	70,822
Net Property and equipment	$ 67,335

Depreciation and amortization for the year ended September 30, 2018 amounted to $12,745.

NOTE 7 NOTES PAYABLE

This account consists of the following:

Business revolving line of credit at 6.65% annual percentage rate	$ 98,914
Overdraft line of credit at 11.25% annual percentage rate	1,612
	$ 100,526

The Company has an existing line of credit with Chase Bank. The line bears interest at the bank's prime lending rate. The line is reviewed annually and is due on demand. Total interest expense paid as at September 30, 2018 amounted to $5,958.

NOTE 8 OPERATING EXPENSES

This account consists of the following:

Salaries and wages	$ 142,829
Rent	140,319
Professional fees	66,951
Office expenses	38,110
Provision for bad debts	32,950
Payroll taxes	24,221
Communication and utilities expens	19,577
Transportation and travel	18,041
Insurance expense	13,868
Computer and server	13,635
Repairs and maintenance	13,614
Educational expenses	2,240
Licenses permit	2,225
Other expenses	16,682
Total	$ 545,262

NOTE 9 COST OF SALES

This account consists of the following:

Inventory, beginning	$ 121,120
Purchases	61,095
Freight	8,854
Total goods available for sale	191,069
Inventory, ending	(132,604)
Cost of goods sold	$ 58,465

NOTE 10 COMMITMENTS AND CONTINGENCIES

Good Servant, Inc. entered into an operating lease agreement with Harbest Inc. for its office space located at 44-07 Little Neck Parkway, Little Neck, NY, 11363 beginning on January 1, 2018 until December 31, 2027. The minimum annual lease payments for commitment of this agreement are as follows:

Year		Minimum Lease Payments
2020	$	115,200
2020		117,600
2021		120,000
2022		122,400
2023		124,800
Thereafter		523,200

NOTE 11 SUBSEQUENT EVENTS

Management has evaluated events and transactions for potential recognition or disclosure through January 9, 2020, the date the financial statements were available to be issued. No other subsequent events that came to our attention warranting adjustments or disclosure.

GOOD SERVANT, INC.

Financial Statements
and
Independent Auditor's Report

For the Fiscal Year Ended
September 30, 2019 and 2018

PADILLA & COMPANY, LLP
Certified Public Accountants

GOOD SERVANT, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Stockholders
Good Servant, Inc.
44-07 Little Neck Parkway,
Little Neck, New York 11363

We have audited the accompanying financial statements of **Good Servant, Inc. (the "Company")**, which comprise the balance sheet as of September 30, 2019 and the related statement of income, statement of changes in stockholder's equity and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Good Servant, Inc. as of September 30, 2019 and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Good Servant, Inc. 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report January 9, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2018, is consistent, in all material respects, with the audited financial statements for which it has been derived

Padilla and Company, LLP

Jamaica, New York
December 27, 2019

GOOD SERVANT, INC.
BALANCE SHEETS
AS OF SEPTEMBER 30, 2019 AND 2018

ASSETS		**2019**		**2018**
Current Assets				
Cash and cash equivalents (Note 4)	$	28,989	$	22,286
Receivables (Note 5)		24,362		65,187
Due from owner (Note 6）		70,648		70,648
Investment (Note 13)		-		56,000
Inventory (Note 7)		-		132,604
Due from affiliate company (Note 7)		122,332		-
Total current assets		246,331		346,725
Non-Current Assets				
Property and equipment, net (Note 8)		57,865		67,335
Other assets		13,000		13,001
Total non-current assets		70,865		80,336
TOTAL ASSETS	**$**	**317,196**	**$**	**427,061**

LIABILITIES AND STOCKHOLDER'S EQUITY

Current Liabilities				
Accounts payable and accrued expense (Note 9)	$	32,877	$	108,211
Loan from shareholder (Note 10)		34,007		-
Notes payable (Note 11)		36,657		100,526
Wage payable		12,570		-
Income Tax Payable		-		6,726
Withholding taxes payable		4,246		6,804
Total liabilities		120,357		222,267
Stockholder's equity				
Common stock				
200 shares authorized, no par value, 200 shares issued and outstanding		10,000		10,000
Additional paid-in capital		150,000		150,000
Retained earnings		36,839		44,794
Total stockholder's equity		196,839		204,794
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	**$**	**317,196**	**$**	**427,061**

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

GOOD SERVANT, INC.
STATEMENTS OF INCOME
FOR THE PERIOD ENDED SEPTEMBER 30, 2019 and 2018

	2019	2018
REVENUES		
Royalties and franchise fee	$ 306,175	$ 299,065
Tuition fee	110,859	175,087
Grant revenue	144,818	173,781
Other revenues	167	6,335
Total Revenues	562,019	654,268
EXPENSES		
Operating expenses (Note 12)	492,449	545,262
Loss of investment (Note 13)	56,000	-
Cost of sales (Note 14)	-	58,465
Depreciation and amortization (Note 7)	9,471	12,745
Interest expense	9,986	5,958
Total Expenses	567,906	622,430
Income before income taxes	(5,887)	31,838
Provision for income taxes	2,068	(6,726)
Net income	**$ (7,955)**	**$ 25,112**

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

GOOD SERVANT, INC.
STATEMENTS OF CHANGES IN STOCKHOLDER'S EQUITY
AS OF SEPTEMBER 30, 2019 AND 2018

	Common Stock		Additional	Retained	Total
	Shares	Amount	Paid-In Capital	Earnings	Stockholder's Equity
Balance at September 30, 2017	200	$ 10,000	$ 150,000	$ 19,682	$ 179,682
Net income	-	-	-	$ 25,112	25,112
Balance at September 30, 2018	200	10,000	150,000	44,794	204,794
Net income				(7,955)	(7,955)
Balance at September 30, 2019	**200**	**$ 10,000**	**$ 150,000**	**$ 36,839**	**$ 196,839**

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

GOOD SERVANT, INC.
STATEMENTS OF CASH FLOWS
AS OF SEPTEMBER 30, 2019 AND 2018

	2019	2018
Cash flow from operating activities:		
Net income	$ (7,955)	$ 25,112
Adjustments to reconcile net income to net cash used in operating activities		
Depreciation and amortization	9,471	12,745
Movements in:		
Receivables	167,473	(14,610)
Due from owner	(70,648)	-
Due from affiliate company (Note 7)	(122,332)	-
Loan from shareholder (Note 10)	34,007	-
Inventories	132,604	(11,484)
Accounts payable	(75,334)	83,072
Wage payable	12,570	-
Income taxes payable	(6,726)	6,726
Withholding taxes payable	(2,558)	5,014
Cash provided by operating activities	70,572	106,575
Income taxes paid	-	(170)
Net cash provided by operating activities	70,572	106,405
Cash flow from financing activities:		
Notes payable	(63,869)	4,385
Payment of long-term debts	-	(106,833)
Net cash used for financing activities	(63,869)	(102,448)
Net cash during the period	6,703	3,957
Cash at the beginning of the year	22,286	18,329
Cash at the end of the year	$ 28,989	$ 22,286

SUPPLEMENTAL DISCLOSURE OF CASH FLOW AND FINANCING TRANSACTIONS

	2019	2018
Cash paid for interest (Note 8)	$ 9,986	$ 5,958

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

NOTE 1 COMPANY AND NATURE OF BUSINESS

Good Servant, Inc. (the "Company") was incorporated under Section 402 of the Business Corporation Law in the State of New York on September 28, 2001 and applied for a C Corporation status which was approved on October 1, 2001. The Company provides a comprehensive range of services including reading programs for all levels in Queens, New York, learning center franchise to other location in the United States of America, buy and sell of educational books, usage of materials developed internally and other educational purposes services.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Company prepares its financial statements using the accrual method of accounting. The revenues are recognized when earned and expenses are recognized when incurred.

Basis of Preparation

The financial statements have been prepared in conformity with generally accepted accounting principles promulgated in the United States of America (U.S. GAAP). The significant accounting and reporting policies used by the Company are described subsequently to enhance the usefulness and understandability of the financial statements.

Cash and cash equivalents

Cash and cash equivalents mainly consist of cash on hand and cash in banks from major banking institution. The carrying amount of these assets approximates their fair value.

Receivables

Receivables consist of collectibles from book sales as well as other receivables from the normal course of business. The Company provides an allowance for doubtful collections which is based upon a review of outstanding receivables, historical collection information and existing economic conditions. Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the debtor.

Inventory

Inventory consists of books which are stated at the lower of cost or net realizable value.

Property and equipment

Property and equipment consist of office furniture and equipment and leasehold improvement. Property and equipment is recorded at cost. Depreciation and amortization is computed on the straight-line method. Leasehold improvements are amortized over the shorter of the useful life of the related assets or the lease term. Expenditures for repairs and maintenance are charged to expense as incurred.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Notes payable

Notes payable consists of line of credit availed from major banking institution.

Income Taxes

For financial reporting purposes, the Company has elected to use the taxes payable method. Under that method, income tax expense represents the amount of income tax the Company expects to pay based on the Company's current year taxable income.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates and these differences could be material.

Reclassifications

Certain reclassifications may have been made to prior years' financial statements to conform to the current year presentation. These reclassifications had no effect on previously reported results of operations or net assets.

Accounting Standards Issued but Not Yet Adopted

In February 2016, the FASB issued ASU No. 2016-02, "Leases (Topic 842)," as modified (ASC 842), which replaces existing leasing rules with a comprehensive lease measurement and recognition standard and expanded disclosure requirements. ASC 842 will require lessees to recognize most leases on their balance sheets as liabilities, with corresponding "right-of-use" assets, and is effective for annual reporting periods beginning after December 15, 2018, subject to early adoption. For income statement recognition purposes, leases will be classified as either a finance or an operating lease without relying upon the bright-line tests under current GAAP. The new standard will affect the Company's financial statements for the year ending September 30, 2020.

NOTE 3 CONCENTRATION OF CREDIT RISKS

Financial instruments that potentially subject the Company to concentration of credit risk consist principally of cash accounts in a financial institution which may exceed the federal depository insurance coverage limit of $250,000.

NOTE 4 CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of September 30, 2019 and 2018 consist of:

	2019	2018
Cash on hand	$ 10,108	$ 10,107
Cash in bank	18,880	12,179
	$ 28,988	$ 22,286

NOTE 5 RECEIVABLES

This account as of September 30, 2019 and 2018 consists of $24,362 and $65,187 from client respectively. As of audit report date, no subsequent collections.

NOTE 6 DUE FROM OWNER

On December 17, 2012, the owner borrowed funds from Good Servant, Inc. in the amount of $70,648, for the purpose of purchasing another company.

NOTE 7 DUE FROM AFFILIATE COMPANY AND RELATED PARTY TRANSACTIONS

On October 1, 2018, Good Servant, Inc. transferred its inventory to Ztree, Corp. which is 100% owned by the same owner of Good Servant, Inc. During fiscal year 2019, Good Servant, Inc. also sold and purchased book on behalf Ztree, Corp. The transactions detail as below:

	2019
Inventory, beginning	$ 132,604
Less: Inventory write-off	(13,839)
Inventory transferred to Ztree	118,765
Add: Book purchases and freight on behalf Ztree	12,314
Less: Book sales on behalf Ztree	(8,747)
Total Due from affiliate company	$ 122,332

As of audit report date, no collections received from Ztree, Corp.

