FRANCHISE DISCLOSURE DOCUMENT

DCAP MANAGEMENT CORP.
a New York corporation
956 South Broadway
Hicksville, New York 11801
516-822-4848
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The Franchise is for the operation of an insurance brokerage center from your existing insurance agency office ("Conversion DCAP Center"), or for those people interested in becoming a full service insurance broker operating from a retail location ("Start-Up DCAP Center"). We also offer franchises for a retail tax return preparation and electronic tax return filing business under the "The Tax Zone Tax Service" name and marks ("The Tax Zone Tax Service Office").

The estimated initial investment ranges from $61,700 to $109,900 for a Start-Up DCAP Center. This includes $25,000 that must be paid to the franchisor or its affiliate. The estimated initial investment ranges from $17,750 to $24,500 for a Conversion DCAP Center. This includes $12,500 that must be paid to the franchisor or its affiliate. The estimated initial investment for the Tax Zone Tax Office franchise ranges from $48,000 to $80,000. This includes $25,000 that must be paid to the franchisor or its affiliate.

This disclosure document summarizes certain provisions of your franchise agreement and area development agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive the disclosure document at least 14 calendar days before you sign a binding agreement with, or make any payment to the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no 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 Abe Weinzimer at 956 South Broadway, Hicksville, New York 11801 and 516-822-4848.

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

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "*A Consumer's Guide to Buying a Franchise*," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-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: October 21, 2022.

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit F.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit G includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only The Tax Zone or DCAP Insurance 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 The Tax Zone or DCAP Insurance franchisee?	Item 20 or Exhibit F lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

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

1. **Out-of-state dispute resolution.** The franchise agreement requires you to resolve disputes with us by mediation and litigation only in New York. Out-of-state mediation and litigation may force you to accept a less favorable settlement for disputes. It may also cost you more to mediate and litigate with us in New York than in your own state.

2. **Spouse Liability.** Your spouse must sign a document that makes your spouse liable for your financial obligations under the franchise agreement, even though your spouse has no ownership interest in the business. This guarantee will place both your and your spouse's personal and marital assets, perhaps including your house, at risk if your franchise fails.

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

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.

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J Form of General Release
K Receipt

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

The Franchisor, its Parents, Predecessors and Affiliates

The Franchisor is DCAP Management Corp. and will be referred to as "we" or "us" in this Disclosure Document. We will refer to the person who buys the franchise as "you" throughout the Disclosure Document. If you are a corporation, limited liability company or limited liability partnership, certain provisions of the agreement also apply to your owners and will be noted.

We are a New York corporation incorporated on November 12, 1986. On February 25, 1999 we merged into a small public company (Extech Corporation, which was known as DCAP Group, Inc. ("Group") that changed its name on July 1, 2009 to Kingstone Companies, Inc. ("Kingstone"). We were a wholly owned subsidiary of Group. On May 1, 2009, Group sold 100% of our capital stock to two of our franchisees, Abraham Weinzimer and Stuart Greenvald (our "Principals"). We do business as "DCAP Insurance". Dealers Choice Automotive Planning Inc. and DCAP Agency, Inc., both New York corporations and former affiliates of Group, were included in the acquisition by our Principals. Kingstone is located at 15 Joys Lane, Kingston, New York 12401. It does not offer franchises in this or any other line of business and does not operate a business of the type being franchised.

Blast Acquisition Corp., a Delaware corporation and an affiliate of Kingstone, has subsidiaries including the Barry Scott Companies, Inc., which operated the company stores doing business as DCAP Barry Scott Insurance Agency, DCAP Atlantic Insurance Agency, and DCAP Accurate Insurance Agency ("Blast"). On April 17, 2009, Barry Scott Companies, Inc. sold the 15 New York company stores to a third party. These stores no longer operate as DCAP stores. On June 30, 2009, the three Pennsylvania company stores were sold and do not operate as DCAP retail locations. Blast does not offer franchises in this or any other line of business and does not operate a business of the type being franchised.

We also have one wholly owned subsidiary, which is The Tax Zone Inc., a Delaware corporation headquartered at our address ("TTZ") and formed on May 21, 2014. TTZ does not own or operate a DCAP Center nor does it own or operate a The Tax Zone Tax Service Office.

The principal business address for us is 956 South Broadway, Hicksville, New York 11801. Our telephone number is (516) 822-4848 and our fax number is (516) 822-4877. We do not have any predecessor companies.

Our affiliates have been operating DCAP businesses since June 1984. Our affiliates do not offer franchises in any line of business.

Our agents for service of process are disclosed in Exhibit A.

Franchisor's Business

We sell franchises for the operation of retail insurance agencies that operate under our proprietary mark "DCAP Insurance" and which offer a wide range of insurance products, including automobile, property and casualty, homeowners, life insurance, disability, towing and road service, and other non-insurance services such as premium financing and other related services or products ("DCAP Center").

In addition to DCAP Center franchises that we offer, we will sell and provide services to The Tax Zone Tax Service franchises nationwide.

Our subsidiary, Instant Tax Service of New York, Inc. ("ITSNY"), had acquired from ITS Financial, LLC the master franchise rights to sell and provide services to Instant Tax Service® franchises in the metropolitan New York area (NYDMA). ITS Financial, LLC is an Ohio limited liability company headquartered at One Dayton Centre, 1 South Main Street, Suite 1400, Dayton, Ohio 45402 ("ITS Financial"). The master franchise agreement ("Master Franchise Agreement") between ITSNY and ITS Financial was dated August 19, 2010, had a term of 20 years, and was terminated by ITSNY effective November 11, 2013. ITSNY had offered Instant Tax Service franchises from September 2010 under the Master Franchise Agreement until November 2013 when ITSNY turned over the tax service franchising activities to Now Tax Service, Inc., a New York corporation ("NTS"). On May 21, 2014, NTS turned over the tax service franchising activities to us.

The Franchise Offered

DCAP Center Franchises

We offer to you the right to own a franchise for the operation of a DCAP Center. We will sell you a franchise if you own an existing insurance agency ("Conversion DCAP Center") or if you wish to open a new insurance agency as a broker/owner for the first time ("Start-Up DCAP Center").

Start-Up DCAP Center. This program is offered to those who want to own a full service insurance brokerage agency and who may or may not already be licensed insurance brokers.

Conversion DCAP Center. The Conversion Center will be offered to those existing insurance brokers who wish to join a full service insurance brokerage franchise system. These agents will add our "DCAP Insurance" name to their existing agency name. They will be brought into our system and have available to them all of our services.

The Tax Zone Office Franchises

We, offer The Tax Zone Tax Service franchises, which are retail income tax preparation offices serving citizens and residents of the United States ("The Tax Zone Tax Service Office"). The Tax Zone Tax Service Offices specialize in professional tax preparation and expedited refunds

Further Description of the Franchises Offered

DCAP Centers

The primary market for the services offered and sold by DCAP Centers is the general public. There is no seasonality in the insurance business because people always need insurance.

We have certain qualifications for our DCAP conversion franchisees. These qualifications are:

1. The conversion franchisee must have operated as a licensed property and casualty insurance broker.

2. The conversion franchisee must operate from an insurance office that is a size approved by us.

3. The conversion franchisee cannot have any pending material litigation, bankruptcy, criminal proceedings or state insurance department proceedings against him.

4. The conversion franchisee cannot have any pending or prior unfair or deceptive trade practice complaints against him, or any state insurance law violations.

The Tax Zone Tax Service Offices

You must use certain designated trademarks, trade names, services, logos and trade dress that we designate, including "The Tax Zone" and other marks and symbols which we may change from time to time (the "TTZ Proprietary Marks"), other intellectual property, and The Tax Zone's Franchised System for operating an The Tax Zone Tax Service Office. The Franchised System includes the distinctive, proprietary, and/or confidential method of constructing, equipping and operating an The Tax Zone Tax Service Office, including plans and specifications for interior and exterior signs, designs, layouts and color schemes; methods, techniques, formats, systems, specifications, procedures, information, trade secrets, sales and marketing programs; methods of business operations and management; and knowledge and experience regarding the operation of The Tax Zone Tax Services Offices. The operation of a franchised The Tax Zone Tax Service Office will be governed by the Franchise Agreement (between you and TTZ, a copy of which is included at Exhibit C-2 of this Disclosure Document), and The Tax Zone confidential operations manual ("TTZ Manual").

You will operate The Tax Zone Tax Service Office at a specific location that we must approve in advance, and which must be located within a "Protected Area" (described in Item 12 below). A The Tax Zone Tax Service Office typically employs between one and 10 individuals and operates in a facility with between 800 and 1,200 square feet of interior space. You must offer certain products and services for customers, including electronic filing of tax returns, electronic refund checks, and other related financial products and services ("Bank Products"). The Bank Products will be offered in connection with products or services provided by one or more banks that are not affiliated with us.

Market and Competition

You will offer your products primarily to the adult population. As a DCAP franchisee, you will compete with many other insurance agents, including State Farm, Allstate or Nationwide and other non-chain brokers.

The general market for an The Tax Zone Tax Service Office consists primarily of middle to low income tax bracket customers who seek to have their income taxes prepared and filed and/or are anticipating an income tax refund from the Internal Revenue Service ("IRS"). As a The Tax Zone Tax Service franchise, you will compete with numerous other local, regional, and national tax preparation businesses and accounting firms. The tax preparation industry is highly seasonal. The substantial majority of your business will occur each year between January 1 and April 15 ("Tax Season"); but there is a substantial amount of preparation time for Tax Season, which ordinarily occurs in November and December each year. Our and your ability to compete in the tax return preparation business depends largely upon the ability to file tax returns electronically with the IRS and the availability to offer financial products to customers of The Tax Zone Tax Service Offices.

Industry Specific Laws

DCAP Centers

The insurance industry is highly regulated. As a Conversion or Start-Up Center, you must have your insurance license or agree to apply for it before you can come into our system or during the initial

stages of your business. In addition, if you offer related services or products such as mortgage financing services you may be required to obtain a mortgage brokerage license.

You should consult with your attorney concerning those and other local laws and ordinances that may affect the operation of your Center.

The Tax Zone Tax Service Offices

The United States Internal Revenue Code and associated regulations and revenue rulings primarily govern tax return preparation and the filing of electronic tax returns. To file these electronic tax returns, you must obtain an Electronic Filing Identification Number ("EFIN") from the IRS. If you or a business in which you were a principal were assessed a tax preparer penalty, were convicted of an IRS or monetary crime, failed to file a tax return or pay taxes, or cannot pass an IRS background check, you may not be able to obtain an EFIN. If you are unable to obtain an EFIN, you cannot operate an The Tax Zone Tax Service Office, as electronic tax return filing is central to the operation of a The Tax Zone Tax Service Office. Most states have laws similar to the IRS laws and regulations that govern access to electronic filing of state returns.

The ability to file tax returns electronically and to offer Bank Products is critical to the operations of a The Tax Zone Tax Service Office (and other tax preparation businesses). Laws, regulations and/or economic factors that may hinder your ability to, or increase the cost of, providing these services and products could have an adverse impact on your business.

The IRS also regulates other aspects of the tax preparation industry by requiring that tax preparers use due diligence in preparing tax returns, sign completed tax returns, furnish copies of the completed tax returns to customers, ensure customer privacy, maintain confidentiality of customer records, maintain customer lists, and not negotiate, directly or indirectly, income tax refund checks. Federal laws also subject tax preparers to accuracy related penalties in connection with the preparation of tax returns. Preparers may be enjoined from further acting as tax preparers if they continually or repeatedly engage in certain specified misconduct. All authorized IRS e-file providers must adhere to IRS e-file rules and requirements to continue participation in IRS e-file. Adherence to all rules and regulations is expected of all preparers, regardless of how a tax return is submitted, and includes those described in IRS Publication 1345, Handbook for Authorized IRS e-file providers. In addition, the IRS conducts audit examinations of authorized IRS e-file providers and tax return preparers, reviewing samples of prepared tax returns to ensure compliance with regulations in connection with tax return preparation activities. In particular, the IRS has spent a substantial amount of time in recent years auditing tax return files looking for preparers who have e-filed tax returns using a customer's last paystub (known as "paystub loans"), which practice the IRS now explicitly prohibits. Also, the IRS has recently proposed that all tax preparers will be required to register, to pass a competency test, comply with a code of ethics, and to enroll in mandatory continuing education on an annual basis in future tax seasons.