NOTE 8 PROPERTY AND EQUIPMENT

This account as of September 30, 2019 and 2018 consist of the following:

	2019	2018
Furniture and fixtures	$ 19,041	$ 19,041
Leasehold improvement	119,116	119,116
Total	138,157	138,157
Less: accumulated depreciation	80,292	70,822
Net Property and equipment	$ 57,865	$ 67,335

NOTE 9 ACCOUNT PAYABLE

This account as of September 30, 2019 and 2018 consist of the following:

	2019	2018
Payable to publisher	$ 1,685	$ 18,714
Credit Card payable	15,206	89,499
Accrued expense	6,500	-
Other account payable	9,486	-
Total	$ 32,877	$ 108,211

As of audit report date, $15,206 was subsequently paid.

NOTE 10 LOAN FROM SHAREHOLDER

The amount of $34,007 represents advances made by the shareholder on behalf of Good Servant, Inc. to pay the necessary expense.

NOTE 11 NOTES PAYABLE

The Company has an existing line of credit with Chase Bank. The line bears interest at the bank's prime lending rate. The line is reviewed annually and is due on demand.

	2019	2018
Business revolving line of credit at 6.65% annual percentage rate	$ 36,657	$ 98,914
Overdraft line of credit at 11.25% annual percentage rate	-	1,612
	$ 36,657	$ 100,526

Total interest expense paid as of September 30, 2019 and 2018 amounted to $9,986 and $5,958 respectively. As of audit report date, $36,657 was subsequently paid.

NOTE 12 OPERATING EXPENSES

This account as of September 30, 2019 and 2018 consist of the following:

	2019	2018
Salaries and wages	$ 171,222	$ 142,829
Rent	129,700	140,319
Professional fees	54,512	66,951
Repairs and maintenance	22,078	13,614
Transportation and travel	15,297	18,041
Payroll taxes	15,264	24,221
Inventory write-off	13,839	-
Computer and server	13,000	13,635
Insurance expense	12,320	13,868
Communication and utilitie	11,264	19,577
Office expenses	6,558	38,110
Licenses permit	4,190	2,225
Provision for bad debts	-	32,950
Educational expenses	-	2,240
Other expenses	23,205	16,682
Total	$ 492,449	$ 545,262

NOTE 13 LOSS OF INVESTMENT

On October 26, 2012, Good Servant, Inc. purchased private tutoring business from Phillips Enterprises, Inc. for $50,000. In current fiscal year, the tutoring business was completely discontinued. As of result, Good Servant, Inc. incurred loss of investment, amounting to $56,000 including $50,000 purchase price and $6,000 security deposit in fiscal year 2019.

NOTE 14 COST OF SALES

This account as of September 30, 2019 and 2018 consist of the following:

	2019	2018
Inventory, beginning	$ 132,604	$ 121,120
Purchases	-	61,095
Freight	-	8,854
Total goods available for sale	132,604	191,069
Less: Inventory transferred	(122,332)	-
Inventory write-off	(13,839)	-
Inventory, ending	$ -	(132,604)
Cost of sales	-	$ 58,465

NOTE 15 COMMITMENTS AND CONTINGENCIES

Good Servant, Inc. entered into an operating lease agreement with Harbest Inc. for its office space located at 44-07 Little Neck Parkway, Little Neck, NY, 11363 beginning on January 1, 2018 until December 31, 2027. The minimum annual lease payments for commitment of this agreement are as follows:

Year	Minimum Lease Payments
2020	$ 117,600
2021	120,000
2022	122,400
2023	124,800
Thereafter	523,200

NOTE 16 SUBSEQUENT EVENTS

Management has evaluated events and transactions for potential recognition or disclosure through December 27, 2019, the date the financial statements were available to be issued. No other subsequent events that came to our attention warranting adjustments or disclosure.

GOOD SERVANT, INC.

Financial Statements
and
Independent Auditor's Report

For the Fiscal Year Ended
September 30, 2020 and 2019

PADILLA & COMPANY, LLP
Certified Public Accountants

GOOD SERVANT, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Stockholders
Good Servant, Inc.
44-07 Little Neck Parkway,
Little Neck, New York 11363

Report on the Financial Statements

We have audited the accompanying financial statements of **Good Servant, Inc. (the "Company")**, which comprise the balance sheet as of September 30, 2020 and 2019 and the related statement of income, statement of changes in stockholder's equity and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Good Servant, Inc. as of September 30, 2020 and 2019 and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Restatement of Prior Year Financial Statements

Without modifying our opinion, we draw attention to Note 18 to the restated financial statements, which reflects the changes made to the statement of balance sheets, statement of income, statement of cash flows and statement of change in stockholder's equity of Good Servant, Inc. for the year ended September 30, 2019, which have been restated from those we originally reported on December 27, 2019.

Report on Summarized Comparative Information

We have previously audited Good Servant, Inc. 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report December 27, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2019, is consistent, in all material respects, with the audited financial statements for which it has been derived

Padilla and Company, LLP

Jamaica, New York
April 15,2021

GOOD SERVANT, INC.
BALANCE SHEETS
AS OF SEPTEMBER 30, 2020 AND 2019

ASSETS		**2020**		**2019 (Restated)**
Current Assets				
Cash and cash equivalents (Note 4)	$	123,532	$	28,989
Receivables (Note 5)		42,017		24,362
Due from owner (Note 6）		-		70,648
Loan to shareholder (Note 10)		20,612		-
Due from affiliate company (Note 7)		122,332		122,332
Total current assets		308,493		246,331
Non-Current Assets				
Property and equipment, net (Note 8)		48,928		57,865
Other assets		13,000		13,000
Total non-current assets		61,928		70,865
TOTAL ASSETS	**$**	**370,421**	**$**	**317,196**
LIABILITIES AND STOCKHOLDER'S EQUITY				
Current Liabilities				
Accounts payable and accrued expense (Note 9)	$	48,408	$	32,877
Loan from shareholder (Note 10)		-		34,007
Notes payable (Note 11)		-		36,657
Wage payable		10,230		12,570
Paycheck protection program (PPP) loan (Note 14)		35,840		-
Withholding taxes payable		1,139		4,246
Total liabilities		95,617		120,357
Non-Current Liabilities				
Economic Injury Disaster Loan (Note 15)		149,900		-
Deferred rent (Note 16)		23,700		17,100
Total liabilities		173,600		17,100
Stockholder's equity				
Common stock				
200 shares authorized, no par value, 200 shares issued and outstanding		10,000		10,000
Additional paid-in capital		150,000		150,000
Retained earnings		(58,796)		19,739
Total stockholder's equity		101,204		179,739
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	**$**	**370,421**	**$**	**317,196**

The accompany notes are an integral part of the financial statements

GOOD SERVANT, INC.
STATEMENTS OF INCOME
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2020 and 2019

	2020	2019 (Restated)
REVENUES		
Royalties and franchise fee	$ 105,011	$ 306,175
Tuition fee	44,542	110,859
Grant revenue	177,906	144,818
Other revenues	49	167
Total Revenues	327,508	562,019
EXPENSES		
Operating expenses (Note 12)	394,244	509,549
Loss on investment (Note 13)	-	56,000
Depreciation and amortization	8,937	9,471
Interest expense	1,803	9,986
Total Expenses	404,984	585,006
Income before income taxes	(77,476)	(22,987)
Provision for income taxes	1,059	2,068
Net loss	**$ (78,535)**	**$ (25,055)**

The accompany notes are an integral part of the financial statements

GOOD SERVANT, INC.
STATEMENTS OF CHANGES IN STOCKHOLDER'S EQUITY
AS OF SEPTEMBER 30, 2020 AND 2019

	Common Stock		Additional	Retained	Total
	Shares	Amount	Paid-In Capital	Earnings	Stockholder's Equity
Balance at September 30, 2018	200	$ 10,000	$ 150,000	$ 44,794	$ 204,794
Net loss (Restated)	-	-	-	(25,055)	(25,055)
Balance at September 30, 2019 (Restated)	200	10,000	150,000	19,739	179,739
Net loss				(78,535)	(78,535)
Balance at September 30, 2020	**200**	**$ 10,000**	**$ 150,000**	**$ (58,796)**	**$ 101,204**

The accompany notes are an integral part of the financial statements

GOOD SERVANT, INC.
STATEMENTS OF CASH FLOWS
AS OF SEPTEMBER 30, 2020 AND 2019

	2020	2019 (Restated)
Cash flow from operating activities:		
Net loss	$ (78,535)	$ (25,055)
Adjustments to reconcile net income to net cash used in operating activities		
Depreciation and amortization	8,937	9,471
Movements in:		
Receivables	(17,655)	167,473
Inventories	-	132,604
Accounts payable	15,531	(75,334)
Wage payable	(2,340)	12,570
Income taxes payable	-	(6,726)
Withholding taxes payable	(3,107)	(2,558)
Defferred rent	6,600	17,100
Net cash provided(used) by operating activities	(70,569)	229,545
Cash flow from investing activities:		
Due from affiliate company	-	(122,332)
Net cash used by investing activities	-	(122,332)
Cash flow from financing activities:		
Payments to Notes payable	(36,657)	(63,869)
Collections of due from owner	70,648	(70,648)
Loan to shareholder	(20,612)	-
Loan from shareholder	(34,007)	34,007
Proceeds from Paycheck protection program loan	35,840	-
Proceeds from Economic Injury Disaster Loan	149,900	-
Net cash provided(used) by financing activities	165,112	(100,510)
Net increase in cash and cash equivalents during the period	94,543	6,703
Cash and cash equivalents at the beginning of the year	28,989	22,286
Cash and cash equivalents at the end of the year	$ 123,532	$ 28,989

NOTE 1 COMPANY AND NATURE OF BUSINESS

Good Servant, Inc. (the "Company") was incorporated under Section 402 of the Business Corporation Law in the State of New York on September 28, 2001 and applied for a C Corporation status which was approved on October 1, 2001. The Company provides a comprehensive range of services including reading programs for all levels in Queens, New York, learning center franchise to other location in the United States of America, buy and sell of educational books, usage of materials developed internally and other educational purposes services.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting
The Company prepares its financial statements using the accrual method of accounting. The revenues are recognized when earned and expenses are recognized when incurred.

Basis of Preparation
The financial statements have been prepared in conformity with generally accepted accounting principles promulgated in the United States of America (U.S. GAAP). The significant accounting and reporting policies used by the Company are described subsequently to enhance the usefulness and understandability of the financial statements.

Cash and cash equivalents
Cash and cash equivalents consist of demand deposits, savings accounts, and cash on hand. Cash equivalents are defined as short-term highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less.

Receivables
Receivables consist of collectibles from book sales as well as other receivables from the normal course of business. The Company provides an allowance for doubtful collections which is based upon a review of outstanding receivables, historical collection information and existing economic conditions. Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the debtor.

Property and equipment
Property and equipment consist of office furniture and equipment and leasehold improvement. Property and equipment is recorded at cost. Depreciation and amortization is computed on the straight-line method. Leasehold improvements are amortized over the shorter of the useful life of the related assets or the lease term. Expenditures for repairs and maintenance are charged to expense as incurred.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Notes payable

Notes payable consists of line of credit availed from major banking institution.

Risk and Uncertainties

On January 2020, the World Health Organization (WHO) has declared a public health emergency due to the coronavirus (COVID-19). In March 2020, WHO classified the COVID-19 outbreak as a pandemic due to alarming levels of spread and severity on a global scale.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full impact that the pandemic will have on the Company's liquidity and future results of operations. The Company's management is continuously monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was enacted to apportion funds for the U.S. SBA Paycheck Protection Program (PPP) loans that are forgivable if employees are maintained on payroll for 8 to 24 weeks after the loan originates and the loan proceeds received are used for payroll, rent, mortgage, interest or utilities.

The Company received loan proceeds in May 2020 and have opted to account for PPP loan monies received as a liability, until the Company is legally released from being the primary obligor under the liability.

In addition, small businesses located in a declared disaster area and which have suffered substantial economic injury are eligible for a Small Business Administration (SBA) EIDL to meet financial obligations and operating expenses that could have been met had the disaster not occurred. The Company received loan proceeds in June 2020 and have recorded the receipt as a liability.

Income Taxes

For financial reporting purposes, the Company has elected to use the taxes payable method. Under that method, income tax expense represents the amount of income tax the Company expects to pay based on the Company's current year taxable income.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates and these differences could be material.

Reclassifications

Certain reclassifications may have been made to prior years' financial statements to conform to the current year presentation. These reclassifications had no effect on previously reported results of operations or net assets.

Accounting Standards Issued but Not Yet Adopted

In February 2016, the FASB issued ASU No. 2016-02, "Leases (Topic 842)," as modified (ASC 842), which replaces existing leasing rules with a comprehensive lease measurement and recognition standard and expanded disclosure requirements. ASC 842 will require lessees to recognize most leases on their balance sheets as liabilities, with corresponding "right-of-use" assets, and is effective for annual reporting periods beginning after December 15, 2019, subject to early adoption. For income statement recognition purposes, leases will be classified as either a finance or an operating lease without relying upon the bright-line tests under current GAAP. The new standard will affect the Company's financial statements for the year ending September 30, 2021.

NOTE 3 CONCENTRATION OF CREDIT RISKS

The Company's financial instruments that are potentially exposed to concentrations of credit risk consist of cash. At September 30, 2020, the Company's cash was maintained in an account with certain balances that were, at times during the fiscal year, in excess of the FDIC insurance limit of $250,000. However, the Company has not experienced any losses in such accounts to date. The Company routinely reviews its cash balances. As a consequence, the Company believes that concentrations of credit risk are limited.

NOTE 4 CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of September 30, 2020 and 2019 consist of:

	2020	2019
Cash in bank	$ 123,532	$ 18,881
Cash on hand	-	10,108
	$ 123,532	$ 28,989

NOTE 5 RECEIVABLES

This account consists of the following as of September 30, 2020 and 2019:

	2020	2019
Accounts receivable - Clients	$ 24,362	$ 24,362
Accounts receivable - DOE	17,655	-
Total	$ 42,017	$ 24,362

As of audit report date, $17,655 was collected from DOE.

NOTE 6 DUE FROM OWNER

On December 17, 2012, the owner borrowed funds from Good Servant, Inc. in the amount of $70,648, for the purpose of purchasing another company. The funds were paid off by the owner in November 2019.

NOTE 7 DUE FROM AFFILIATE COMPANY AND RELATED PARTY TRANSACTIONS

On October 1, 2018, Good Servant, Inc. transferred its inventory to Ztree, Corp. which is 100% owned by the same owner of Good Servant, Inc. During fiscal year 2019, Good Servant, Inc. also sold and purchased book on behalf Ztree, Corp. The transactions detail as below:

	2019
Inventory, beginning	$ 132,604
Less: Inventory write-off	(13,839)
Inventory transferred to Ztree	118,765
Add: Book purchases and freight on behalf Ztree	12,314
Less: Book sales on behalf Ztree	(8,747)
Total Due from affiliate company	$ 122,332

All inventory was transferred to Ztree in 2019. As of audit report date, no collections received from Ztree, Corp.

NOTE 8 PROPERTY AND EQUIPMENT

This account as of September 30, 2020 and 2019 consist of the following:

	2020	2019
Furniture and fixtures	$ 19,041	$ 19,041
Leasehold improvement	119,116	119,116
Total	138,157	138,157
Less: accumulated depreciation	89,229	80,292
Net Property and equipment	$ 48,928	$ 57,865

NOTE 9 ACCOUNT PAYABLE

This account as of September 30, 2020 and 2019 consist of the following:

	2020	2019
Rent payable	$ 38,300	$ -
Credit card payable	465	15,206
Accrued audit fee	4,500	6,500
Payable to publisher	8	$ 1,685
Accrued interest	149	
Other accounts payable	4,986	9,486
Total	$ 48,408	$ 32,877

As of audit report date, $38,765 was subsequently paid.

NOTE 10 LOAN FROM/TO SHAREHOLDER

The amount of $34,007 represents advances made by the shareholder on behalf of Good Servant, Inc. to pay for the necessary business expenses for the fiscal year ended September 30, 2019. The loan was paid off during the current fiscal year. The amount of $20,612 represents loans borrowed from Good Servant, Inc. by the shareholder as of September 30, 2020.

NOTE 11 NOTES PAYABLE

The line of credit with Chase Bank amounting to $36,657 as of September 30, 2019 was paid off during the current fiscal year.

NOTE 12 OPERATING EXPENSES

This account as of September 30, 2020 and 2019 consist of the following:

	2020	2019 (Restated)
Rent	$ 140,100	$ 146,800
Salaries and wages	128,587	171,222
Computer and server	40,638	13,000
Professional fees	19,057	54,512
Office expenses	14,883	6,558
Communication and utilities expense	12,265	11,264
Payroll taxes	11,848	15,264
Insurance expense	11,495	12,320
Transportation and travel	7,209	15,297
Repairs and maintenance	550	22,078
Licenses permit	310	4,190
Inventory write-off	-	13,839
Other expenses	7,302	23,205
Total	$ 394,244	$ 509,549

NOTE 13 LOSS OF INVESTMENT

On October 26, 2012, Good Servant, Inc. purchased private tutoring business from Phillips Enterprises, Inc. for $50,000. In current fiscal year, the tutoring business was completely discontinued. As of result, Good Servant, Inc. incurred loss of investment, amounting to $56,000 including $50,000 purchase price and $6,000 security deposit in fiscal year 2019.

NOTE 14 PAYCHECK PROTECTION PROGRAM(PPP) LOAN

Good Servant, Inc. received a loan from U.S. Small Business Administration in the amount of $35,840 under the Paycheck Protection Program (PPP) established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The loan was covered by a note dated May 1, 2020, which might be forgiven to the extent proceeds of the loan are used for eligible expenditures such as payroll and other expenses described in the CARES Act. The loan bears interest at a rate of 1% and is payable in monthly installments of principal and interest over two years beginning fifteen months from the date of the note. The loan may be repaid at any time with no prepayment penalty.

Good Servant, Inc. will apply for loan forgiveness in May 2021. Accrued interest of PPP loan amounted to $149 as of September 30, 2020.

NOTE 15 ECONOMIC INJURY DISASTER LOAN

The Company also borrowed from U.S. Small Business Administration under COVID Economic Injury Disaster Loan (EIDL) covered by Section 7 of the Small Business Act. The Company obtained EIDL loan amounted to $149,900 on June 18, 2020 at a fixed interest rate of 3.75%. The payments are deferred for one year while interest is waived for one year. It is payable in monthly installments of principal and interest over thirty years beginning twelve months from the date of the loan. The loan agreement specifies that the Company will use all the proceeds of the loan solely as working capital to alleviate economic injury caused by the disaster.

NOTE 16 DEFERRED RENT

U.S GAAP requires that the total rent commitment be recognized on a straight-line basis over the term of the lease. Accordingly, the difference between the actual monthly payments and the rent expense being recognized for financial statement purposes is being deferred. The deferred rent as of September 30, 2020 and 2019 amounted to $23,700 and $17,100 respectively.

NOTE 17 COMMITMENTS

Good Servant, Inc. entered into an operating lease agreement with Harbest Inc. for its office space located at 44-07 Little Neck Parkway, Little Neck, NY, 11363 beginning on January 1, 2018 until December 31, 2027. The minimum annual lease payments for commitment of this agreement are as follows:

Year	Minimum Lease Payments
2021	120,000
2022	122,400
2023	124,800
Thereafter	523,200

NOTE 18 AMENDED AND RESTATED FINANCIAL STATEMENTS

Deferred rent was recognized in the statement of income of Good Servant, Inc. for the year ended September 30, 2019, consequently, balance sheet, statement of income, statement of change in stockholder's equity, and statement of cash flows of Good Servant, Inc. were restated for the year ended September 30,2019.

NOTE 19 FUTURE PROGRAM AUITS

Reimbursements from grant related expenses and overhead applicable to programs conducted under contract with the city, state, and federal government are subject to audit which may result in adjustments for disallowances. The amount of the disallowance, if any, cannot be determined. Therefore, no provision is made for these potential liabilities.

NOTE 20 SUBSEQUENT EVENTS

Management has evaluated events and transactions for potential recognition or disclosure through January 7, 2020, the date the financial statements were available to be issued. Aside from the disclosure below, there are no other subsequent events that came to our attention warranting adjustments or disclosure.

In early March 2020, the COVID-19 virus was declared a global pandemic, and it unfortunately continues to spread rapidly. After September 30, 2020, it continues to impact business continuity, including supply chains and consumer demand across a broad range of industries and countries. Management is carefully monitoring the situation and evaluating its options during this time. No adjustments have been made to these financial statements as a result of this uncertainty.

Exhibit B – Franchise Agreement

www.readingtown.com

Franchise Agreement

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

Franchise Agreement

Franchise Agreement No.:_______________

DATED:____(“Effective Date”)

BETWEEN: Good Servant, Inc. (d/b/a Reading Town) (“Franchisor”)

AND:_____________________________________(“Franchisee”)

RECITALS

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

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

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

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

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

WHEREAS Franchisee recognizes the necessity and value of maintaining high standards and uniformity of appearance, image, products, services and customer relations in conformity with the System as Franchisor may reasonably modify it from time to time;

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

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

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

Article 1 - License and System

- **1.01 Grant of License**

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

- **1.02 Location and Territory**

1.02.01 Except as specifically permitted by this Agreement, Franchisee's Reading Town center shall be the only Reading Town center to operate within the geographical territory described in Exhibit B hereto (the "Territory"). The minimum distance from Your Reading Town center to other Reading Town centers in adjacent territories should be at least one (1) mile away, but there will be ten (10) percent allowance in case that Your center cannot helping locating within one (1) mile limit due to the zoning issue of Your territory. This minimum distance is defined as the driving distance as specified by Good map.

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

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

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

- **1.03 Licensed Business**

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

- **1.04 Licensed Program**

1.04.01 The term "Licensed Program" means the curricula which the Franchisee is allowed to use for the initial franchisee fee as specified in 2.01 in the business of tutoring and learning center related services under the Marks and using the System of Reading Town. Standard Package Program listed in Exhibit C is The "Licensed Program." Franchisee can add more programs by paying additional fee, Five Thousand Dollars ($5,000) per each center to Reading Town from Elective Program in Exhibit C.

- **1.05 System And Marks**

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

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

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

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

1.5.5 Franchisee agrees to operate no other business whatsoever in or about the Premises of the Licensed Business or otherwise in connection with the System or Marks without first obtaining Reading Town’s written approval; provided that, Franchisee may provide any service(s) or product(s) permitted according to the Manual. Franchisee acknowledges that Reading Town owns, in connection with the Marks, all goodwill associated with or to become associated with the telephone numbers and telephone listings and agrees to execute an Assignment of Telephone Numbers in the form of Exhibit F, attached.