The Federal Trade Commission's Safeguards Rule requires that tax preparers use physical, administrative and technological means to safeguard confidential customer data. The Gramm-Leach-Bliley Act and related Federal regulations address the use and disclosure of client data and requires income tax return preparers to adopt and disclose consumer privacy policies.

You must also comply with all Federal, state and local laws and regulations which apply generally to all businesses. These include zoning laws, consumer protection laws, false advertising and deceptive trade practice laws, employment laws, state wage and hour laws, the Americans with Disabilities Act, the Patriot Act, and the Occupational Safety and Health Act. We encourage you to make

additional inquiries into the above laws and regulations and obtain the assistance of legal counsel to make sure that you will be able to operate a The Tax Zone Tax Service Office.

Item 2
BUSINESS EXPERIENCE

Identified below are those directors, principal officer and other executives who have management responsibility relating to the franchises offered by this Disclosure Document.

President: Abraham Weinzimer

Mr. Weinzimer has been our President since May 2009 and from November 1986 to February 1999, he was our Executive Vice President. Since 2001, he has been operating DCAP franchises in Queens, Nassau and Suffolk counties in New York.

Executive Vice President: Stuart Greenvald

Mr. Greenvald has been our Executive Vice President since May 2009. Since March 2002, he has been President of MASA Holding Corporation, located in Freeport, New York. Since October 2005, Mr. Greenvald has been President of STAF Corporation, located in Queens, New York.

We do not employ franchise brokers.

Item 3
LITIGATION

Natalie Fowora v. Abe Weinzimer, Diversified Coverage Asset Planning Inc., NOW Insurance Agency Inc., DCAP Brentwood Inc. and DCAP Hicksville Inc. (District Court of the County of Nassau, First District, Case #CV-023094-2012. On February 24, 2014, a Stipulation of Settlement was entered into between the parties and Defendant paid the Plaintiff $3,000. This action was dismissed with prejudice.

Other than the above actions, no litigation concerning us, our officers, affiliates or subsidiaries is required to be disclosed in this Item.

Item 4
BANKRUPTCY

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

Item 5
INITIAL FEES

DCAP Center

You must pay a non-refundable initial franchise fee of $25,000. This fee is paid when you sign your Franchise Agreement, unless we offer financing, which we may do in our sole discretion.

The proceeds of these fees go into our working capital.

If you are a conversion franchisee, the non-refundable initial franchise fee is $12,500. We fully earn the initial franchise fee when paid.

There are no additional payments to or purchases from us before you open your DCAP Center for business.

The Tax Zone Tax Service Office

When you sign a Franchise Agreement for a The Tax Zone Tax Service franchise, you must pay an initial franchise fee of $25,000 for a Protected Area, generally defined as a zip code, containing a population of at least 21,000 individuals. See Item 12 for additional information regarding the size of the Protected Area. Except as described below, the initial franchise fee is non-refundable and fully-earned in consideration for the services that we provide to you in connection with establishing the The Tax Zone Tax Service franchise.

We may finance all or a portion of the initial franchise fee. See Item 10 for details. In addition, we may also waive all or a portion of the initial franchise fee for independent tax preparation businesses joining our system as part of any acquisition and conversion programs that we develop in the future.

There are no other purchases from or payments to us or any affiliate that you must make before your The Tax Zone Tax Service Office opens.

Item 6
OTHER FEES

DCAP CENTER			
Type of Fee [1]	**Amount**	**Due Date**	**Remarks**
Continuing Monthly Service Fees	Conversion/Start-Up: $825 p/month and 5% p/month increases annually on a cumulative basis.	Payable on the first of the month for the current month	Interest due if Continuing Monthly Service Fee is paid late. Conversion Franchises do not pay this Fee on existing business prior to the conversion
Advertising	Between $425 and $750	Payable monthly	May include Yellow Page ads, print ads, television and/or radio and your pro rata share of media costs. Interest due on late payments. Increases must be approved by at least 65% of the current franchisees by vote.

DCAP CENTER			
Type of Fee [1]	**Amount**	**Due Date**	**Remarks**
Transfer	50% of the then-current initial franchise fee	Prior to consummation of transfer	Payable when the Franchise Agreement is transferred.
Renewal	None	N/A	N/A
Additional Training	Between $185 to $200 per day for additional training. Between $925 to $1,000 for initial training of additional personnel	As incurred	We reserve the right to charge these amounts if you require additional personnel to be initially trained or request additional training.
Interest	Lesser of 2% above prime or highest contract rate of interest allowed by law	15 days after billing	Payable on all overdue amounts
Costs and Attorneys' Fees	Will vary depending on the circumstances	As incurred	Payable upon your failure to comply with the Franchise Agreement
Indemnification	Will vary depending on the circumstances	As incurred	You have to reimburse us if we are held liable for claims arising from your Center's operations
Manuals Fee	$1	Upon signing Franchise Agreement	This is a lease payment. Manuals are owned by us.
Liquidated Damages	See footnote 2	15 days after termination	
Income Taxes	In addition to monthly service fees, Franchisor has the right to collect from you the cost of all income taxes, sales taxes and other taxes arising as a result of our licensing of intellectual property to you in the state where your franchise is located, as well as any assessment on the service fees, advertising contributions and any other income we receive from you.	Payable monthly with service fees.	Only imposed if state collects these taxes or assessments.

1. All fees are imposed by and payable to us. All fees are non-refundable.

2. If we terminate the Franchise Agreement with cause, you must pay us liquidated damages equal to the present value (using the then-current 30-Year Treasury Bond rate) of the Continuing Monthly Service Fees you would have paid us on the product of (a) $825 (representing the current Continuing Monthly Service Fee) multiplied by (b) the number of months remaining in the Franchise Agreement had we not terminated it.

THE TAX ZONE SERVICE OFFICE			
Type of Fee [1]	**Amount**	**Due Date**	**Remarks**
Royalty Fee	20% of annual Gross Sales	At the time of electronic payment to you (if paid electronically) with final settlement of any other royalties due us (e.g., from sales resulting in non-electronically distributed fees) at each of four reporting periods per year	Note 1
Transfer Fee	25% of then-current initial franchise fee If the transfer is to an existing owner or member of your immediate family, the transfer fee is $5,000	Upon transfer	Payable only if you make a transfer (as defined in the Franchise Agreement), which includes the sale of your franchise, your company or any party's interest in your company. See Note 2
Advertising Cooperative Contributions	Variable	Your Cooperative contribution will be your pro-rata share of the administration and expenditures of the Cooperative based on the number of franchisees and The Tax Zone Tax Service Offices in the Cooperative as well as other factors related to the expenses of the Cooperative. See notes below and Item 11	Note 3

THE TAX ZONE SERVICE OFFICE			
Type of Fee [1]	**Amount**	**Due Date**	**Remarks**
Audit Fee	Cost of audit	As incurred	Payable only if we find an understatement of 2% or more of your Gross Sales for any reporting period. See Note 4
Late Charge	1.5% per month	As incurred	You must pay us late charges on any late payments equal to the lower of (a) 1.5% per month or (b) the maximum amount of interest otherwise allowed by applicable law
Expense Reimbursement	Actual cost	Upon demand	Note 5
Legal Fees	Variable	As incurred	You must pay us for any legal fees that we incur on your behalf
Technology Fee	Ranges from $20 to $100 per month	Upon demand	We reserve the right to charge you a technology fee as we continue to test and utilize new technology services to improve the System. See Note 6
Additional Training and Conventions	The cost of producing additional training materials, plus our out-of-pocket costs	Upon demand	We reserve the right to charge these amounts if you require or request additional training. See Note 7
Indemnification	Variable	As incurred	You must defend, indemnify and hold us, our parents and affiliates, and its parents and affiliates harmless from and against any claims asserted against us, our parents or affiliates, or its parents or affiliates resulting from the operation of your The Tax Zone Tax Service Office

NOTES:

1. *Royalty Fee*. A non-refundable royalty fee based upon the applicable percentage (see below) of the Gross Sales of your The Tax Zone Tax Service Office will be paid to us electronically when the Bank pays the Tax Preparation Fees for all electronic and Bank Product returns. This process will be conducted via the Bank electronically with no efforts by you. You will execute one or more ACH Payment Authorizations (or another form as we or the Bank may designate) and provide us with the bank name, routing number, account number and bank address authorizing the electronic payment of our fees at the time those monies are electronically disbursed to you by the third-party Bank Product supplier. We will coordinate setting up the routing of funds via the Bank. These disbursements of funds via the Bank generally occur every other business day during the peak of the Tax Season and changes to twice a week during the non-peak Tax Season. The phrase "Gross Sales" means all revenues from all business conducted by, from, or at your The Tax Zone Tax Service Office, including Tax Prep Fees, whether evidenced by cash, check, credit, charge account, exchange or otherwise. Gross Sales also includes any service bureau fees or other fees charged by The Tax Zone Tax Service Office in connection with the re-payment of any promissory notes or other indebtedness you incur. "Tax Prep Fees" refers to the fees being paid for the preparation of a tax return. "Bank" refers to the banking institution that we contract with to process all bank products (see Item 8 for more information on Bank), while "Bank Products" refers to Rapid Anticipation Checks (RAC), and elective loan products or services (ELPs) (see Item 8 for more information on Bank Products).

For all royalty fees that are not paid to us electronically by a Bank, you must pay us the amounts owed no less frequently than once every two weeks, beginning January 1st each year. These payments must be made as we specify, but you must agree that we have the right to debit your account at your bank to pay for these amounts. Unless you have our express written consent, you must use our merchant system when collecting tax preparation fees via credit card payment. Also, in accordance with IRS rules and regulations, you are not permitted under any circumstances to have customer funds deposited into your own bank accounts, whether personal or business, or into any other third party bank account which is not in the customer's name.

You must provide us with a report and reconciliation of returns paid to your The Tax Zone Tax Service Office at the end of each Reporting Period. Reporting Periods are: January 1st through January 31st; February 1st through February 28th; March 1st through March 31st; April 1st through April 30th; May 1st through August 31st; and September 1st through December 31st. The reconciliation will be reviewed and recalculated by us for the royalties which are then due on or before the 5th day of the preceding Reporting Period (i.e., February 5th, March 5th, April 5th, May 5th, September 5th and January 5th). If there are inconsistencies in your bi-weekly payments or in your reporting, in relation to your average customer price point or in the number of tax returns filed electronically, we reserve the right to withhold as much as $100 per electronic filing, until a final reconciliation has been completed. Any late payments that you make pursuant to this Agreement will be subject to a late fee at a rate equal to 1.5% per month of any outstanding balance.

We reserve the right to set off from payments to us of preparation fees for all electronic and Bank Product returns any amounts owed to us, or that you must pay, in connection with the Franchise Agreement including royalty fees, payments for products and services that we provide to you, advertising and marketing Cooperative (defined below) contributions, and transfer fees, and others. While we traditionally allow you to pay a percentage of outstanding obligations during the first few weeks of the Tax Season, we reserve the right to immediately withhold 100% of your revenue deposits upon demand, to set off these payments owed to us or that you must pay.

2. *Transfer Fee*. You must pay a non-refundable fee equal to 25% of the then-current initial franchise fee if you make a permitted transfer of any interest in you, your Franchise Agreement, or your franchised The Tax Zone Tax Service Office. We will reduce that fee to $5,000 for any permitted transfer to any of your existing owners or any member of your immediate family.