- **1.06 Manual**

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

Article 2 - Franchise Fees and Advertising

- **2.01 Initial Fee**

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

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

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

If Franchisee acquires an existing Reading Town business from Reading Town in connection with this franchise, Franchisee will pay the fair market going concern value of the assets purchased pursuant to a separate asset purchase and sale agreement to be negotiated, in addition to the Initial Fee. If the parties are unable to reach an agreement on the purchase and sale of assets within ninety (90) days following the date of this Agreement, either party may terminate this Agreement by giving not less than ten (10) business days notice to the other. Termination shall be pursuant to the terms of Articles 17 and 18.

- **2.02 Royalties**

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

- **2.03 National Marketing Fee**

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

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

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

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

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

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

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

- **2.04 Management Assistance**

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

- **2.05 Gross Revenues**

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

- **2.06 Local and Cooperative Marketing**

Franchisee shall spend, on a monthly basis, not less than the greater of: (a) three percent (3%) of Gross Revenues or (b) Five Hundred Dollars ($500) on local and cooperative marketing. Local and cooperative marketing expenditures shall be in addition to the National Marketing Fees paid pursuant to paragraph 2.03. Reading Town may direct

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

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

2.06.02 Regional Marketing Cooperative. If there are two or more Reading Town franchisees in a marketing area, as determined by Reading Town, the franchisees shall form a Regional Marketing Cooperative and Franchisee shall participate in said cooperative and shall contribute such sums thereto as may be assessed by a majority vote of the cooperative. No Regional Marketing Cooperative shall make assessments, of more than two percent (2%) of Gross Revenues. Funds contributed to any local marketing cooperative shall be in addition to the National Marketing Fee paid pursuant to paragraph 2.03. Each Regional Marketing Cooperative shall be organized and operate as specified in the Manual or by the regional manager/academic director.

- **2.07 Grand Opening Seminar/Ceremony**

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

- **2.08 Rebates, Discounts and Allowances**

Franchisee authorizes Reading Town to collect all available rebates, discounts, and allowances (RDA) from vendors or others with whom Franchisee does business, provided that, in Reading Town's reasonable business judgment, it is appropriate to collect them. Reading Town shall place all collected RDAs in either the National Marketing fund or in a separate account and shall apply all such funds for purposes of subsidizing the cost of franchisee conventions, meetings and incentive programs. Franchisee authorizes Reading Town to commingle Franchisee's RDA funds with those received on account of business conducted by other franchisees. Reading Town is authorized to pay from the collected RDA funds any taxes and assessments payable on account of having received the funds and a reasonable portion of the administrative and marketing costs of securing, managing and disbursing such funds. Reading Town will provide an un-audited annual accounting as to the aggregate amount of RDA funds collected and their use and application by general category, which accounting will be prepared within ninety(90) days following the end of Reading Town's fiscal year and will be provided to Franchisee upon written request. Franchisee acknowledges and agrees that each such accounting is a Trade Secret and shall be treated as such according to this Agreement. Except as herein specifically provided, Franchisee waives all compliance with the Uniform Trust Accounting Act and related or similar laws to the broadest extent permitted by law.

Article 3 - Reports and Audits

- **3.01 Records and Reports**

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

- **3.02 Failure to Report**

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

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

- **3.03 Audits and Inspections**

Reading Town shall have the right, at any time, to enter the Premises (either physically or electronically) for purposes of auditing the accuracy of reports submitted and to otherwise verify compliance with the terms and conditions of this Agreement. Should any audit or inspection reveal that Franchisee has underreported the amount of Gross Revenues by less than 3% for any month, Franchisee shall immediately pay to Reading Town the additional amount of royalties and other fees payable on account of the underreporting, plus interest thereon at the rate of one and a half percent (1.5%) per month, but not more than the maximum interest allowed by applicable law. If an audit or inspection reveals that Franchisee has underreported Gross Revenues by three percent (3%) or more for any month, then Franchisee shall also pay to Reading Town the additional amount of royalties and other fees payable on account of the underreporting, plus interest thereon at the rate of two and a half percent (2.5%) per month, immediately, and the cost of the audit or inspection. In all other cases, Reading Town shall bear the entire cost of the audit or inspection, including incidental costs. Should Franchisee at any time cause an audit to be made of Franchisee’s Licensed Business, Franchisee shall cause a copy of the report of said audit to be delivered to Reading Town without any cost or expense to Reading Town.

- **3.04 Contact with Others**

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

Article 4 - Training

- **4.01 Initial Training**

As a condition subsequent to this Agreement, Franchisee and Franchisee’s designated manager/academic director or academic director, if applicable, shall successfully complete Reading Town’s initial training program. The initial training program will be approximately 12 to 20 hours in length and shall be conducted at such location(s) as Reading Town specifies. The initial training may be conducted, in whole or in part, in an existing Reading Town Licensed Business owned by Reading Town, an affiliate of Reading Town or another franchisee. Franchisee and Franchisee’s manager/academic director, if applicable, will be required to execute a consent, waiver and release in the form of Exhibit K before beginning training, relieving Reading Town or other franchisees who might be involved in the training of liability for wages, benefits, and for injury, damages or harm that might occur while training in the facilities of Reading Town or another franchisee. Franchisee shall be responsible for all salaries, compensation, benefits, and living and travel expenses of trainees. After the initial training, Reading Town will be available for such reasonable consultation as Reading Town deems appropriate. Reading Town reserves to itself the exclusive right to determine whether Franchisee and other trainees have satisfactorily completed the training program. If Franchisee and Franchisee's designated manager/academic director, if applicable, do not satisfactorily complete the initial training program, Reading Town may terminate this Agreement. Franchisee acknowledges that such failure to satisfactorily complete the initial training program is grounds for termination of this Agreement without refund of the initial fee.

- **4.02 Manager/Academic Director Training**

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

- **4.03 Teacher Training**

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

- **4.04 Subsequent Training**

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

- **4.05 Training Materials**

Reading Town may, from time to time, provide or make available to Franchisee training materials and equipment for providing training for Franchisee's manager/academic director(s) and employees. Reading Town may charge a reasonable fee for such materials and equipment. Franchisee agrees that all such materials are Trade Secrets pursuant to this Agreement. Franchisee agrees to require all of its manager/academic directors and employees, as applicable, to successfully complete any such training program(s) if Reading Town designates them as mandatory.

- **4.05 No Warranty of Success**

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

Article 5 - Trade Secrets and Confidentiality

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

Article 6 - Pre-Opening Obligations

- **6.01 Premises and Lease**

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

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

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

- **6.02 Specifications**

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

- **6.03 Appearance of Premises**

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

- **6.04 Required Material**

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

Article 7 - Operation of Licensed Business

- **7.01 Independent Contractor**

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

- **7.02 Personal Participation**

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

- **7.03 Retail Prices**

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

- **7.04 Compliance with Laws**

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

- **7.05 Franchisee Business Operation**

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

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

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

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

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

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

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

- **7.06 Restrictions on Sources of Services and Products**

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

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

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

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

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

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

7.06.07 Proprietary Items. Proprietary Items are Items that contain one or more unique characteristics or ingredients which are either not known to the general public or which are subject to protection as intellectual property or Trade Secrets, and can include packaging, trademarks or containers. Patented or patentable Items are Proprietary Items. Reading Town or its Affiliate(s) may develop Proprietary Items. Reading Town or an Affiliate will (i) manufacture, supply and sell Proprietary Items to franchisees of Reading Town, and/or (ii) disclose the formulae for and methods of preparation of the Proprietary Items to one or more supplier(s) who will be authorized by Reading Town to manufacture Proprietary Items to Reading Town's precise specifications and sell Proprietary Items to franchisees of Reading Town and/or (iii) license Franchisee to use them pursuant to this Agreement. If required, Franchisee shall purchase and use Proprietary Items from Reading Town or from supplier(s) so authorized by Reading Town. Reading Town or its Affiliate(s) will derive revenue and profits from Franchisee's purchases of any Proprietary Items. Reading Town or its Affiliate(s) may distribute Proprietary Items through alternative channels of distribution, including near Franchisee's location.

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

- **7.07 Minimum Hours**

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

- **7.08 Signs**

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

- **7.09 Computer System**

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

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

- **7.10 Communications Equipment or Systems**

Franchisee shall purchase and use in the Licensed Business communications equipment or systems and service as required by Reading Town and shall update or replace such equipment, systems and service as required, but Reading Town will not require replacement more than once per year. Except as otherwise required or permitted by this Agreement or by applicable law, Franchisee shall use only the communications systems designated by Reading Town in communicating with Reading Town and other franchisees relating to the Licensed Business. Reading Town shall have a proprietary interest in all communications made through any communications systems maintained or provided by Reading Town. Franchisee acknowledges that the provisions of this paragraph 7.10 are reasonable and necessary and beneficial to the Reading Town franchise system. Franchisee shall monitor and respond to all communications in a timely manner as specified in the Manual.

- **7.11 Material Maintenance**

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

- **7.12 Warranties**

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

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

- **7.13 No Pirating of Personnel**

During the term of this Agreement and for a period of two (2) years following Termination or Nonrenewal of this Agreement for any reason whatsoever, Franchisee shall not: (a) induce, or attempt to induce any employee of Reading Town, an Affiliate or of any other franchisee to leave their current employer; (b) without the prior written approval of Reading Town (which may be conditioned upon the prior written approval of another franchisee and other proper conditions) hire or associate or offer to hire or associate any employee of Reading Town, an Affiliate, or of any other franchisee; or (c) without the prior written approval of Reading Town (which may be conditioned upon the prior written approval of another franchisee and other proper conditions) hire or associate or offer to hire or associate any former employee of Reading Town, an Affiliate, or of any other franchisee, who has, voluntarily or otherwise terminated his or her relationship with Reading Town, an Affiliate, or any other franchisee during the prior eighteen (18) calendar months. The terms of this paragraph 7.13 shall survive termination or nonrenewal of this Agreement for any reason. Any waivers of this paragraph 7.13 must be in writing and signed by the Reading Town.

- **7.14 Marketing**

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

- **7.15 Leads and Service Area**

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

- **7.16 New Developments**

Reading Town shall be the sole and exclusive owner of all new developments, including workbooks, software, learning management system, inventions, methods, products, ideas, formulas, research results, equipment, and otherwise, that Franchisee develops or has any role in developing that relate to the Licensed Business. Franchisee shall immediately disclose any and all such new developments to Reading Town and shall execute any documents necessary, in Reading Town's opinion, to consummate the transfer of all ownership rights therein. The mutual covenants of this Agreement are sufficient consideration for such transfers. Reading Town shall not, otherwise, be required to compensate Franchisee for such new developments.

- **7.17 Staffing Requirements**

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

Article 8 - Indemnity and Insurance

- **8.01 Indemnity**

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

- **8.02 Insurance**

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

Article 9 - Renewal

- **9.01 Conditions of Renewal**

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

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

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

9.1.3 Franchisee shall pay a renewal fee as established at the time by Reading Town, but which shall be not more than two thirds of the then-current Initial Fee (See 9.02), payable in full at the time of execution of the Franchise Agreement referred to in sub-paragraph 9.01.04;

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

9.01.05 Franchisee must maintain possession of the Premises identified in Exhibit A for the renewal term or obtain substitute premises approved by Reading Town;

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

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

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

- **9.02 Renewal Fee**

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

Article 10 - Continuation

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

Article 11 - Entity Franchisee

- **11.01 Entity Definition**

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

- **11.02 Founding Document Restriction**

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

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

- **11.03 Liability of Owner(s)**

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

- **11.04 Restriction on Certificates of Ownership**

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

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

- **11.05 Additional Requirements of Entity Franchisee**

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

Article 12 - Assignment or Transfer

- **12.01 Prior Consent**

Franchisee shall not assign, transfer, sell, sublease, sublicense or encumber (hereinafter collectively referred to as "Assign" or "Assignment"), in whole or in part this Agreement, the Franchisee, the Licensed Business, any option or first right of refusal relating to this Agreement, the Franchisee or the Licensed Business, the assets of the Licensed Business or the leasehold of the Licensed Business or represent to any person that such an Assignment has been made without Reading Town's prior written approval. For purposes of this Paragraph 12.01, the terms "Assign" or "Assignment" shall include any assignment, transfer, sale or encumbrance of any shares of stock of a Franchisee that is a corporation, any partnership interest of a Franchisee that is a partnership, any membership interest of a Franchisee that is a limited liability company, and any equity or ownership interest or rights in any other form of entity. Any attempted Assignment without Reading Town's prior written consent shall be void and a breach of this

Agreement.