3. *Advertising Cooperative Contributions*. We have the right to designate any geographical area for purposes of establishing one or more regional advertising and marketing cooperatives ("Cooperative"). If you must participate in a Cooperative, you must pay your pro-rata share of the administration and expenditures of the Cooperative based on the number of franchisees and The Tax Zone Tax Service Offices in the Cooperative as well as other factors related to the expenses of the Cooperative. As described below in Item 11, we have a system that tracks all calls generated in a Cooperative area, and your contribution to the Cooperative will be determined according to a formula we specify that is based on the number of calls that are placed to, or directed to, your The Tax Zone Tax Service Office divided by the number of total calls directed to The Tax Zone Tax Service Offices in the Cooperative area. Despite this requirement, during the first year of this Agreement, you will not have to contribute more than $10,000 (for each unit) to the Cooperative, and during the second year of this Agreement, you will not have to contribute more than $20,000 to the Cooperative, but you are welcome to contribute more than those amounts if otherwise called for by the Cooperative and if you desire. In addition, if you enter into the Franchise Agreement in connection with the purchase and operation of a The Tax Zone Tax Service Office that has been open for two years or more (e.g., a Re-Sale Office), then the above limits on contributions to the Cooperative will not apply to your The Tax Zone Tax Service Office. In addition, if you elect to participate in our annual direct mail campaign (which is transmitted to prior year customers), the costs of that marketing will not factor into the limits on Cooperative contributions.

4. *Audit Fee*. We may audit your accounts, books and records at our expense. However, if we find an understatement of 2% or more of your Gross Sales for any reporting period, you must reimburse us for our out-of-pocket expenses and allocable administrative costs and overhead incurred in connection with the audit as well as the amount of the understatement and any late charges then due.

5. *Expense Reimbursement*. You must reimburse us for our actual travel, lodging, meals and other incidental expenses incurred in connection with any potential site visit we make at your request or with your approval. You also must reimburse us for the actual cost of any training materials needed for any more than four individuals attending initial training on your behalf, or in connection with individuals attending additional training.

6. *Technology Fee*. The Technology Fee will pay for certain services that provides, including our Intranet service allowing you access to information within The Tax Zone Tax Service system and an advanced phone call routing system that uses to route customer calls to your The Tax Zone Tax Service Office, and is payable to TTZ.

7. *Additional Training and Conventions*. Any additional individuals (beyond the first four trainees) attending our initial training program may do so on a first-come, first-served basis, with other new franchisees and their managerial employees (up to four individuals in total) receiving priority with respect to classroom space limitations. You must reimburse us for the cost of producing additional training materials, as well as our out-of-pocket expenses in connection with providing additional training, but no other fees or tuition will be charged. Likewise, following the initial training program, you, your managers, or employees may desire or be required to attend refresher courses, seminars, and additional training programs, and you may do so under the same limitations as additional attendees at the initial training program. In addition, you and any of your personnel that we may require may have to, at your expense, attend any conventions that we may periodically hold. In all situations, you will pay all

traveling expenses, living expenses, employee salaries, and any other personal expenses for individuals enrolled in the training program or convention.

Except as otherwise noted, all of these fees are imposed by and payable to us. All of these fees are non-refundable and uniformly imposed.

Item 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT - DCAP CENTERS

YOUR ESTIMATED INITIAL INVESTMENT (START-UP DCAP CENTER)				
Type of Expenditure	**Amount**	**When Due**	**Method of Payment**	**To Whom Payment is to be Made**
Initial Franchise Fee (1)	$25,000	Payable on signing Franchise Agreement via check and / or promissory note	Lump sum	Us
Leasehold Improvements (2)	$0 to $10,000	As Incurred	As Required	Suppliers/ Contractors
Furniture, Fixtures and Equipment (3)	$3,000 to $6,000	As Incurred	As Required	Suppliers or Us
Computer (3)	$1,200 to $2,400	As agreed	As incurred	Suppliers
Signage (3)	$2,000 to $4,000	As Incurred	As Agreed	Outside Suppliers
First and Last Month's Rent and Security (4)	$2,000 to $4,000	As Required	Monthly	Landlord
Security Deposit (Utilities) (4)	$250 to $500	As Incurred	Lump Sum	Utilities Companies
Opening Supplies (5)	$250 to $500	As Incurred	Lump Sum	Third Parties
Grand Opening Advertising (6)	$500 to $4,000	As Required	As Incurred	Appropriate Agencies
Training Expenses (7)	$0	As Incurred	As Incurred	Third Parties
Miscellaneous Opening Costs (8)	$2,500 to $3,500	As Incurred	As Incurred	Third Parties
Advertising Fee – 3 months	Not calculable	Monthly	Lump Sum	Us
Service fees – 3 months (9)	$0	Monthly	Lump Sum	Us
Additional Funds – 3 months (10)	$25,000 to $50,000	As Needed	As Required	Suppliers and Employees

YOUR ESTIMATED INITIAL INVESTMENT (START-UP DCAP CENTER)				
Type of Expenditure	**Amount**	**When Due**	**Method of Payment**	**To Whom Payment is to be Made**
TOTAL ESTIMATED INITIAL INVESTMENT	$61,700 to $109,900			

In general, none of the expenses listed in the above chart are refundable, except any security deposits you must make may be refundable. We do not finance any portion of your initial investment, except as described in Item 10.

Explanatory Notes:

1. The initial franchise fee for the Start-Up DCAP Center is $25,000. This fee is not refundable. We may, in our discretion, offer financing as discussed in Item 10.

2. There are expenses incurred by you regardless of which DCAP Center you buy. These expenses include some carpentry, electrical and plumbing, which must be done to your location.

3. You must purchase signage, carpeting, wallpaper, furniture, pictures, fixturing, letterhead, stationery, telephones, a plain paper fax machine and a copy machine, as approved by us. You may purchase any compatible computer hardware on your own.

4. You must operate from a retail storefront location, the size of which must be approved by us. The estimated monthly lease payments for this space will be approximately between $1,000 and $3,500 per month, but rents will vary depending upon location. We estimate that lease payments, not including real estate taxes or insurance, will be between $3,000 and $10,500 for the first three months of your operation. A landlord may also require a security deposit be paid in advance. That means you may have to pay an additional one to three months security for the premises being leased. We estimate that the local utilities may require a security deposit of approximately $500 to $1,000.

5. You must buy certain supplies which contain the "DCAP INSURANCE" logo and designations.

6. A grand opening advertising promotion must be conducted by you, with our assistance.

7. Your personal out-of-pocket expenses for your training sessions are your responsibility. This includes travel expenses, lodging and meals for you and any employees to be trained by us.

8. This item covers your miscellaneous opening costs and expenses, like installation of telephones, accounting and legal expenses and insurance premiums.

9. We reserve the right to waive payment of the continuing monthly service fees until you have been operating for 3 months.

10. You should have some funds set aside to pay rent, salaries of your employees and other expenses that you might have during the first six months of operation.

We relied on over 15 years of experience in the insurance business to compile these estimates. You should review these figures carefully with a business advisor before making any decision to purchase the franchise. Other than the Initial Franchise Fee, we generally do not offer financing directly or indirectly for any part of the initial investment. The availability and terms of financing will depend on factors such as the availability of financing generally, your creditworthiness, collateral you may have and lending policies of financial institutions.

All other costs related to the opening of your Start-Up DCAP Center will be payable as you incur them. None of these costs are refundable.

Your estimated initial cash investment with respect to the opening of your Start-Up DCAP Center and the operation of it during the first three months that it is open is shown in the above chart. These costs are estimates only. Actual costs may vary depending upon the area in which the Start-Up DCAP Center is located and other factors. These are only estimates and your costs may vary based on actual rental prices in your area, and other site-specific requirements or regulations. The costs outlined in this Item 7 are not intended to be a forecast of the actual cost to you or to any particular franchisee.

YOUR ESTIMATED INITIAL INVESTMENT (CONVERSION DCAP CENTER)				
Type of Expenditure	**Amount**	**When Due**	**Method of Payment**	**To Whom Payment is to be Made**
Initial Franchise Fee (1)	$12,500	Payable on signing Franchise Agreement via check and / or promissory note	Lump sum	Us
Leasehold Improvements (2)	$0	Prior to re-opening	As incurred	Landlord
Furniture, Fixtures and Equipment (2)	$0	Prior to re-opening	As incurred	Suppliers
Signage	$2,000 to $4,000	As Incurred	As agreed	Outside Suppliers
First and Last Month's Rent and Security (3)	$0	N/A	N/A	N/A
Security Deposit (3) (Utilities)	$0	N/A	N/A	N/A
Opening Supplies (4)	$250 to $500	As Incurred	Lump Sum	Third Parties
Grand Opening Advertising (5)	$500 to $4,000	As Incurred	As Incurred	Outside Suppliers
Training Expenses	$0	As Incurred	As Incurred	Third Parties
Miscellaneous Opening Costs (6)	$2,500 to $3,500	As Incurred	As Incurred	Third Parties
Advertising Fee – 3 months	Not calculable	Monthly	Lump Sum	Us

YOUR ESTIMATED INITIAL INVESTMENT (CONVERSION DCAP CENTER)				
Type of Expenditure	**Amount**	**When Due**	**Method of Payment**	**To Whom Payment is to be Made**
Service Fee – 3 months (7)	$0	Monthly	Lump Sum	Us
Additional Funds – 3 months (8)	$0	N/A	N/A	N/A
TOTAL ESTIMATED INITIAL INVESTMENT	$17,750 to $24,500			

In general, none of the expenses listed in the above chart are refundable, except any security deposits you must make may be refundable. We do not finance any portion of your initial investment, except as described in Item 10.

Explanatory Notes:

1. The initial franchise fee for the Conversion DCAP Center is $12,500. This fee is non-refundable. We may, in our discretion, offer financing via a promissory note similar to the note attached hereto.

2. You may have to purchase "DCAP" carpeting and wall covering, but you must purchase signs, stationery, forms and other supplies which contain the "DCAP INSURANCE" Proprietary Mark, as approved by us.

3. As a Conversion DCAP Center, you are already operating from a retail insurance agency and will not have any additional rent expenses when you convert.

4. A Conversion DCAP Center must buy certain supplies which contain the "DCAP INSURANCE" logo and designations.

5. A grand opening advertising campaign must be conducted one or two weeks before the actual conversion.

6. There are no miscellaneous costs, except for your professional fees, such as your lawyer or your accountant.

7. We reserve the right to waive payment of the continuing monthly service fee for 3 months.

8. A Conversion DCAP Center should not incur any start-up expenses other than described above.

We relied on over 15 years of experience in the insurance business to compile these estimates. You should review these figures carefully with a business advisor before making any decision to purchase the franchise. Other than the Initial Franchise Fee, we generally do not offer financing directly or indirectly for any part of the initial investment. The availability and terms of financing will depend on factors such as the availability of financing generally, your creditworthiness, collateral you may have and lending policies of financial institutions.

Except for the initial franchise fee, all other costs related to the opening of your Conversion DCAP Center will be payable as you incur them. None of these costs are refundable.

Your estimated initial cash investment with respect to the opening of your Conversion DCAP Center and the operation of it during the first three months that it is open is shown in the above chart. These costs are estimates only. Actual costs may vary depending upon the area in which the Conversion DCAP Center is located and other factors.

There are no other direct or indirect payments to us in conjunction with the purchase of the franchise.

YOUR ESTIMATED INITIAL INVESTMENT – THE TAX ZONE SERVICE OFFICE

General:

The following table sets forth certain amounts we believe you should expect to pay to open and initially operate a The Tax Zone Tax Service Office. We do not provide financing for any of the following items, except we may provide financing for a portion of your initial franchise fee (see Item 10).

Your actual costs may vary materially from the amounts below. The following information also includes a description of assumptions used in arriving at the range of costs. You should review the information in this item and the assumptions described below carefully with your advisors, accountants, lawyers, other professionals, and potential landlords, contractors and suppliers before making any decision to purchase a franchise for a The Tax Zone Tax Service Office.

YOUR ESTIMATED INITIAL INVESTMENT (THE TAX ZONE SERVICE OFFICE)				
Type of Expenditure	**Amount**	**When Due**	**Method of Payment**	**To Whom Payment is to be Made**
Franchise Fee [1]	$25,000	Upon signing	Lump sum	Us
Lease Deposits [2, 4]	$1,000 to $3,000	As agreed	As incurred	Landlord
Rent [2, 4]	$2,000 to $6,000	As agreed	As incurred	Landlord
Leasehold Improvements [2, 3, 4]	$3,000 to $10,000	As agreed	As incurred	Suppliers
Furniture, Fixtures and Equipment [5]	$3,000 to $6,000	As agreed	As incurred	Suppliers
Computer/Software [6]	$2,000 to $4,000	As agreed	As incurred	Suppliers
Signage	$1,000 to $4,000	As agreed	As incurred	Suppliers
Initial Advertising [7]	$1,000 to $6,000	As agreed	As incurred	Suppliers
Miscellaneous Opening Costs [8]	$4,000 to $7,000	As agreed	As incurred	Suppliers
Additional Funds [9]	$6,000 to $9,000	As agreed	As incurred	Suppliers
Total [10]	**$48,000 to $80,000**			

NOTES:

1. You must pay the full payment of The Tax Zone Tax Service Franchisee fee of $25,000. However, we may provide financing of up to the full amount, but generally no more than $20,000, of the initial franchise fee for certain potential franchisees who meet our qualifications.

2. You must buy or lease the real estate on which you intend to locate your The Tax Zone Tax Service Office. We must approve in writing the site location for your The Tax Zone Tax Service Office. Due to the relatively small space requirements for operating a The Tax Zone Tax Service Office, we strongly recommend that you lease rather than purchase the space necessary to operate your The Tax Zone Tax Service Office. The costs of purchasing real estate will vary greatly from location to location, and we have made no effort to state the average cost of purchasing real estate because of the wide variance involved. We have attempted, however, to estimate the costs associated with leasing space for your The Tax Zone Tax Service Office (see Note 4 below). The estimated initial investment above does not include the costs of site selection, land acquisition by purchase, land preparation, landscaping and other land improvements, or any associated financing costs.

3. The estimated costs of leasehold improvements will vary depending on a variety of factors, including whether the improvements constitute new construction or the conversion of an existing structure, geographic location, size of the premises, and negotiated landlord improvements, if any. We have attempted to estimate the costs of expected leasehold improvements for leased premises for your The Tax Zone Tax Service Office (see Note 4 below).

4. Given the nature of commercial real estate, expenses such as monthly rent, deposits, and necessary leasehold improvements may vary greatly depending on a variety of factors, including location, size of the premises, market for the premises, condition of the premises, etc. The typical size of a The Tax Zone Tax Service Office is 800-1200 square feet, and you should plan to locate your The Tax Zone Tax Service Office on a major thoroughfare or urban highway in a strip shopping center or a free-standing building. We recommend that a The Tax Zone Tax Service Office should contain at least 800 square feet. We have attempted to estimate these amounts for your convenience, and these figures represent estimates for necessary deposits and leasehold improvements, as well as three months' rent at such a location.

5. The amounts for furniture, fixtures, and equipment include the cost to purchase the recommended furniture, fixtures, and equipment for a standard The Tax Zone Tax Service Office. The amounts exclude the cost of transportation, installation and sales tax (if applicable), which will vary from location to location.

6. The amounts for computers/software include the cost for two to three computer systems meeting our minimum specifications (see Items 8 and 11 for more information on computers and software). You must have at least two of these computer systems. The volume of services you provide and number of employees you hire may require the purchase of additional computer systems.

7. The amounts for initial advertising are recommended amounts. These amounts are separate from contributions you will make to the advertising Cooperative (see Item 6 above). We do not require that you spend any particular amount or set percentage of Gross Sales on local advertising. We do, however, strongly recommend that you advertise heavily within your Protected Area using direct mailing, flyers, door-hangers, etc., and advertise in regional media such as newspapers.

8. The amounts for miscellaneous opening costs include travel and living expenses for you and/or your employees during the required initial training; incorporation fees; initial legal and accounting

fees; utility deposits; business permit fees; initial insurance premiums; and pre-opening salaries for you and your employees.

9. The amounts for additional funds represent an estimate of your initial start-up expenses for the first three months of operations. Those expenses include payroll costs. We have estimated those amounts and cannot guarantee that you will not have additional expenses starting your business. Your costs will depend on various factors, including how much you follow our methods and procedures; your management skill, experience and business acumen; local economic conditions; the local market for your business; the prevailing wage rate; competition; the time of year you open your business due to the seasonality of tax preparation, and your sales during the initial period.

10. We have relied on 10 years of experience in opening and operating The Tax Zone Tax Service Offices and the experience of its franchisees, and our principals' personal experience in operating The Tax Zone Tax Service Offices to compile these estimates. Except as otherwise noted, none of the items in the chart are refundable. These figures are only estimates and your costs may be higher, depending on your particular circumstances and market. Your initial investment may also be impacted by the time of year that you open or close your franchised business. You should review these figures carefully with a business advisor, accountant or attorney before making any decision to purchase a franchise.

In certain circumstances, we may permit a franchisee to establish and operate a The Tax Zone Tax Service Office in a smaller "Kiosk" format. If we grant you the right to operate a Kiosk for The Tax Zone Tax Service Office, you may have to execute a delayed opening stipulation and the estimated initial investment for the Kiosk will likely be lower than the total estimated cost in the chart above. Also, as noted in Item 5 above, we may in the future acquire and convert existing independent tax preparation businesses to join our system. In that case, or if you are purchasing a Re-Sale Office, the estimated initial investment (excluding the purchase price) will likely be lower than the total estimated cost in the chart above.. In addition, the purchase price for Re-Sale Offices will differ from office to office depending on numerous factors including the condition and value of the assets being acquired (including their book value and their fair market), their location, and other factors.

Item 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

DCAP Centers

We may introduce new product programs for use in the system by your DCAP Center. A product program is a generic term that identifies the broad scope of a particular program ("Product Program"). For example, we may introduce a life insurance program that includes a number of different life insurance products within that broad life insurance category, such as whole life or term life. When we introduce such a Product Program, you have the option to offer it or not offer it to your clients. If you choose to offer any products which are available as one of our Product Programs to your clients, you must offer only our Product Program to the exclusion of any other products or programs that may be offered to you by any other vendor, regardless of whether the products or programs are similar in nature to our Product Program. We will derive revenue from your use of our Product Programs. If you choose to offer premium financing to your clients, you must use our approved supplier, Capital Payment Plan/IPFS Corp. We derive revenues of less than 1½% of the premium being financed. If you choose to use Progressive Insurance for an insurance market, we may receive an override based on loss ratio. We derive revenues of less than 1½% of the premium being financed. You must also purchase or lease any other products or services that are to be used in your DCAP Center in accordance with our quality control standards and

specifications, which includes the establishment of vendor certification programs as well as the designation of certain minimum standards of quality, brand names, suppliers or vendors. In addition to reasonable reimbursement of our administration and handling charges, we will derive revenue from particular designated suppliers. We maintain the absolute right to approve or disapprove any type of products or services being offered from your DCAP Center.

There is any required disclose for Capital above in yellow, please add one for Progressive.

As of December 31, 2021, we received $77,000 in rebates related to transactions from DCAP Centers.

All other supplies, materials and insurance products required for the operation of your Center must be purchased only from suppliers designated or approved in writing by us, or from suppliers selected by you and who are approved by us, or from us directly. Certain suppliers that we recommend have been doing business with DCAP Centers for more than five years.

Capital Payment Plan/IPFS Corp. is an approved supplier for DCAP Management. There are no approved suppliers in which any of our officers owns an interest.

Specifications for the minimum standards of such supplies, materials and insurance products are available and can be found in our Manual. These specifications may be modified by us in the same manner as all other modifications, deletions or amendments are made to the Manual. But, any new or different requirements which may be imposed will not unreasonably increase your obligations nor place an excessive economic burden on your operations.

We have criteria for approving suppliers selected by you. They are:

1. You must give us a written request for approval of the suppliers;

2. The supplier must demonstrate to our reasonable satisfaction that it can supply a service or product to you that meets our standards for such commodities; this may include quality standards, reasonable prices, service or product availability; and

3. The supplier must demonstrate to our reasonable satisfaction that it is in good standing in the business community with respect to its financial soundness and reliability of its service or product, and that any licenses the supplier must have are in place.

Certain insurance carriers who you may do business with may, at their discretion, make payments to us in amounts that are based on the volume of business done by all of our franchisees with a particular carrier. These payments are not passed along to any of our franchisees. But you do not have to use these carriers in operating your Center.

We do not provide any material benefit to you based on your use of designated or approved sources. We do not negotiate purchase arrangements with any suppliers.

All of your required purchases are estimated to represent approximately 9% to 20% of your total opening expenses (excluding the cost of real estate and improvements) and approximately 9% to 20% of your total annual operating expenses for your DCAP Center. Required purchases consist of items you must purchase from us or approved suppliers or in accordance with established specifications.

The Tax Zone Tax Service Offices

If you are purchasing a The Tax Zone Tax Service Office, TTZ has the right to require you to obtain any product or service used in the operation of your The Tax Zone Tax Service Office from us, our affiliates, or suppliers approved by TTZ. TTZ may publish a list of approved suppliers and their respective approved products and services in the Operations Manual and/or in written or electronic communications to you. As TTZ approves new or different suppliers, products and services, it will amend that list. TTZ may designate a single supplier for any product, service, supply, or material. TTZ will have the right to require you to participate in a national or regional approved purchasing cooperative for the area in which your The Tax Zone Tax Service Office operates.

We will have the right to collect and retain manufacturing allowances, marketing allowances, rebates, credits, monies, payments or benefits (collectively, "Allowances") offered by suppliers to you, us, our affiliates, based upon your purchases of products and other goods and services. These Allowances may be based on purchases of products, goods, services, merchandise and other items by you, other The Tax Zone Tax Service franchisees, your customers, us, our affiliates. You must assign to us or our designee all of your right, title and interest in and to any and all Allowances and authorize us or our designee to collect and retain any or all Allowances without restriction (unless otherwise instructed by the supplier). If you negotiate supply arrangements for your The Tax Zone Tax Service Office separate from those negotiated or agreed to by us, and those arrangements have Allowances that will be paid directly to you based solely on your purchases, we may waive our right to receive those Allowances based on your individualized arrangement. However, you must obtain prior written authorization from us to receive any Allowances or rebates.

Other than the products and services which you must obtain from a designated supplier, as described below, you may obtain any products and services necessary to operate your The Tax Zone Tax Service franchise from any approved supplier as long as the products and services otherwise meet our standards and specifications as outlined in the Operations Manual and/or in written or electronic communications to you.

You may, but are not required to, purchase certain materials for the The Tax Zone Tax Service Office from TTZ or one of its affiliates, including local advertising and marketing materials (which include posters, fliers, coupons, door hangers, and other related materials), Kiosks, computers, hardware, equipment, and other supplies.

Electronic Filing of Tax Returns

You must offer electronic tax return filing services using only those approved suppliers of electronic tax return filing services and providers of tax preparation software as we may designate. You must receive a valid electronic filing identification number EFIN from the IRS to take advantage of electronic filing. We may derive revenue in the form of allowances or rebates from Bank Products sold utilizing these electronic tax return filing services and/or tax preparation software packages.