- **12.02 Conditions of Assignment**

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

12.2.1 Franchisee must be current in payment of all fees and charges to Reading Town and any of its related companies;

12.2.2 Franchisee must not be in material breach of this Agreement or of any other agreement between Reading Town and Franchisee;

12.2.3 Franchisee must have paid in full all debts in connection with the Licensed Business;

12.2.4 The assignee must have agreed to assume all of the obligations of the Licensed Business;

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

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

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

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

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

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

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

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

- **12.03 Assignment to an Entity**

Notwithstanding the foregoing, if Franchisee is an individual, Franchisee may assign this Agreement to an Entity, as defined in Article 11, formed under the laws of the state where the Licensed Business is located, which is wholly owned by Franchisee; provided that the individual Franchisee shall first provide written notice of the assignment to Reading Town and shall personally guarantee the performance of this Agreement. If Franchisee is an Entity, Franchisee may assign this Agreement to another Entity, formed under the laws of the state where the Licensed Business is located, of the same or different form, which has exactly the same ownership, including percentages of ownership as Franchisee; provided that each of the individual equity or other owners of the new Entity shall personally guarantee the performance of the Agreement. The personal guarantee shall be in the form of Exhibit G hereto. No assignment under this paragraph shall change or limit the liability of any person or entity under this Agreement. Franchisee shall pay to Reading Town a Processing Fee of Five Thousand Dollars ($5,000) for an assignment pursuant to this paragraph 12.03.

- **12.04 Approval Process**

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

- **12.05 Transfer by Reading Town**

There shall be no restriction upon Reading Town's right to encumber, transfer or assign this Agreement or the System. Following such a transfer or assignment, Reading Town shall have no further obligation or liability to Franchisee hereunder or otherwise so long as the assignee or transferee agrees to assume all of Reading Town's liabilities and obligations to Franchisee. Upon Reading Town's request, Franchisee shall execute and deliver a certificate to Reading Town, as described in Paragraph 21.05, in connection with an anticipated transfer or financing procedure by Reading Town. Franchisee agrees to accept any transferee of Reading Town, including any sub-Reading Town and perform for such transferee the same as for Reading Town.

- **12.06 No Sublicensing**

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

Article 13 - Death or Incapacity

- **13.01 Alternatives Upon Death or Incapacity**

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

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

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

- **13.02 Effect of Failure to Comply**

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

- **13.03 Incapacity Defined**

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

Article 14 - Successors and Assigns

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

Article 15 - Termination

Reading Town may terminate this Agreement as follows:

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

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

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

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

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

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

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

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

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

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

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

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

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

XII. Franchisee fails or refuses to timely execute and deliver a truthful certificate pursuant to paragraph 21.05;

XIII. Franchisee fails to maintain insurance or workers compensation coverage; or

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

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

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

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

II. Franchisee is adjudicated a bankrupt or insolvent;

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

IV. Franchisee voluntarily abandons the Licensed Business; or

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

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

Article 16 - Competition with Reading Town

- **16.01 Competing Business Activities During Term**

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

- **16.02 Competing Business Activities After Term**

16.2.1 Franchisee covenants and agrees that, for a period of twenty-four (24) months following the effective date of any termination, expiration or non-renewal (“the Termination Date”), Franchisee will not, individually or together with another, directly or indirectly, on its own behalf or on behalf of or through any other person, sole proprietorship, or Entity, do any of the following:

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

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

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

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

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

a. Competes with Reading Town or any franchisee of Reading Town;

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

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

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

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

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

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

16.02.08 Franchisee agrees that it would be extremely difficult to prove with certainty the exact amount of damages caused to Reading Town by a violation of this Article 16 by Franchisee and therefore, Franchisee agrees that, upon proof that Franchisee violated this Article 16, Reading Town shall be entitled to liquidated damages in an amount calculated by multiplying the amount of gross revenues generated by Franchisee or a third party that benefited from the violation during the period of breach and multiplying it by 1.5. Franchisee acknowledges that this results in a reasonable estimate of what Reading Town's actual damages would be and is not a penalty.

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

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

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

Article 17 - Effect of Termination

- **17.01 Loss of Rights**

After the Termination Date, Franchisee shall have no further rights to use, in any manner, propriety inventories, the System, the Marks, anything similar to the Marks, the telephone numbers, the telephone listings, any proprietary computer software, any trade secrets or the Manual. Franchisee shall immediately notify such persons as Reading Town shall reasonably require of Franchisee's loss of rights thereto. All sums of money due from Franchisee to Reading Town or to any other Reading Town franchisee as of the Termination Date shall become immediately due and payable. As between the parties hereto, whether or not a Lease Conditional Assignment Agreement has been signed, Reading Town or Reading Town's designee shall have the option, exercisable within sixty (60) days, to assume the lease for the Premises. If Reading Town elects to assume the lease for the Premises, pursuant to the Lease Conditional Assignment Agreement or otherwise, Franchisee agrees to cooperate in the transfer, to execute any documents which may be required for Reading Town or Reading Town's designee to assume the lease, and to otherwise take no actions which would interfere with the ability of Reading Town or it's designee to assume the said lease. Franchisee specifically agrees to execute such document(s) as may be necessary to transfer the telephone number(s) to Reading Town or Reading Town's designee. In the event Franchisee or any owner or affiliate of Franchisee owns the Premises, Franchisee agrees that Reading Town shall have the option to lease the Premises at fair market value for a term of up to ten (10) years, at Reading Town's election, such option exercisable by Reading Town within sixty (60) days following the Termination Date.

- **17.02 Change of Identity**

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

- **17.03 Changeover Procedure**

Upon termination of this Agreement, either by expiration, non-renewal, or otherwise, if Reading Town or Reading Town's designee has indicated its intention to assume Franchisee's lease for the Premises and to operate an Reading Town business from that location, the parties agree to cooperate in the changeover of the Licensed Business to Reading Town, including by taking the steps set forth herein. If Franchisee fails or refuses to cooperate with Reading Town, Franchisee hereby appoints Reading Town as its Attorney in Fact to complete the changeover. In such case, the parties shall: notify the landlord of the change of tenancy pursuant to the Lease Conditional Assignment Agreement or otherwise and Reading Town shall be entitled to take control of the Premises, including by changing the locks; terminate vendor accounts at Reading Town's option; conduct an inventory of all equipment, fixtures, tenant improvements, supplies and inventory (if Franchisee elects to not participate in the inventory, Reading Town's inventory shall be presumed accurate and complete); Reading Town shall have the right to use Franchisee's equipment, furniture, fixtures and related items for up to sixty (60) days and shall pay or credit Franchisee with the fair market rental value of that use; Reading Town shall be entitled to communicate directly with Franchisee's agents, employees, customers and vendors in order to facilitate a smooth transition to ownership by Reading Town or Reading Town's designee; Reading Town or it's designee shall be entitled to all Gross Revenues received after the date of termination. No action taken pursuant to this paragraph shall constitute a waiver by Reading Town of any claims against Franchisee for any reason. The parties agree that there are no circumstances justifying a stay or delay in implementation of the terms of this paragraph and the parties specifically agree that any claims, including, but not limited to, allegations of wrongful termination, can be separately resolved and that an award of damages would be an adequate remedy.

- **17.04 Continuing Royalties**

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

- **17.05 Option to Purchase Certain Assets**

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

- **17.06 Payment and Terms**

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

- **17.07 Survival of Terms**

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

Article 18 – Release from Franchisee Obligations

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

Article 19 - Arbitration of Disputes

- **19.01 Agreement to Arbitrate**

Except as provided in paragraph 19.04, any controversy or claim or dispute between the parties hereto or between any party hereto and any other person arising out of or relating to this Agreement, the negotiation thereof, the offer or acceptance thereof, or the performance or breach thereof, shall be settled by arbitration administered by the American Arbitration Association under its Commercial Arbitration Rules, and judgment on the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof. This Article shall be governed by the Federal Arbitration Act. Any arbitration shall be before a panel of three arbitrators and shall take place in Queens, New York, U.S.A. No party shall join or attempt to join their claims in a single proceeding with the claims of any other party, person or entity even if similarly situated. The parties shall bear their own expenses, including their own attorney's fees and costs and shall share equally all expenses of the arbitrator.

- **19.02 Conduct of Arbitration**

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

- **19.03 Conditions Precedent to Arbitration**

As conditions precedent to commencing an arbitration proceeding pursuant to this Agreement, the parties shall first comply with the terms of this paragraph 19.03. Failure to comply with this paragraph shall be a material breach of this Agreement and shall entitle the non-defaulting party to an award of all of their attorney's fees and costs reasonably expended in enforcing the terms of this paragraph. Such award of attorney's fees shall be made by the court enforcing this paragraph and shall be paid by the breaching party before and as a condition precedent to further proceeding in accordance with this Article. For the limited purpose of enforcing this paragraph 19.03, each party hereby waives arbitration and the matter shall be heard in the Queens County Superior Court in Queens, New York, USA. Within not more than sixty days following the date on which the aggrieved party first discovered or reasonably should have discovered the facts of a dispute between the parties, but not more than one year after the date of the events or facts which gave rise to the dispute, the aggrieved party shall give a Notice to the other party (and any involved other persons) of the existence of the dispute, and shall set forth, in writing, a detailed description of the relevant facts together with a reasonably detailed description of the legal basis of the claim. The Notice shall include a detailed description by the aggrieved party of the remedy or outcome desired. The non-aggrieved party shall respond to the Notice within thirty days following its receipt. If the Notice and response does not resolve the dispute, the parties shall meet, in person, within sixty days following the date of the non-aggrieved party's response, in the corporate offices of the Reading Town, and attempt to informally resolve the matter. If the informal meeting does not resolve the matter, the parties shall, within sixty days following the date of the informal meeting, submit to non-binding mediation in Queens, New York with a mediator selected according to the rules of the American Arbitration Association. If the dispute is not resolved through mediation, then either party may commence an arbitration proceeding, but must do so within ninety days following the date that either party or the mediator has declared the mediation terminated. The demand for arbitration shall contain a certificate by the party commencing arbitration that the party has fully complied with every provision of this paragraph 19.03. Copies of the Notice and the response thereto exchanged pursuant to this paragraph shall be attached to the demand for arbitration and the issues in the arbitration shall be limited to matters contained therein.

- **19.04 Limited Exceptions to Arbitration and Mediation**

The requirements of paragraphs 19.01, 19.02, and 19.03 shall not apply to actions for the sole purpose of collecting unpaid money, including franchise fees, royalties or Marketing Fees pursuant to this Agreement or to actions for the sole purpose of enforcing Reading Town's rights in the Marks (both for injunctive relief and damages), the Trade Secrets or the covenant against competition. Such actions and claims are not submitted to arbitration. Any such actions and claims shall be brought in the Queens County Superior Court in Queens, New York, USA. Any counterclaims to such actions and claims are submitted to arbitration and shall be subject to paragraphs 19.01, 19.02 and 19.03.