Bank Products

As noted in Item 1 above, if available, you must offer certain Bank Products to customers. Bank Products may include: refund anticipation checks/electronic refund checks ("RACs" or "ERCs"). You must offer only the Bank Products TTZ periodically designates, and only from the banks and other suppliers of Bank Products that TTZ Service may periodically designate. You may not offer any Bank Products other than those designated, or use any suppliers of these or similar bank products other than

those designated. You must use certain banks or suppliers that TTZ will designate for the promotion, offering, and provision of Bank Products. We are not affiliated with these banks or suppliers. However, we reserve the right to derive revenues from these banks in the form of Allowances from the sale of Bank Products from the banks to your customers or tax filers. We have not received any Allowances based on purchases of Bank Products.

Our and your ability to effectively compete in the tax preparation business depends largely upon the availability to offer Bank Products, such as RACS and ERCS, to customers of The Tax Zone Tax Service Offices. We do not know if, in the future, the service providers that we use for Bank Products will be able to offer Bank Products to customers of The Tax Zone Tax Service Offices.

Software

We may designate, or require you to use, certain vendors for the tax preparation software used in connection with your The Tax Zone Tax Service Office. Currently, you must use Tax Slayer Pro Software for these purposes. We may, however, select an alternate software provider, and we may discontinue arrangements with a software provider at any time for any reason without incurring any liability to you. The designated software provider may charge your customers fees, such as electronic filing fees and/or transmission fees.

Computer System

You must purchase the computer equipment and software that meets the requirements described below under Item 11 before you open your The Tax Zone Tax Service Office.

Insurance

You must maintain statutory worker's compensation insurance and employer's liability insurance having a minimum limit of liability of the greater of $500,000 or the minimum amount required by state law. You also must maintain commercial general liability insurance, including bodily injury, property damage, personal and advertising injury, on an occurrence policy form, having a minimum per occurrence and general aggregate limits as follows:

(1) $500,000 general liability insurance for bodily injury to one individual;
(2) $1,000,000 general liability insurance for bodily injury in any one occurrence;
(3) $500,000 general liability insurance for property damage.

You also must name us, and our affiliates, as Additional Insureds under the required insurance policies and provide us with a copy of the certificate of insurance.

Advertising

All advertising, promotional materials, signage, and similar items used in the operation of your The Tax Zone Tax Service Office, including Cooperative materials discussed in Item 11 below, must meet specifications and guidelines and be approved by us in writing before use. In addition, you must not purchase mass media advertising in formats (e.g., newspapers, television, radio or the Internet) that is likely to result in a high likelihood of media exposure from those purchases in areas outside of the Protected Area. Any mass media advertising that will have exposure outside the Protected Area must be made only by us or by the Cooperative.

Site Approval and Lease

You must lease or use retail office space sufficient to operate the franchise. We must approve the location of your site before you sign any leases or operate from the site. If we have approved the location of your site, you may lease from any landlord which you determine to be appropriate.

Signs

You must purchase and display an exterior lighted sign as we may approve for display at the The Tax Zone Tax Service Office. You can purchase a sign from any approved supplier or, if you opt to purchase a sign from a non-approved supplier, we must pre-approve the sign. If the Marks are replaced, modified or added to, you must update or replace the sign, supplies, etc., at your expense, to reflect the new marks.

Websites and Domain Names

You are not permitted to have an independent website without our prior written consent. In addition, you may not use our Marks in any domain name, email address, blog, vlog, or otherwise in any electronic media without our prior written consent, which we may grant or withhold in our discretion.

Telephone Numbers and Listings

You must obtain separate telephone numbers for all The Tax Zone Tax Service Offices you operate. Your procurement and use of your telephone numbers, listings, and any display advertisements must comply with the Operations Manual. You may not transfer, assign, or disconnect any telephone numbers used in connection with the The Tax Zone Tax Service Office without our prior written consent, which we may grant or withhold in our sold and absolute discretion.

Purchase Arrangements

We currently do not attempt to negotiate purchase arrangements or discounts for products and services that will be purchased by our The Tax Zone Tax Service franchisees. However, we may solicit bids from suppliers of products and services used in your The Tax Zone Tax Service Office. After establishing a sales price for those products and services, we then may negotiate with the supplier for the provision of those products and services by our The Tax Zone Tax Service franchisees at an agreed-upon sales and delivery price.

If you want to use a product or service, or obtain a product or service from a supplier not yet approved, you first must submit sufficient information, specifications and/or samples for our determination whether the product or service complies with system standards or the supplier meets approved supplier criteria. We may establish and revise approved supplier criteria periodically as we deem appropriate. Approval of a supplier may be conditioned on the supplier's agreement to comply with product quality standards, frequency of delivery, standards of service, and concentration of purchase requirements. We also may impose limits on the number of approved suppliers, products and services. Approval should not take more than 60 days in most instances. We reserve the right to test supplies and inspect the premises of suppliers before granting approval. You will not be charged any approval fees but you must reimburse us for out-of-pocket costs and expenses of any inspection or testing. We l may terminate our approval of a supplier or any products or services at any time, with or without cause, upon reasonable notice.

We will formulate and modify product specifications and standards by reviewing each product on an individual basis, taking into consideration the manufacturer's ability to provide on a consistent basis quality products to you or our approved suppliers on a timely basis.

We generally will formulate specifications and standards based on the quality of the products and other relevant factors. We periodically may review each product and respective supplier to make sure that the supplier is following the specifications and standards.

Specifications and standards for product or supplier approval will not be issued to franchisees. Rather, we will issue them to approved suppliers.

There currently are no required purchasing cooperatives in place (this disclosure does not relate to the advertising Cooperatives described in Items 6 and 11 of this Disclosure Document).

We reserve the right not to grant franchises or confer any other benefits not otherwise required by an existing contractual commitment to any person or business entity, for any reason or no reason. If you fail to follow and support The Tax Zone Tax Service system, including its advertising programs and approved supplier programs, we may not grant you additional franchises or other benefits and may terminate your Franchise Agreement.

All of your required purchases are estimated to represent approximately 8% to 20% of your total opening expenses (excluding the cost of real estate and improvements) and approximately 8% to 20% of your total annual operating expenses. Required purchases consist of items you must purchase from us, or approved suppliers or in accordance with established specifications.

None of our officers owns an interest in any companies that are vendors or suppliers to The Tax Zone Tax Service franchises.

Except as disclosed above in this Item 8, neither we nor any person affiliated with us, will derive any revenue from the required purchases above or as a result of purchases or leases in accordance with specifications or standards. With the exception of the requirements listed above, you will not have to purchase or lease from us, or any designated source any other products, services, supplies, fixtures, equipment, signs, inventory, or real estate relating to the establishment or operation of your The Tax Zone Tax Service Office. For our most recent fiscal year ended December 31, 2021, neither we nor any of our affiliates derived any revenues from franchisees' required purchases.

Compliance with Business Methods and Requirements

To maintain the uniformity and integrity of services under the Marks, you must operate your The Tax Zone Tax Service Office in full compliance with all rules, specifications, standards and procedures, including all of the requirements found in the Operations Manual and any other materials provided to you in writing or electronically. You must modify, make repairs or replacements or upgrades to your methods of operation, as required to conform to The Tax Zone Tax Service system.

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 disclosure document.

Obligation	Section in DCAP Franchise Agreement	Section in The Tax Zone Tax Service Franchise Agreement	Disclosure Document Item
(a) Site selection and acquisition/lease	I and V	2, 6(a)	Items 7 and 11
(b) Pre-opening purchases/leases	V	7(b), 7(h), & 15	Items 7, 8 and 11
(c) Site development and other pre- opening requirements	V	6(a)	Items 6, 7 and 11
(d) Initial and ongoing training	III	6(c) & 7(c)	Items 6, 7 and 11
(e) Opening	V	7(e)	Item 11
(f) Fees	IV, V, VII and IX	5, 12 & 13	Items 5, 6, 7 and 11
(g) Compliance with standards and policies/Operations Manual	V and VII	6(d) & 7	Items 8 and 11
(h) Trademarks and proprietary information	VI and VIII	2 & 9	Items 13 and 14
(i) Restrictions on products/ services offered	V	7(h)	Items 8 and 16
(j) Warranty and customer service requirements	Not applicable	7(g)	Item 11
(k) Territorial development and sales quotas	Not applicable	7(m)	Item 12
(l) On-going product/service purchases	V	7(h)	Item 8
(m) Maintenance, appearance and remodeling requirements	V	6(b), 7(a), 7(b), 7(f), 7(j), & 7(k)	Items 7 and 11
(n) Insurance	XI	15	Items 6, 7 and 8
(o) Advertising	IX	5, 13, & 14	Items 6, 7 and 11
(p) Indemnification	XVII	26	Item 6
(q) Owner's participation/ management/staffing	V and XV	7(c) & 7(e)	Items 11 and 15
(r) Records/reports	X	11	Item 6
(s) Inspection/audits	V and X	12	Item 6
(t) Transfer	XII	16	Items 6 and 17
(u) Renewal	II	4	Items 6 and 17

Obligation	Section in DCAP Franchise Agreement	Section in The Tax Zone Tax Service Franchise Agreement	Disclosure Document Item
(v) Post-termination obligations	XIV	8, 10, 24, 25 & 26	Item 17
(w) Non-competition covenants	XV	8	Item 17
(x) Dispute resolution	XXVI	23	Item 17
(y) Liquidated damages	XIV	Not applicable	Item 6
(z) Guaranty		18, Attachment B	Item 1

Item 10
FINANCING

DCAP Centers

We may finance the initial franchise fee for creditworthy franchisees for a period not to exceed three years (see Exhibit H-1 – Form of Promissory Note). We permit you to pay the calculated amount over the contract period, with interest currently at 8.5%. If you elect to pay off the Note during the contract period, you will not be penalized for the remaining months as long as you pay the principal portion due on the Note in full. All interest earned prior to this conversion is considered earned by us. Under the Promissory Note you waive your right to a jury trial in any action on or related to the enforcement of the Promissory Note and you waive presentment, demand, protest, dishonor and all other notices and demands in connection with the delivery, acceptance, performance default or endorsement of the Promissory Note. You are not required to waive any of your other legal rights under the Promissory Note. We do not discount this Note or intend to sell or assign this Note to third parties. Upon the occurrence of an Event of Default that results in the termination of your Franchise Agreement, we may declare the entire unpaid principal amount of this Note to be immediately due and payable. You will pay all costs and expenses of enforcement and collection of this Note, including attorneys' fees. If your spouse is not a party to the Franchise Agreement, your spouse is not required to sign the Promissory Note.

Otherwise, we provide no financing, nor do we guarantee any note, lease or other obligation of yours.

The Tax Zone Tax Service Offices

We may provide financing of up to the full amount, but generally no more than $20,000, of the initial franchise fee for those potential franchisees who meet our qualifications. We may also offer financing to existing The Tax Zone Tax Service franchisees that acquire and convert an independent tax preparation business into a The Tax Zone Tax Service Office. We may also offer financing to owners of independent tax preparation businesses that convert their businesses into The Tax Zone Tax Service Offices. Other than the financing of the initial franchisee fee, the bridge loan program, and acquisition and conversion programs, we do not offer, directly or indirectly, any other financing arrangement to our franchisees. We do not have any past or present practice or intent to sell, assign or discount any note, contract or other instrument executed by our franchisees. We do not receive any direct or indirect payments for placing or arranging any financing for our franchisees. Also, we do not guarantee any of your obligations to third parties. Under the Promissory Note you waive your right to a jury trial in any

action on or related to the enforcement of the Promissory Note and you waive presentment, demand, protest, dishonor and all other notices and demands in connection with the delivery, acceptance, performance default or endorsement of the Promissory Note. You are not required to waive any of your other legal rights under the Promissory Note. No default under the Promissory Note for a particular Franchise Agreement shall constitute a default under any other Franchise Agreement between the parties. If your spouse is not a party to the Franchise Agreement, your spouse is not required to sign the Promissory Note.

Initial Franchise Fee

If you qualify for financing of the initial franchise fee, you must evidence your obligations under any agreed financing with a promissory note similar to that attached as Exhibit H-2 to this Disclosure Document ("Initial Franchise Fee Promissory Note"). If you are a business entity, your owners must personally guarantee your obligations under the Initial Franchise Fee Promissory Note. We offer this financing at the rate of 0% per year, with a term of ranging from one year to three years. Generally, we require that payments be made annually on February 15th of each year in an amount of at least $6,666.66 until the Initial Franchise Fee Promissory Note is paid in full. You may prepay the Initial Franchise Fee Promissory Note, in whole or in part, at any time without penalty (Section 7). In addition, we require mandatory prepayments based on your volume of tax returns prepared, the amount financed, and term of your note. You must authorize us to collect these mandatory prepayments electronically in the same manner that you pay your ongoing royalty fees. These mandatory prepayment amounts usually range from $35 to $100 per tax return filed and are based on the outstanding balance due under the Initial Franchise Fee Promissory Note as of the end of the preceding calendar year. The Initial Franchise Fee Promissory Note does not require that you grant us a security interest in any of your assets to obtain financing.

We have been accepted by SBA Franchise Registry. It is our understanding that this acceptance may expedite the loan process if you wish to obtain outside financing.

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

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

Pre-Opening Obligations – DCAP Centers

Before you open your DCAP Center, we will:

(1) Provide you with such site selection consultation and evaluation as we deem advisable or necessary as part of our evaluation of a Start-Up Franchisee's request for site approval (Franchise Agreement, Section 3.1(A));

(2) Give you samples of letterhead, envelopes, business cards and advertising mats suitable for reproduction or we will supply this at a reasonable cost to you (Franchise Agreement, Section 3.1(E));

(3) Offer you a pre-opening training program of up to 5 days at your franchised office, at a time to be specified by us (Franchise Agreement, Section 3.1(B));

(4) Lease to you for the term of the Franchise Agreement one copy of our Manuals (Franchise Agreement, Section 3.1(D));

(5) Offer to you ad slicks to promote the grand opening of your DCAP Center (Franchise Agreement, Section 3.1(E)); and

(6) Provide guidance in hiring your initial staff (Franchise Agreement, Section 3.1(H)).

Pre-Opening Obligations – The Tax Zone Tax Service Office

Before you open your The Tax Zone Tax Service Office:

(1) We will provide you with advice and consultation in the selection of sites for The Tax Zone Tax Service Office through the use of forms, criteria and materials that we make available to new franchisees. We will also accept or reject your proposed site. (Franchise Agreement – Section 6(a))

(2) We will designate the protected area for your The Tax Zone Tax Service Office. (Franchise Agreement – Sections 2 and 3)

(3) We will provide you with our standard appearance guidelines, specifications and layouts for the equipment, décor and signs for a prototype The Tax Zone Tax Service Office that we make available to new franchisees. (Franchise Agreement – Section 6(b))

(4) We may review your plans and specifications for conformity to then current specifications. (Franchise Agreement – Section 6(b))

(5) We will provide you and your managers with initial training (up to four individuals in total) in the standards, procedures and methods of operating a The Tax Zone Tax Service Office. (Franchise Agreement – Section 6(c))

(6) We will loan you one copy of the Operations Manual. (Franchise Agreement – Section 6(d))

Continuing Obligations – DCAP Center

During the operation of your DCAP Center, we:

(1) Will be available to give you telephone help (Franchise Agreement, Section 3.1(C));

(2) May, at our discretion, offer you, at no charge, bulletins on marketing developments and techniques and business and operational procedures (Franchise Agreement, Section 3.1(F));

(3) Will give you ad slicks and similar promotional materials to promote the operation of the DCAP Center, and, at your expense, we will review all proposed advertising and materials prepared by you for use in local advertising. You will be charged our cost if you want these ads customized (Franchise Agreement, Section 3.1(E));

(4) Will include you, at your cost, in all of our advertising and promotional campaigns and programs, except when they are outside of your marketing area (Franchise Agreement, Section 3.1(E));

(5) Maintain an Advertising Program.

Continuing Obligations – The Tax Zone Tax Service Office

During your operation of The Tax Zone Tax Service Office:

(1) We will provide you with tax preparation software that we make available to our franchisees for individual Federal tax returns and state tax returns. (Franchise Agreement – Section 6(e))

(2) We may publish a list of approved suppliers and their respective approved products and services in the Operations Manual and/or in written or electronic communications to you. As new suppliers, products and services become available, we will amend that list. (Franchise Agreement – Section 6(f))

(3) We may provide you with the merchandising, marketing and advertising research data and advice that we deem helpful in the operation of a The Tax Zone Tax Service Office. (Franchise Agreement – Section 6(g))

(4) We may provide you with the management, development and motivational seminars and periodic newsletters that we deem helpful to communicate to you new developments, techniques and improvements in the areas of management and service pertinent to the operation of a The Tax Zone Tax Service Office. (Franchise Agreement – Section 6(h))

(5) We may conduct periodic field evaluations of your The Tax Zone Tax Service Office for your and our mutual benefit and to promote uniform standards of operation and quality control throughout The Tax Zone Tax Service system. (Franchise Agreement – Section 6(i))

(6) We may provide you with periodic individual or group advice, consultation and assistance by personal visit, by telephone, or by electronic newsletters or bulletins on the website. (Franchise Agreement – Section 6(j))

(7) We may provide you with bulletins, brochures and reports regarding our plans, policies, research, developments and activities on the website. (Franchise Agreement – Section 6(k))

(8) We may provide you with other resources and assistance that we develop and make available to franchisees. (Franchise Agreement – Section 6(l))

(9) We will renew your Franchise Agreement upon your fulfillment of the conditions described in the Franchise Agreement. (Franchise Agreement – Section 4).

(10) We will review any proposed transfer of your Franchise Agreement and either approve or disapprove that proposed transfer. (Franchise Agreement – Section 17)

Except as specifically listed above, we do not have any obligation to provide you with assistance regarding (1) the services or products offered by your The Tax Zone Tax Service franchise to your

customers; (2) the hiring or training of your employees; (3) the improvement or development of your business; (4) pricing; (5) administrative, bookkeeping, accounting or inventory control procedures; or (6) operating problems you may encounter.

Advertising

DCAP Centers Advertising

You must contribute to our advertising program (the "Advertising Program"). This Advertising Program creates, develops and formulates advertising and marketing programs and materials for all of our DCAP franchisees and actually places the media for the program. You have to contribute your pro rata share to the Advertising Program. At the present time, that amount ranges from $425 to $750 per month and includes the cost of your telephone directory advertisement(s). Any DCAP Centers owned by us must contribute their pro rata share to the Advertising Program.

We create all programs for our Advertising Program, with sole discretion over the concepts, materials and endorsements used for the programs. The Advertising Program contributions are used to pay the costs of preparing and producing video, audio and written advertising materials; Yellow Pages and other media advertising materials; public relations, market research and other advertising, promotion and marketing activities.

The Advertising Program is not accounted for separately from our other funds but is not used to defray any of our general operating expenses. We audit our advertising budget quarterly. We will spend, on behalf of the Advertising Program, in any fiscal year, all of the payments received from all DCAP Centers. If any money remains in the Advertising Program at the end of a fiscal year, it will carry forward to be spent in the next year. We do not prepare an annual statement of monies collected and costs incurred by the Advertising Program. No money will be spent by the Advertising Program to solicit new franchisees. We may offer optional advertising programs that you may participate in, but are not obligated to do so, at your expense.

In calendar year ending December 31, 2021, 80% of the advertising contributions went to Google placement, 10% for Facebook placement and 10% towards internet expenses.

You may advertise locally, at your own expense. Any advertising, promotion and marketing that you place must be completely clear and factual and not misleading. Samples of all advertising, promotional and marketing materials that we have not prepared or previously approved must be submitted for approval before you use them. If you do not receive written disapproval within 15 days after we receive the materials, we will be deemed to have given the required approval. You may not use any advertising or promotional materials that we have disapproved.

From time to time we may have in place a franchisee advertising council. We have the power to form, change or dissolve a council, and will vote on any council issues.

We have no advertising cooperatives at the present time.

The Tax Zone Tax Service Office Advertising

We have the right to establish Cooperatives. You must take all necessary steps to participate in a Cooperative if we require you to do so, including making the required contributions. If a Cooperative for the geographic area or market in which your The Tax Zone Tax Service Office is located has been established at the time you begin to operate, you will immediately become a member of that Cooperative

under the terms of the then-existing Cooperative agreement. If a Cooperative for the geographic area or market in which your The Tax Zone Tax Service Office is located is established during the term of the Franchise Agreement, you must immediately become a member of that Cooperative, and take all steps necessary to become a member. In no event will you be required to be a member of more than one Cooperative as to your The Tax Zone Tax Service Office. The following provisions apply to each Cooperative:

(1) Each Cooperative will be organized for the exclusive purpose of administering regional marketing and advertising programs, developing and implementing lead generation initiatives, and developing standardized promotional materials for use by the members in regional marketing, advertising and promotion.

(2) You must contribute to the Cooperative at the time and in the manner that we specify, in proportion to your pro-rata share of the costs and expenses of the Cooperative. Each year, no less than 30 days before the advertising campaign begins (which traditionally has been December 26th), we will prepare advertising, marketing and/or lead generation campaigns and materials for the Cooperative and will designate a budget for the expenditures and operation of the Cooperative. You will have the right to review and comment on the advertising campaigns and materials and the budget for the Cooperative, but we will have the final approval as to all decisions by the Cooperative. We are solely responsible for selecting and purchasing all mass media campaigns that are intended to advertise outside the Protected Area.

(3) You must pay your pro-rata share of the administration and expenditures of the Cooperative based on the number of franchisees and The Tax Zone Tax Service Offices in the Cooperative as well as other factors related to the expenses of the Cooperative. Currently, TTZ has a system that tracks all calls generated in a Cooperative area, and your contribution to the Cooperative will be determined according to a formula TTZ specifies that is based on the number of calls that are placed to, or directed to, your The Tax Zone Tax Service Office divided by the number of total calls directed to The Tax Zone Tax Service Offices in the Cooperative area. You must pay for calls that are directed towards your The Tax Zone Tax Service Office regardless of whether you are open or whether you actually receive and answer the call. Furthermore, if we determine that a portion of the advertising dollars in Cooperative will be allocated towards a particular program, such as the marketing of Elective Loan Products and Services, you will still pay for your pro-rata share of the administration and expenditures of the Cooperative for those calls directed towards your The Tax Zone Tax Service Office regardless of whether you elect to participate in a particular program or not. Despite this requirement, during the first year of this Agreement, you will not have to contribute more than $10,000 to the Cooperative (for each franchised unit), and during the second year of this Agreement, you will not have to contribute more than $20,000 to the Cooperative (for each franchised unit), although you are welcome to contribute more than these amounts if called for by the Cooperative and if you desire. The members of a Cooperative will have the right to choose, by unanimous agreement, to pay a flat fee into the Cooperative, without regard of the number of marketing calls placed and/or directed to their The Tax Zone Tax Service Office. If you enter into a Franchise Agreement in connection with the purchase and operation of a Re-Sale Office or any other The Tax Zone Tax Service Office or other tax preparation business that has been open for two years or more, then these limits on contributions to the Cooperative will not apply to your The Tax Zone Tax Service Office.

(4) If we or the Cooperative conducts direct mail advertising campaigns to customers located in your Protected Area, your participation in these campaigns will be optional. In addition, your participation in and any expenditures you make in connection with these

campaigns will not count towards the first and second year Cooperative contribution limits noted above.