Article 20 - Representations of Franchisee

Franchisee represents:

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

Agreement or performance thereunder;

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

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

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

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

Article 21 - Miscellaneous Provisions

- **21.01 Nonwaiver**

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

- **21.02 Attorneys Fees**

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

- **21.03 Severability**

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

- **21.04 Warranty of Authority**

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

- **21.05 Estoppel Certificate**

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

- **21.06 Paragraph Headings**

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

- **21.07 Recitals**

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

- **21.08 No Third Party Beneficiary**

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

- **21.09 Choice of Law**

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

- **21.10 Notices**

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

- **21.11 Entire Agreement**

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

- **21.12 Modification**

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

- **21.13 Effective Date**

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

- **21.14 Time of Essence**

Time is of the essence of this Agreement.

Article 22 - Business Risk

- **22.01 No Promises**

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

- **22.02 Receipt for Disclosure Document.**

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

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

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

ATTACHMENT I

APPLICATION FOR A READING TOWN FRANCHISE (US)
Territory A

I/We ____

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

Our Reading Town Franchise is to be located in:

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

1. Initial Franchise Fee for this franchise is $35,000.00 payable in certified check as follows:

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

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

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

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

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

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

Date: ______________________

ATTACHMENT I

APPLICATION FOR A READING TOWN FRANCHISE (US)
Territory B

I/We ____

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

Our Reading Town Franchise is to be located in:

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

1. Initial Franchise Fee for this franchise is $25,000.00 payable in certified check as follows:
   a. Five Thousand Dollars ($5,000) deposit (non refundable, except as set forth in Paragraph 2 below) Payable to Reading Town upon submitting this Application.
   b. Twenty Thousand Dollars ($20,000) is due and payable to Reading Town within seven (7) days of notification that my/our application has been approved. At such time, I/we will execute the Reading Town Franchise Agreement and appropriate Exhibits.

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

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

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

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

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

Date: ______________________

EXHIBIT A

Location of Licensed Business

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

Street Address: ______________________________

City: ______________________________

State: ______________________________

EXHIBIT B

Territory

Franchisee's designated Territory shall be defined as follows:

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

The estimated population of the Territory is: ______________________

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

Map(s): Please see attached map(s).

EXHIBIT C

Licensed Program

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

Standard Package Program

(   ) Reading Center

(   ) Writing Center

(   ) Speech Center

Elective Program

(   ) Classic Center

(   ) Math Center

(   ) Debate Center

EXHIBIT D

Required Material

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

EXHIBIT E

Lease Conditional Assignment Agreement

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

________________________________(Lessor) and ______________________

(Lessee) dated_______________for the premises located at: _______________

___________________________, legally described in Annex Ahereto.

A. CONDITIONAL ASSIGNMENT

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

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

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

B. LESSOR

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

C. LESSEE

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

D. LESSOR

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

E. DEFAULT BY LESSEE

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

F. OPTION TO RENEW

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

Date signed:

Reading Town: Assignee

By_ Dr. Soonho Song, CEO

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

718-229-6400

Date signed:

FRANCHISEE

Franchisee

Address:

Phone:

LESSOR:

By:

Its ___________________________________

ACKNOWLEDGMENTS

STATE OF_______________________)
OUNTY OF______________________) ss
On this day personally appeared before me_________________________________, to me known to be the individual(s) described in and who executed the within and foregoing instrument, and acknowledged that__________signed the same as______free and voluntary act and deed, for the uses and purposes therein mentioned.
GIVEN under my hand and official seal this_______day of ____________________ 20______.

Notary Public in and for the State of ______
residing at __
My appointment expires: ________________

* * *

STATE OF_______________________)
COUNTY OF____________________) ss
On this day personally appeared before me_________________________________, to me known to be the individual(s) described in and who executed the within and foregoing instrument, and acknowledged that__________signed the same as______free and voluntary act and deed, for the uses and purposes therein mentioned.
GIVEN under my hand and official seal this_______day of ____________________ 20______.

Notary Public in and for the State of ______
residing at __
My appointment expires: ________________

* * *

STATE OF________________________)
COUNTY OF_____________________) ss.
On this day personally appeared before me ____ ____, to me known to be the________________________[Title], of ___________________ __________________, a [Type of Entity and State of Organization], the Entity that executed the foregoing instrument, and acknowledged

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

Notary Public in and for the State of ______
residing at __
My appointment expires: ________________

EXHIBIT F

Assignment of Telephone numbers

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

Date signed:___________________________	Date signed: _________________________
Reading Town	**FRANCHISEE** (Assignor)
By Dr. Soonho (Joshua) Song, CEO 44-07 Little Neck Parkway Little Neck, NY 11363 U.S.A. 718-229-6400	Franchisee Address:
	Phone: ______________________________

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

EXHIBIT G

Personal Guaranty

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

Franchise Agreement dated________________________to

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

- **1.01 Payment Of Obligations.**

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

- **1.02 Continuing Performance.**

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

- **2.01 Execution And Delivery.**

The undersigned acknowledge(s) and agree(s) that possession of this Guaranty by Reading Town constitutes true and correct execution and actual and proper delivery of same to Reading Town, and the undersigned waive notice of acceptance of this Guaranty and of the incurrence by Franchisee of any liability to which it applies or may apply, and waive presentment and demand for payment thereof, protest, notice of protest and notice of dishonor or non-payment thereof, collection thereof including any notice of default in payment thereof or other notice to, or demand of payment therefore on, any party. The undersigned further waive any right to have security applied before enforcing this Guaranty, any right to require suit against the Franchisee or any other party before enforcing this Guaranty, and any right to subrogation to Reading Town's rights against the Franchisee until the Franchisee's liabilities and obligations to Reading Town are paid and satisfied in full. Payment by the undersigned shall be made at the office of Reading Town in Little Neck, Queens, New York, or such other location as Reading Town may designate in writing.

- **3.01 Rights Of Company**

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

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

3.1.2 exercise or refrain from exercising any rights against Franchisee or others, or otherwise act or refrain from acting;

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

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

- **4.01 Irrevocable.**

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

- **4.02 Joint And Several Liability**

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

- **4.03 Successors And Assigns.**

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

- **4.04 Noncompetition.**

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

- **4.05 Bankruptcy Or Insolvency Of Franchisee.**

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

WITNESS our hands at_____________________________, on this the________day of _______________, 20____.

[SIGNATURE] _______% owner of Franchisee	[SIGNATURE] _______% owner of Franchisee
[SIGNATURE] _______% owner of Franchisee	[SIGNATURE] _______% owner of Franchisee
[SIGNATURE] _______% owner of Franchisee	[SIGNATURE] _______% owner of Franchisee

EXHIBIT H

Master Lease

__________See Attached.

__________None Applicable.

EXHIBIT I

Trade Secrets & Confidentiality Agreement

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

_____________________center,(hereinafter,"the Employer") and _____________________

________________________ , (hereinafter, "Employee").

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

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

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

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

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

1. Employment.

Employer agrees to employ Employee as___________________________, and to pay compensation as follows: ____

2. Trade Secrets

Employee agrees that all of the information provided to Employee by Employer in the course of employment relating to the Licensed Business, its operation, management, policies, relationship with its Reading Town, identity of is customers, members and vendors, pricing structures and formulas, product mix, and similar information, constitutes trade secrets. Employee acknowledges that such information has been received only from Employer and that it is not generally available to the public and that it derives independent economic value from not being widely known. Employee acknowledges and agrees that certain items or information to be made available may not, if analyzed in isolation, be trade secrets; however, unless Employer specifically agrees otherwise in writing, all such items and information, when placed in the context of those things which are trade secrets if analyzed in isolation, become and are part of the trade secrets and are subject to this Agreement. Employee further acknowledges that should the information be misappropriated or transferred to any third party, the Employer and Employer's Reading Town would suffer irreparable harm. Trade secrets does not include information on public record or readily available from a third party without consent by Employer.

3. Employer Owns All Incidents

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

4. Nondisclosure

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

5. Remedies

Employee agrees that, in the event of alleged breach, Employer shall be entitled, in addition to all other remedies available at law or in equity, to a temporary restraining order, a preliminary injunction and other interim relief and that the maximum bond to be required of Employer for such relief shall be ten dollars ($10.00). Employee waives any right to a higher bond. Employee agrees that any action taken by Employer pursuant to this Agreement shall not constitute an election of remedies. In addition to, and not in lieu of, an injunction, Employer shall be entitled to a judgment against Employee for the greater of (a) Employer's actual damages (if provable under the circumstances) or (b) liquidated damages calculated as Employee's average monthly gross compensation for the last six months (or portion thereof) for which Employee was employed by Employer, multiplied by the number of months during which Employee was in breach of this

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

6. Enforcement By Reading Town

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

7. Effectiveness

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

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

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

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

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

7-5 Paragraph Headings.

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

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

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

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

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

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

Date: ______________________________

EMPLOYER	**EMPLOYEE**
By ______________________________	
	Signature
______________, its __________	
	Address: ______________________
Address: ______________________	
	Phone: ______________________

EXHIBIT J

Mutual Termination of Franchise Agreement and Release

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

and between_________________________________(Franchisee) and Reading Town (Franchisor).

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

______________________ , governing a Licensed Business located at_____________

____;

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

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

NOW THEREFORE, the parties hereby agree as follows, acknowledging that each has received adequate consideration for this agreement.

1. Franchisee and Reading Town each acknowledge and agree that, by entering into this Agreement, all of their respective rights under the Agreement are terminated except only as specifically reserved herein.

2. Except for any remaining financial obligations of Franchisee to Reading Town for franchise fees or for goods purchased and except for any post-termination requirements of the Agreement involving competition and trade secrets, all claims, demands, rights, duties, obligations, debts, dues, sums of money, accounts, covenants, contracts, controversies, agreements, promises, torts, judgments, executions, liabilities, damages, injunctions, assignments, suits or causes of action of every kind and nature, however or wherever arising, whether known or unknown, foreseen or unforeseen, direct, indirect, contingent or actual, liquidated or unliquidated, which have arisen or which might or could arise under Federal, state or local law from any relationship under the Agreement (including any supplier-purchaser relationship) or under any agreement in connection therewith, or from the execution, operation under or termination of the Agreement and any services to Franchisee thereunder or under any prior agreement relating to the Licensed Business, existing or arising at any time prior to or at the item of the execution hereof or the Effective Date (whichever is later) are hereby mutually satisfied, acquitted, discharged and released by Franchisee and Reading Town, it being the express intention of each party that this Release is as broad as permitted by law.

3. Franchisee intends this Release to acquit and forever fully discharge Reading Town and

any parent or direct or indirect subsidiary thereof, any division, affiliate or supplier who provided merchandise for Franchisee's operation of the Licensed Business, and its and their respective officers, directors, agents, employees, representatives, successors and assigns, and all other persons, firms or corporations who have acted in agreement or in concert with any of them or with Franchisee.

4. This Mutual Termination of Reading Town Franchise Agreement and Release shall be binding upon Franchisee and the heirs, legal representatives, successor and assigns of Franchisee and upon Reading Town and its successors and assigns.

5. Franchisee has either been advised by independent counsel before signing this or, acknowledging the need for independent counsel, knowingly waives any such review and advice.

6. In the event of litigation or arbitration to enforce this Agreement, the substantially prevailing party shall be entitled to its reasonable attorney's fees in addition to all other sums owed pursuant to this Agreement or otherwise.