(5) Each Cooperative will be organized and governed in a form and manner we approve, and will commence operations on a date we specify.

(6) We will have the right to charge the Cooperative for the reasonable administrative costs and overhead that we may incur in activities reasonably related to the direction and implementation of the Cooperative and advertising programs for franchisees and the The Tax Zone Tax Service System, including costs of personnel for creating and implementing, advertising, merchandising, promotional and marketing programs.

(7) Although each Cooperative is intended to be of perpetual duration, we maintain the right to terminate the Cooperative. The Cooperative will not be terminated, however, until all monies in the Cooperative have been spent for marketing, advertising and/or promotional purposes.

We will not use the Cooperatives to advertise or solicit the sale by us of franchises to operate The Tax Zone Tax Service franchises.

If you wish to use your own advertising and promotional materials, you must submit them to us for approval at least 14 days before the date of their first proposed use. You may not use any advertising or promotional materials that we disapprove or have not approved.

There may be some existing franchisees operating under older forms of the Franchise Agreement that do not require participation in a Cooperative. For these franchisees, unless they voluntarily agree to participate in the Cooperative, they will not contribute to the Cooperative (but they may receive some residual benefits by being in the local market). We intend to solicit these franchisees to become members of and participate in the Cooperative in their market, but we cannot guarantee that they will do so.

We do not currently have an advertising council composed of franchisees.

Table of Contents of Operations Manual

The Table of Contents of the DCAP Management Operating Manual provided to our franchisees as of our last calendar year is annexed as Exhibit D-1.

The Table of Contents for the TTZ Operations Manual, showing the topics and number of pages dedicated to those topics, appears as Exhibit D-2 to this Disclosure Document.

Training Programs

DCAP Centers

You will receive up to 5 days of training at a "DCAP" Center which will be conducted after the signing of your franchise agreement. Any additional individuals attending our initial training program may do so on a first-come, first-served basis, with other new franchisees receiving priority with respect to classroom space limitations. We will charge you between $925 to $1,000 for each additional person to attend initial training. You must complete the initial training to our satisfaction. If you fail to complete the training program to our satisfaction, we may elect to terminate the Franchise Agreement and keep the entire initial franchise fee. Although there are no additional fees for this training, you must pay for all

travel and living expenses which you and your trainees incur in connection with training. But if we feel that additional training is required, we will charge you between $185 to $200 per day for this additional training.

Training will be conducted for you after the Franchise Agreement has been signed. We plan to be flexible in scheduling training to accommodate our personnel and you. We will conduct your initial training at least two to three weeks before you open your DCAP Center. There currently are no fixed (i.e., monthly or bi-monthly) training schedules. The materials we use in our training program include our operations manual and any additional materials we believe will be beneficial to our franchisees. Our training program is mandatory for all franchisees and must be completed not later than two weeks before your DCAP Center opens for business. As of our most recent fiscal year end, we provided the following training, which may be modified by us:

TRAINING PROGRAM – DCAP CENTERS

Subject	Hours of Classroom Training	Hours of On the Job Training	Location
Sales, Marketing and Computer Software	1 - 3 days	--	on site or Hicksville, New York
Training Operations; Claims Customer Service	1 - 2 days	0 - 20 days	on site or Hicksville, New York

You (or your managing shareholder or partner) and/or previously trained managers can, at your option, attend any periodic refresher training courses that we conduct. There is presently no additional training.

Stuart Greenvald oversees our training program. Mr. Greenvald has been employed by us for the past ten years. The minimum experience of the instructors in the field that is relevant to the subject taught and our operations is from 5 to 15 years.

The Tax Zone Tax Service Offices

We will provide all franchisee owners and one key employee (up to four individuals in total), with initial training in the standards, procedures and methods of operating a The Tax Zone Tax Service Office. We will provide that training to your owners and the key employees who will have responsibility for the day-to-day operations of The Tax Zone Tax Service Office. Any additional individuals attending our initial training program may do so on a first-come, first-served basis, with other new franchisees and their managerial employees (up to four individuals in total) receiving priority with respect to classroom space limitations. These additional attendees must reimburse us for the cost of producing additional training materials, as well as our out-of-pocket expenses in connection with providing training, but no other fees or tuition will be charged. We will provide that training at the times and places and for the duration we may periodically designate. You and your managers must complete to our satisfaction the training program (which may include a training review test) before beginning business. You may not open or operate your The Tax Zone Tax Service Office without having at least one individual working full time who has completed our initial training program.

We will schedule your initial training program when you sign your Franchise Agreement. We conduct our initial training programs on an "as needed" basis. We will conduct your initial training at least four weeks before you open your The Tax Zone Tax Service Office. Following the initial training

program, you, your managers, or employees may desire or be required to attend the refresher courses, seminars, and additional training programs as we may periodically specify, and these attendees will do so under the same limitations as additional attendees at the initial training program. In all situations, you will pay all traveling expenses, living expenses, employee salaries, and any other personal expenses for individuals enrolled in the training program or convention.

The following table provides the details of the initial training program:

TRAINING PROGRAM – THE TAX ZONE SERVICE OFFICES

Subject	Hours of Classroom Training	Hours of On the Job Training	Location
Introduction	2	0	Our Headquarters
Forms, Licenses and Permits	2	0	Our Headquarters
Site Selection and Leasing	2	0	Our Headquarters
Office Design/Supply	2	0	Our Headquarters
Human Resources/Staffing	2	0	Our Headquarters
Marketing and Advertising	2	0	Our Headquarters
Tax Office Procedures	2	0	Our Headquarters
Managers Guide	2	0	Our Headquarters
Hardware/Software	2	0	Our Headquarters
Customer Service	2	0	Our Headquarters
Tax Prep with Resources	2	0	Our Headquarters

Training instruction materials will include the Operations Manual and other written training materials. We reserve the right to require additional training. We may periodically require additional training conducted by us at our corporate offices in Hicksville, New York and/or locally or regionally by field representatives near your Protected Area. This additional training may also include on-line tutorials and mandatory participation in the TTZ annual convention. If we require additional training, we will communicate these requirements at least 60 days before any scheduled events.

Our training staff includes the following individuals: Rico Cuevas, who has nine years of experience with the subjects taught and our operations. Each trainer will have at least eight years of experience with the subjects over which they will be responsible during the initial training program.

Site Selection and Opening

DCAP Centers

We estimate that there will be an interval of between 30 and 180 days from the time of the execution of the Franchise Agreement and the operation of your DCAP Center. This interval varies based upon finding an acceptable location, completing training and your compliance with local laws and regulations. You may not open for business until: (1) you find an acceptable location; (2) pre-opening

training has been completed to our satisfaction; (3) the initial franchise fee and all other amounts then due to us have been paid; (4) you have applied for your insurance agent's license; and (5) we have been furnished with copies of all required insurance policies, or such other evidence of insurance coverage and payment of premiums as we request.

You must find a site for your Start-Up DCAP Center. Once you have found a site that you think is suitable, we must approve it. A site must be between 500 and 1,200 square feet, it must have sufficient traffic passing it, it must be in a densely populated area, it must be near our competition and must have a sufficient number of licensed drivers. In certain geographic areas we may actively assist you in finding your site.

A Conversion DCAP Center will already be in operation at the time of execution of your Franchise Agreement, therefore there should only be a minor interval between signing and opening.

The Tax Zone Tax Service Offices

We will not select the site for your The Tax Zone Tax Service Office. You must select the site for your location. However, we do have the right to accept or reject the site you select. In determining whether to accept or reject a site, we will consider demographic evaluations, traffic patterns, physical site profiles, viable competition in the market area, and other factors. You must reimburse us for our actual expenses incurred in connection with any potential site visits. Generally, we will notify you in writing within 30 days following your written notice to us of site selection of our acceptance or rejection of the proposed site. If we reject your site, you must submit another site for acceptance.

Our approval of a site does not constitute an assurance, representation or warranty of any kind, express or implied, as to the suitability of the site for The Tax Zone Tax Service Office or for any other purpose. Approval of the site by us indicates only that we believe the site complies with acceptable minimum criteria established by TTZ solely for our purposes as of the time of the evaluation. The application of criteria that have been effective with respect to other sites and premises may not be predictive of potential for all sites and that, subsequent to our approval of a site, demographic and/or economic factors, such as competition from other similar businesses, included in or excluded from criteria used by us could change, thereby altering the potential of a site. These factors are unpredictable and are beyond our control. We will not be responsible for the failure of a site approved by us to meet your expectations as to revenue or operational criteria. Your acceptance of a franchise for the operation of the The Tax Zone Tax Service Office at the site will be based on your own independent investigation of the suitability of the site.

As part of the site selection process, you may identify a specific site for your The Tax Zone Tax Service Office, or you may identify a fairly confined retail or consumer area or neighborhood within which you wish to identify and locate a site. This process will enable us to determine if the specific site you have identified is within the protected area of another The Tax Zone Tax Service Office, and if so, we will advise you to locate another site.

Under the Franchise Agreement, and unless we consent in writing to a delayed or later opening date, you must open your The Tax Zone Tax Service Office to the public on or before the 3rd day of the January following the effective date of the Franchise Agreement, or any earlier date as we may determine depending on factors that include: training requirements, tax filing date changes from the IRS, and offers of pre-season or early season loan products or services. If we require you to open the The Tax Zone Tax Service Office to the public before January 3, we will communicate the earlier opening date to you in writing at least 60 days before the opening date. If you fail to open your The Tax Zone Tax Service Office by January 3rd or the earlier date we require, and we have not otherwise agreed in writing to a

delayed opening, we will have the right to terminate the Franchise Agreement and retain your initial franchise fee.

Based on the startup of locations owned by TTZ's franchisees, we estimate that it will take approximately two months to open a new, free-standing The Tax Zone Tax Service Office. Factors that may affect that time period include making any necessary financial arrangements, finding a proper location obtaining required permits, and obtaining necessary labor and materials. As described above, you must open your The Tax Zone Tax Service franchise by January 3rd following your execution of the Franchise Agreement unless we agree in writing to a delayed opening. But, you may be required to be open earlier than January 3rd if we provide you with notice of an earlier open date at least 60 days before the opening date.

Computer Systems and Software

DCAP Centers

You must purchase or lease at least three computers and a printer to meet the specifications we designate in the Operations Manual or in other written or electronic form. You must purchase or lease Windows® based computers, and we estimate that the total initial cost for the computers will be between $1,200 and $2,400. Your computer system must provide you, at a minimum, with internet access, and may also be used for word processing, spreadsheets, and other typical office functions. We recommend, but do not require, that you have a high speed internet connection for your computer system.

You do not have to have a maintenance contract for your computer, but you might find it beneficial to do so. Neither we nor any affiliate of ours will provide you with any updates, upgrades or maintenance for your computer system.

We have the right to require you to obtain updates and/or upgrades for your computer system (hardware and software) as technology changes and develops. While there is no contractual limitation on either our right to require you to obtain updates or upgrades, or the cost to you of the updates or upgrades, we do not anticipate specifying any unusually expense updates or upgrades. We will not have independent access to the data on your computer system, but we may require independent access in the future.

The Tax Zone Tax Service Offices

To open and operate your The Tax Zone Tax Service Office, you must purchase a minimum of two computers and a printer that meet the specifications that we designate in the Operations Manual or in other written or electronic form. We estimate the cost to purchase this required computer hardware to be approximately $2,000 to $4,000. It is highly recommended that you obtain high-speed internet services, such as a cable modem or DSL. We will provide you at no additional charge with the tax preparation software that is made available to The Tax Zone Tax Service franchisees and that you must use in preparing individual Federal and state tax returns. You may not, however, have your own website advertising the services of your The Tax Zone Tax Service Office. Once you become a franchisee, your location(s) will be added to our website so that potential customers will be able to find specific The Tax Zone Tax Service locations.