7. The Effective Date of this document shall be: ________________________

Franchisee(s):	Franchisor: Reading Town
Franchisee	By: ________________________________
	________________, its _________________
Franchisee	

EXHIBIT K

Consent, Waiver and Release for Training

This Consent, Waiver and Release is entered into by and between ____________________

________________________________(Franchisee) and Reading Town (Franchisor) and shall also be for the benefit of any franchisee of Reading Town in whose office or premises Franchisee receives any part of his training under Franchisee's Franchise Agreement (Trainer).

Franchisee recognizes and acknowledges the value of receiving part of Franchisee's training (or Franchisee's employees' training, if appropriate) under the Reading Town Franchise Agreement in an actual Reading Town office owned and operated by another Reading Town franchisee. At least some of the training will be "hands-on", actually operating the Licensed Business or some aspect of the Licensed Business on a day-to-day basis. In some cases, Franchisee may be left solely in charge of the Reading Town office of the Trainer for some periods of time. "Franchisee" as used in this agreement shall include any employee(s) of franchisee who obtain training.

In consideration of the value of the hands-on, on-location training, Franchisee covenants and agrees:

Franchisee is not and will not be or become an employee of Trainer unless by a separate written agreement.

Franchisee covenants and agrees to not sue or make any claim, including under any federal, state or local statute or ordinance, for any compensation for services or for any benefits.

Franchisee shall not make any statement(s) or representation(s) inconsistent with this agreement.

Franchisee hereby assumes the risk of injury or death arising out of Franchisee's presence on the Licensed Business premises of Trainer and agrees to defend, hold harmless and indemnify Reading Town and Trainer from and against all claims, demands, damages, injuries or settlements arising out of or related to Franchisee's training on the premises of Trainer, excepting only for intentional or grossly negligent acts of Reading Town or Trainer.

Franchisee hereby assumes the risk of injury or death to others arising out of any negligent or intentional acts of Franchisee while on the Licensed Business premises of Trainer and agrees to defend, hold harmless and indemnify Reading Town and Trainer from and against all claims, demands, damages, injuries or settlements arising out of or related to Franchisee's training on the premises of Trainer caused in whole or in part by Franchisee's negligent or intentional acts.

Franchisee consents to having some or all of Franchisee's training occur under the guidance and on the premises of Trainer. Franchisee's training will take approximately two months or until Franchisee has achieved a level of competency as determined by Reading Town.

Franchisee understands and acknowledges that each Reading Town franchisee conducts the Licensed Business slightly differently and that Franchisee is advised to consider Trainer's methods and procedures, in light of Franchisee's own study of the Manual(s), as one way of operating the Licensed Business. Franchisee is solely responsible for Franchisee's conduct of Franchisee's Licensed Business. If Franchisee is in doubt as to the appropriateness of a procedure or manner of operating the Licensed Business, Franchisee shall obtain clarification from the Reading Town directly. Franchisee understands that it would not be a defense to a later breach of contract notice that he/she acted consistently with what Trainer did.

Trainer covenants and agrees as follows:

Trainer shall not be or become an employer of Franchisee, unless by separate written agreement.

Trainer covenants and agrees to not sue or make any claim, including under any federal, state or local statute or ordinance, for any compensation for services or for any benefits to Trainer.

Trainer shall not make any statement(s) or representation(s) inconsistent with this agreement.

Trainer hereby assumes the risk of injury or death arising out of Franchisee's presence on the Licensed Business premises of Trainer and agrees to defend, hold harmless and indemnify Reading Town from and against all claims, demands, damages, injuries or settlements arising out of or related to Franchisee's training on the premises of Trainer, excepting only for intentional or grossly negligent acts of Reading Town.

Trainer hereby assumes the risk of injury or death to others arising out of any negligent or intentional acts of Trainer and agrees to defend, hold harmless and indemnify Reading Town from and against all claims, demands, damages, injuries or settlements arising out of or related to Franchisee's training on the premises of Trainer caused in whole or in part byTrainer's negligent or intentional acts.

Trainer consents to having some or all of Franchisee's training occur under the guidance and on the premises of Trainer. Franchisee's training will take approximately two months or until Franchisee has achieved a level of competency as determined by Reading Town.

Trainer will make best efforts to teach Franchisee the operation of the Licensed Business in accordance with the current version of the Manual(s) and to remind Franchisee that, if Franchisee has questions about the proper procedure under the Manual(s) to obtain clarification from the Reading Town. If Reading Town requests it, Trainer will immediately modify the training to comply with the Manual(s).

Reading Town undertakes as follows:

Reading Town will be responsible for determining whether Franchisee has achieved a level of competency sufficient to satisfy the training requirement under the Franchise Agreement.

By signing below, the parties each hereby agree to be bound by this Consent, Waiver and Release for Training Agreement.

Executed this________day of____________________, ____________

Trainer:	Franchisee
Franchisor: **Reading Town** By:_________________________________ Dr. Soonho Song, CEO	

EXHIBIT L

Release From Continuing Obligations

This Release From Continuing Obligations is entered into by and between ______________

___________________ (Franchisee) and Reading Town (Franchisor).

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

________________________________, governing a Licensed Business located at _________

____;

WHEREAS Franchisee desires to be released from certain of Franchisee's continuing obligations under the terms of the Agreement; and

WHEREAS Reading Town is willing to release Franchisee from certain continuing obligations under the terms of the Agreement, but only upon the terms and conditions herein,

NOW THEREFORE, the parties hereby agree as follows, acknowledging that each has received adequate consideration for this agreement.

1. Release from Continuing Obligations.

For the consideration set forth in the alternative selected by Franchisee below, Reading Town hereby releases Franchisee from Franchisee's continuing obligations under the Agreement to the extent set forth in the alternative selected by Franchisee. Except to the extent specifically released by Reading Town according to this Release from Continuing Obligations, Franchisee shall continue to be obligated and shall continue to fully and timely perform all of Franchisee's continuing obligations under the Agreement.

2. Election by Franchisee and Terms of Release

Franchisee, by initialing one of the following options, hereby elects to be released from certain continuing obligations under the Franchise Agreement (and to continue to fully perform otherwise) as set forth in the option:

A. By selecting this Option A, Franchisee elects to be released from all continuing obligations under the Agreement except for any existing financial obligations of Franchisee to Reading Town for franchise fees or for goods purchased, except that Franchisee shall continue to fully and timely perform according to the terms of Articles 6 (Trade Secrets), 17 (no competition), 18 (effect of termination) and 20 (arbitration) of the Agreement. In consideration of this Release, Franchisee shall pay to Reading Town $5,000 (USD).

B. By selecting this Option B, Franchisee elects to be released from all continuing obligations under the Agreement except for any existing financial obligations of Franchisee to Reading Town for franchise fees or for goods purchased, except that Franchisee shall continue to fully and timely perform according to the terms of Articles 6 (Trade Secrets) and 20 (Arbitration) of the Agreement. In consideration of this Release, Franchisee shall pay to Reading Town the sum of $30,000 (USD) plus the greater of (a) 1.5 times the average monthly royalty paid during the months Franchisee was a franchisee times the number of months remaining in the Term of the Agreement or (b) 1.5 times the average monthly royalty paid during the immediately preceding twelve months Franchisee was a franchisee times the number of months remaining in the Term of the Agreement. The consideration for this Option B shall be due and payable upon execution of this Release of Continuing Obligations.

C. By selecting this Option C, Franchisee elects to be released from all continuing obligations under the Agreement except for any existing financial obligations of Franchisee to Reading Town for franchise fees or for goods purchased, except that Franchisee shall continue to fully and timely perform according to the terms of Articles 6 (Trade Secrets) and 20 (Arbitration) of the Agreement. In addition, for so long as Franchisee is not in breach of any term of this Release of Continuing Obligations, Reading Town hereby agrees to not open or permit to be opened a company-owned or franchised Reading Town office within Franchisee's Territory as described in the Agreement, as modified to the date of this Release of Continuing Obligations, for the greater of two calendar years following this date or the balance of the Term of the Agreement had it not been terminated by this Release of Continuing Obligations. In consideration of this Release, Franchisee shall pay to Reading Town the sum of $50,000 (USD) plus the greater of (a) two times the average monthly royalty paid during the months Franchisee was a franchisee times the number of months remaining in the Term of the Agreement or (b) two times the average monthly royalty paid during the immediately preceding twelve months Franchisee was a franchisee times the number of months remaining in the Term of the Agreement. The consideration for this Option C shall be due and payable upon execution of this Release of Continuing Obligations.

3. Mutual Release and Termination

3.01 Franchisee and Reading Town each acknowledge and agree that, by entering into this Agreement, all of their respective rights under the Agreement are terminated except only as specifically reserved herein. The parties specifically agree to fully and timely perform pursuant to this Release From Continuing Obligations.

3.02 Except for any existing financial obligations of Franchisee to Reading Town for franchise fees or for goods purchased and except for any post-termination requirements of the Agreement specifically preserved by this Release From Continuing Obligations, all claims, demands, rights, duties, obligations, debts, dues, sums of money, accounts, covenants, contracts, controversies, agreements, promises, torts, judgments, executions, liabilities, damages, injunctions, assignments, suits or causes of action of every kind and nature, however or wherever arising, whether known or unknown, foreseen or unforeseen, direct, indirect, contingent or actual, liquidated or unliquidated, which have arisen or which might or could arise under Federal, state or local law from any relationship under the Agreement (including any supplier-purchaser relationship) or under any agreement in connection therewith, or from the execution, operation under or termination of the Agreement and any services to Franchisee thereunder or under any prior agreement relating to the Licensed Business, existing or arising at any time prior to or at the time of the execution hereof or the Effective Date (whichever is later) are hereby mutually satisfied, acquitted, discharged and released by Franchisee and Reading Town, it being the express intention of each party that this Release is as broad as permitted by law.

3.03 Franchisee intends this Release to acquit and forever fully discharge Reading Town and any parent or direct or indirect subsidiary thereof, any division, affiliate or supplier who provided goods or services for Franchisee's operation of the Licensed Business, and its and their respective officers, directors, agents, employees, representatives, successors and assigns, and all other persons, firms or corporations who have acted in agreement or in concert with any of them or with Franchisee.

4. This Release of Continuing Obligations shall be binding upon Franchisee and the heirs, legal representatives, successors and assigns of Franchisee and upon Reading Town and its successors and assigns.

5. Franchisee has either been advised by independent counsel before signing this or, acknowledging the need for independent counsel, knowingly waives any such review and advice.

6. Terms defined in the Franchise Agreement shall have the same meanings in this Agreement. Jurisdiction and Venue shall be in Queens, New York. The law of the state where the Licensed Business is located (except any choice of law provisions thereof) shall govern interpretation of this Agreement. In the event of litigation or arbitration to enforce this Agreement, the substantially prevailing party shall be entitled to its reasonable attorney's fees in addition to all other sums owed pursuant to this Agreement or otherwise.

7. The Effective Date of this document shall be: ________________________

Franchisee(s):	Franchisor:
	Reading Town
_____________________________________	By:_________________________________
Franchisee	______________________, its _____________
Franchisee	

EXHIBIT M

Confidentiality Agreement – Additional Information

[Applicable only if additional information requested by Franchisee]

This Confidentiality Agreement is entered into by and between ____________________

_______(Franchisee) and Reading Town (Franchisor).

WHEREAS Franchisee is considering purchasing an Reading Town Franchise;

WHEREAS Franchisee has requested additional information from Reading Town beyond that contained in the Franchise Disclosure Document;

WHEREAS the Reading Town regards the information Franchisee has requested to be proprietary, confidential information, and Trade Secrets;

WHEREAS, notwithstanding the foregoing, Reading Town is willing to provide certain additional information, but only upon the terms of this Confidentiality Agreement.

THEREFORE, the parties agree as follows, acknowledging the existence and sufficiency of consideration, and fully intending to be bound hereby.

1. Upon receipt of this Confidentiality Agreement, unaltered and fully executed by Franchisee, Reading Town will make a reasonable effort to provide to Franchisee one copy of the following information (the "Confidential Information"):

2. Franchisee shall be entitled to review the Confidential Information and may permit Franchisee's advisors with a genuine need to know and who are disclosed herein, including attorneys, accountants and confidential business advisors, to review it. No person shall make any reproduction, photo, electronic or other copy of the Confidential Information or any part thereof for any purpose, including summaries. No person shall use the Confidential Information or any part thereof for any purposes except as specifically permitted pursuant to this Confidentiality Agreement. Franchisee warrants that every person, including attorneys, accountants and confidential business advisors, who reviews any portion of the Confidential Information shall be subject to this Confidentiality Agreement, has been informed of the contents of this Confidentiality Agreement before reviewing any of the Confidential Information and has indicated, in writing, a willingness to be bound by this Confidentiality Agreement.

Franchisee's advisors whom Franchisee may permit to review the Confidential Information on Franchisee's behalf are as follows. Franchisee shall not, directly or indirectly, permit any other person to review the Confidential Information or any part thereof:

Name	Address & Telephone	Relationship to Franchisee

[Attach and initial an additional page if necessary]

3. Franchisee agrees that, immediately upon completion of Franchisee's review of the Confidential Information, regardless of whether Franchisee ever purchases a Reading Town franchise, to return the original and all copies of the Confidential Information to Reading Town, including all summaries of the information contained therein.

4. No person shall ever transfer or convey the Confidential Information or any part thereof to any person not specifically authorized to review the information pursuant to this Agreement. No person shall ever use, directly or indirectly, the Confidential Information or any part of it for any purpose whatsoever except as specifically permitted by this Confidentiality Agreement.

5. In the event Franchisee or any person authorized or permitted by Franchisee or this Confidentiality Agreement to review or possess any of the Confidential Information violates this Confidentiality Agreement, in addition to all other remedies available to Reading Town, Franchisee agrees to defend, hold harmless and indemnity Reading Town and its officers, directors, attorneys, agents and assigns, from and against any claims and liability arising out of or resulting from the violation, including, but not limited to claims by any person that the information provided constituted earnings claims or financial performance information which was unlawfully provided to a prospective franchisee. The obligation to defend, indemnify and hold harmless contained in this paragraph shall specifically require Franchisee to pay any attorneys fees, costs and expert witness fees incurred by Reading Town and the other beneficiaries of this paragraph in defending any such claim or in monitoring Franchisee's defense of any such claim.

6. In the event Franchisee or any person authorized or permitted by Franchisee or this Confidentiality Agreement to review or possess any of the Confidential Information violates this Confidentiality Agreement, in addition to all other remedies available to Reading Town, Franchisee agrees to pay to Reading Town, as liquidated damages, an amount calculated as the greater of: (a) all gross revenues of the person or entity who improperly had any of the Confidential Information during the time the person or entity retained or used any of the Confidential Information for any purpose; or (b) $250 per page, or equivalent, of Confidential Information as to which this Confidentiality Agreement is violated for each day that any provision of this Confidentiality Agreement is violated. Franchisee acknowledges

and agrees that calculating actual damages would be impossible and that the liquidated damages calculated pursuant to this paragraph would be a reasonable approximation of actual damages Reading Town would sustain on account of such breach and does not constitute a penalty.

7. In the event Franchisee or any person authorized or permitted by Franchisee or this Confidentiality Agreement to review or possess any of the Confidential Information violates this Confidentiality Agreement, in addition to all other remedies available to Reading Town, Reading Town shall be entitled to obtain a temporary and a permanent injunction or similar equitable relief from any court having jurisdiction thereof and any statutory or other requirement of a bond in excess of $100 as a condition of obtaining such relief is hereby waived to the extent permitted by applicable law.

8. This Agreement shall be construed under the laws of the state of [___________________] and jurisdiction and venue of any action brought to enforce or interpret this Agreement shall be in [___________________], [__________________]. Terms defined in the Franchise Agreement shall have the same meanings in this Agreement.

9. If any action is brought to enforce or interpret this Confidentiality Agreement, the substantially prevailing party, in addition to all other remedies, shall be entitled to an award of their attorney's fees and costs, including expert witness fees and any fees on appeal.

10. This Confidentiality Agreement is the complete agreement of the parties with regard to the Confidential Information and supersedes any prior or contemporaneous written or unwritten communications, representations or agreements.

11. Time is of the essence of this Agreement.

DO NOT SIGN THIS CONFIDENTIALITY AGREEMENT UNTIL YOU HAVE HAD THE READING TOWN FRANCHISE DISCLOSURE DOCUMENT FOR AT LEAST TEN BUSINESS DAYS AND UNTIL AT LEAST FIVE DAYS AFTER ALL BLANKS IN THIS CONFIDENTIALITY AGREEMENT HAVE BEEN FILLED IN.

Dated: ____________________________

Reading Town

Franchisee(s):

By_ Dr. Soonho Song, CEO

Franchisee

44-07 Little Neck Parkway
Little Neck, NY 11363

718-229-6400

Franchisee

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

Exhibit C – List of Current and Former Franchisees

The current franchisees are listed as of September 30th, 2020

C1. Company Owned

Little Neck	718-229-6400	44-07 Little Neck Parkway, Little Neck, Little Neck, NY 11363
Nassau	516-873-8500	424 Hillside Ave. Williston Park, NY 11596
Irvine	949-468-5984	4040 Barranca, Suite 200 Irvine, CA 92604
Plainview	516-822-3888	525 South Oyster Rd. Plainview, NY 11803

C2. Current Franchisees

Fort Lee Franchisee:	202-302-9696 Mr. Chul Bae	527 Main St. Fort Lee, NJ 07024
Paramus Franchisee:	201-843-0030 Mrs. Young S. Kang	29 N. Fairview Ave. 2fl. 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, NJ 07624
Syosset Franchisee:	516-921-2761 Mr. Sung Hyun Choi	6851 Jericho Turnpike, #130, Syosset, NY 11791
Flushing Franchisee:	718-445-6500 Mrs. Kyeong-Ah Choi	42-02 192nd St. Flushing, NY 11358

Cupertino	408-615-0557	384 S. Baywood Ave
Franchisee:	Dr. Tae Jim Kim	San Jose, CA 05128
Torrance	310-533-0200	2370 W. Carson St. Suite #250
Franchisee:	Mrs. Kyuna Choi	Torrance, CA 90501
Woodbury	949-387-5014	910 Roosevelt, #200
Franchisee:	Mrs. Hayoung Chung	Irvine, CA 92620
Cerritos	562-924-0386	13253 South St.
Franchisee:	Mrs. Sarah Kang Kim	Cerritos, CA 90703
La Habra	714-526-1100	1222 S. Idaho St. Suite A
Franchisee:	Mrs. Sookhee Song	La Habra, CA 90631
Glenview	224-415-3495	1935 Shermer Rd. Suite 260
Franchisee:	K&P Edu Co.	Northbrook, IL 60062
Yorba Linda	714-996-1619	1073 E. Imperial Highway,
Franchisee:	Mr. Youngman Cho	Placentia, CA 92870
Palisades	201-566-7111	12 East Edsall Blvd.
Franchisee:	Mr. Sengsoo Kim	Palisades Park, NJ 07650
Bayside	718-423-4333	48-09 Bell Blvd,
Franchisee:	RT Bayside NY Inc.	Bayside, NY 11364
Fremont	510-358-2615	39420 Liberty Street, #140
Franchisee:	Ms. Amy Cho	Fremont, CA 94538
Anaheim	714-316-5577	1086 N. Tustin Ave.
Franchisee:	Intellink Education, LLC	Anaheim, CA 92807
Walnut	909-464-2558	20955 Lycoming St.
Franchisee:	Excellink Education, LLC	Walnut, CA 91789
Ellicott City	410-465-5465	9011 Chevrolet Drive
Franchisee:	Mr. Paul Jung	Elicott City, MD 21042

C3. 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 Franchisee:	847-793-8778 Mr. Seong Ha Lee	131 McHenry Rd. Buffalo Grove, IL 60089
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
Long Island Franchisee:	516-513-1668 Mr. Sang Hyuk Lee	525 South Oyster Bay Road Plainview, NY 11803
Woodside Franchisee:	347-855-9997 JM & Goshen Inc.	45-06 64th Street, Woodside, NY 11377

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

Exhibit D – Operation Manual for Administration

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

Exhibit E - Operation Manual forInstruction

Table of Contents (TOTAL: 133 pages: pp1-133)

Exhibit E - Operation Manual for Instruction

Exhibit F – Registered Agents

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

California:
Department of Financial
Protection and Innovation 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

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

Exhibit G – State Agencies

The State agencies involved with franchising are as follows:

California:
Commissioner of
Financial Protection and Innovation
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

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

Exhibit H – State LawAddendum

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)

The California Franchise Investment Law requires a copy of all proposed agreements relating to the sale of the franchise be delivered together with the franchise disclosure document.

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFRONIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE DEPARTMENT at www.dfpi.ca.gov.

a. "The franchisor, any person or franchise broker in Item 2 of the FDD is *(or not)* subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.

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

c. 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.).

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

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

f. The franchise agreement requires binding arbitration. The arbitration will occur at New York State with the costs being borne by franchisee. 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.

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

h. Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form containing the information that the commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.

i. You must sign a general release of claims if you renew or transfer your franchise. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 Through 31516). Business and Professions Code Section 20010 Voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

j. Payment of all initial fees is postponed until after all of franchisor’s initial obligations are complete and franchisee is open for business.

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)

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

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

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

To the extent governed by Minn. Rule 2860.4400J, you shall not be deemed to have waived any rights under Minnesota law. You shall not be deemed to have consented to Us obtaining injunctive relief, although We may seek injunctive relief. A Court or the arbitrators shall determine whether to require a bond as a condition of injunctive relief.

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

NEW YORK ADDENDUM
(APPLIES ONLY TO NEW YORK FRANCHISEES)

Item 3 is amended to read as follows:

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

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

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.

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.

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: ________________________

Exhibit 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)**

Date: ______________________

APPLICATION FOR READING TOWN FRANCHISE (US)
TERRITORY B

I/We ____

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

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

_____________________________, in the state of_________________(the "State").
This application once submitted is subject to the following terms and conditions:

1. Initial Franchise Fee for this franchise is $**25,000.00** payable in certified check as follows:

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

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

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

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

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

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

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

Exhibit J – The State Effective Date

State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered, or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	
Illinois	Pending
Maryland	Pending
New York	Pending

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

[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 the State Agencies listed on Exhibit G.

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

This Franchise Disclosure Document was issued on December 29th, 2020.

I have received a Franchise Disclosure Document, dated______________________________________. that included the following Exhibits:

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 29, 2020**

Signature:

Printed Name:

Address:

City **State** **Zip**

RECEIPT

[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 the State Agencies listed on Exhibit G.

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

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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

Good Servant, Inc.
(d/b/a/ Reading Town)

44-07 Little Neck Pkwy, Little Neck, NY 11363

Tel. 718-229-6400