In the future, we may require you to upgrade your computer system and/or software. While there is no contractual limit on the cost or frequency of these required updates, we expect to require these computer system updates infrequently and only when necessary to improve the franchised system. We are not obligated to provide you with any maintenance, repairs, upgrades, updates or service to your

computer hardware and software, and we estimate the annual cost of maintenance, repairs, upgrades, updates or service to be approximately $300.

We may have independent access to the records and information you generate in connection with the preparation of individuals' tax returns, including information relating to your sales. We may use this information as a management tool allowing us to evaluate and offer suggestions relating to your performance. We also may use this information to evaluate and analyze system-wide performance for the benefit of the entire The Tax Zone Tax Service system. Further, we may use this information to determine whether you are in compliance with certain provisions of the Franchise Agreement.

Websites

Websites (as defined below) are subject (among other things) to our review and prior written approval before they may be used in connection with your The Tax Zone Tax Service Office. "Website" means one or more related documents, designs, pages, or other communications that can be accessed through electronic means, including, for example, the Internet, World Wide Web, social networking sites (such as Facebook, Twitter, LinkedIn, Google Wave, etc.), blogs, vlogs, and other applications, etc., and that refers to The Tax Zone Tax Service Office, Proprietary Marks, us, or the System. In connection with any Website, the Franchise Agreement provides that you may not establish a Website related to the Proprietary Marks or the System, nor may you offer, promote, or sell any products or services, or make any use of the Proprietary Marks, through the Internet without our prior written approval. As a condition to granting consent, we will have the right to establish any requirement that we deem appropriate, including for example a requirement that your only presence on the Internet will be through one or more webpages that we establish on our website.

Item 12
TERRITORY

DCAP Centers

We give you the right to operate a DCAP Center at a single location within a designated area set forth in Exhibit "A" to your Franchise Agreement ("Primary Area of Responsibility"). This is chosen by you and is subject to our prior approval. The Primary Area of Responsibility will be designated by geographic zip code, town, county or city boundaries. The minimum area that may be granted in an urban area is one zip code and up to a quarter mile radius in a suburban area. After we and you approve the DCAP Center's location, a written description, outlined by the appropriate zip codes, town, county, or streets, is attached to your Franchise Agreement as Exhibit "B". You may not then relocate the DCAP Center without our prior written approval, which approval may not be unreasonably withheld.

Except as discussed below, we do not now, nor will we, establish company-owned DCAP Centers or franchise the operation of DCAP Centers under the System using the name "DCAP INSURANCE" to other franchisees within your Primary Area of Responsibility. Except as specified in the preceding sentence, this franchise is non-exclusive. But, we reserve the right to offer you the right of first refusal to open an additional DCAP Center within your Primary Area of Responsibility if a Department of Motor Vehicle office is later opened. An additional initial franchise fee will be charged for this additional DCAP Center. If you refuse to exercise this right, we have the right to either open a company owned DCAP Center or sell the franchise rights to a third party.

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

We reserve the right to change any of the above policies at a future date. We also reserve the right:

1. to own or operate, and/or to grant others rights to own and/or operate, other businesses anywhere throughout the world, whether or not these businesses are competitive, so long as these businesses:

   (a) operate under any marks other than our Proprietary Marks; or

   (b) operate under the Proprietary Marks, but not at a retail insurance agency site located within your Primary Area of Responsibility; and

2. to market to customers located anywhere throughout the world any products and services, whether or not the products or services are competitive and/or use the Proprietary Marks and/or the DCAP System; and

3. to sell or distribute, and/or grant others the rights to sell or distribute, at any location throughout the world, including within your Primary Area of Responsibility, any products or services in any alternative channel of distribution, whether or not the products or services are competitive and/or sold or distributed using the Proprietary Marks and/or the DCAP System. An "alternative channel of distribution" includes radio, television, direct mail, catalogs, the internet, third party or alternative websites and software/ communications/ electronic networks. We agree that if we make any sales to customers who reside within your Primary Area of Responsibility, we will pay you an amount that we reasonably determine will compensate you; and

4. to make the DCAP website available by license, sale or any other means to parties outside of the DCAP System; and

5. to acquire any other businesses, wherever located, even if they are in your Primary Area of Responsibility, which have other units, whether or not franchised, and to convert them to the DCAP franchise format and/or any other format; and

6. to be acquired and converted to a format different from DCAP, and/or if our other businesses or company-owned DCAP Centers are converted to a format different from DCAP; and

7. to develop or become associated with other business concepts (including other franchise systems) for the same, similar, related or any other products and/or services; and

8. to sell all or a portion of our assets, our Proprietary Marks or our System to a third party; to issue our capital stock by public offering; to engage in a private placement of some or all of our securities; or to refinance, restructure or recapitalize.

You may not solicit business outside of your Primary Area of Responsibility, but you may service clients who live outside of your area. Continuation of your Primary Area of Responsibility is not dependent upon the achievement of a certain sales volume, nor does it get reduced if the population in your Primary Area of Responsibility increases.

You may sell our products and services to customers and prospective customers who live anywhere but who choose to utilize your DCAP Center. You may not engage in any promotional

activities or sell our proprietary products or similar products or services, whether directly or indirectly, through or on the Internet, the World Wide Web, or any other similar proprietary or common carrier electronic delivery system (collectively, the "Electronic Media"); through catalogs or other mail order devices sent or directed to customers or prospective customers located anywhere; or by telecopy or other telephonic or electronic communications, including toll-free numbers, directed to or received from customers or prospective customers located anywhere. You may not place advertisements in printed media and on television and radio that are targeted to customers and prospective customers located outside of your Primary Area of Responsibility. You may not sell our products to any business or other customer for resale.

We and our affiliates may sell products under the Proprietary Marks within and outside your Primary Area of Responsibility through any method of distribution other than a dedicated DCAP Center, including sales through channels of distribution such as the Internet, catalog sales, telemarketing or other direct marketing sales (together, "alternative distribution channels"). You may not use alternative distribution channels to make sales outside or inside your Primary Area of Responsibility except as described in this Item 12 and you will not receive any compensation for our sales through alternative distribution channels except as described in the following paragraph.

If we engage in electronic commerce through any Internet, World Wide Web or other computer network site or sell through any other alternative distribution channel, and we receive orders for any products offered by a DCAP Center calling for delivery or performance in your Primary Area of Responsibility, then we will offer the order to you at the price we establish. If you choose not to fulfill the order or are unable to do so, then we, one of our affiliates or a third party we designate (including another franchisee) may fulfill the order, and you will not be entitled to any compensation in connection with this.

We have not yet established other franchises or company-owned outlets or another distribution channel selling or leasing similar products or services under a different trademark. We describe earlier in this Item 12 what we may do anywhere and at any time.

Neither we nor any parent or affiliate has established, or presently intends to establish, other franchised or company-owned DCAP Centers which sell our products or services under a different trade name or trademark, but we reserve the right to do so in the future, without first obtaining your consent.

The Tax Zone Tax Service Offices

We will grant you the right to operate a The Tax Zone Tax Service Office within an agreed geographic area known as your "Protected Area." We will not operate a The Tax Zone Tax Service Office and will not license or franchise any other person to operate a The Tax Zone Tax Service Office within your Protected Area. The size of the Protected Area will vary depending on the circumstances and will be described in Attachment C to the Franchise Agreement. Your Protected Area will consist of an area designated by us that is generally defined as a zip code that contains a total population of at least 21,000 individuals, as determined by the U.S. Census Bureau. However, some Protected Areas may include more or less than 21,000 individuals, and/or the geographical boundaries of the Protected Area may be reduced or increased depending upon factors such as the density of the population in a zip code. For example, in certain markets, a zip code may contain a population of as many as 100,000 residents. In that case, we may divide the zip code into several Protected Areas. In the alternative, in certain markets, a zip code may contain a population with as few as 10,000 residents. In that case, we may combine smaller zip codes with neighboring zip codes to create one Protected Area. In addition, if at any time during the term of the Franchise Agreement the population of the Protected Area increases significantly (by more than 50% over the population of the Protected Area on the date you enter into the Franchise

Agreement), we reserve the right to reduce the size of the Protected Area, but in no event will we reduce the Protected Area to a size that is smaller than the population of the Protected Area on the date your enter into the Franchise Agreement.

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

We will not select the site for your The Tax Zone Tax Service franchise. You must select the site for your location. However, we do have the right to accept or reject the site you select (see Item 11 for more information).

You may not market or conduct your The Tax Zone Tax Service Office outside your Protected Area except as we may otherwise permit in the Operations Manual, or in other written or electronic materials. You are not permitted to purchase or place mass media buys (i.e. television, radio, newspaper, etc.) which will result in a high likelihood of media exposure outside of your Protected Area without our prior written consent. We are solely responsible for selecting and purchasing all mass media campaigns that are intended to advertise outside the Protected Area. Regardless, we must approve in writing all marketing materials before their use, even if their use will not result in a high likelihood of media exposure outside of your Protected Area.

You are not allowed to have your own website advertising the services of your The Tax Zone Tax Service Office. Once you become a franchisee, your location(s) will be added to our website so that potential customers will be able to find your specific The Tax Zone Tax Service Office. It is possible, however, that customers located within your Protected Area will go to our website and choose to patronize a The Tax Zone Tax Service Office other than yours; likewise, it is possible that customers in the Protected Areas of other The Tax Zone Tax Service Offices may choose your location over theirs.

If we are entitled to terminate the Franchise Agreement according to its terms, we will have the right to undertake any one or more of the following actions instead of terminating the Franchise Agreement:

(1) We may terminate or modify any rights that you may have with respect to protected, exclusive, or quasi-exclusive rights, in the Protected Area, effective 10 days after delivery of written notice to you;

(2) We may modify, or eliminate completely, the Protected Area, and other territorial protections described in the Franchise Agreement, and may establish or license others to establish The Tax Zone Tax Service businesses within the area described as the Protected Area;

(3) We may suspend your right to operate as an The Tax Zone Tax Service Office or to prepare tax filings; and/or

(4) We may take any other actions that we deem advisable in connection with the monitoring or suspension of any rights granted to you under the Franchise Agreement.

We generally will accept the relocation of a The Tax Zone Tax Service Office within your Protected Area under the same conditions as we would accept any new location. In considering whether to accept a new location, we will consider demographic evaluations, traffic patterns, physical site profiles, viable competition in the market area, and other factors.

If you relocate your The Tax Zone Tax Service Office during the term of your Franchise Agreement, the agreement will continue to apply to the new location in accordance with its terms. You may not relocate your The Tax Zone Tax Service Office to a location outside your Protected Area. You will pay for any and all relocation expenses incurred.

We retain the right to operate and license or franchise other persons to operate The Tax Zone Tax Service Offices at any location outside of your Protected Area. We also retain the right to:

(1) market and sell the same and similar services and products as those offered as part of the Franchised System under trademarks, service marks, and commercial symbols different from the Proprietary Marks through the same, similar or different distribution channels, at any location, including in close proximity to The Tax Zone Tax Service Office;

(2) market and sell the same services and products as those offered as part of the Franchised System through dissimilar channels of distribution, including the Internet, wherever the customers or clients may be located;

(3) advertise, market, and sell those services and products on the Internet and otherwise in accordance with the provisions of this Agreement;

(4) acquire the assets of, or be acquired, owned, or controlled by, a Person that owns, operates, controls, invests in, or franchises or licenses another tax preparation and/or tax filing business, or any business that markets and sells the same or similar services and products as those offered as part of the Franchised System, through the same, similar, or dissimilar channels of distribution, under trademarks, service marks, and/or commercial symbols that are different than the Proprietary Marks, and we or they may continue to do so, at any location within or outside of the Protected Area; and

(5) establish or license others to establish a The Tax Zone Tax Service Office as a Kiosk situated within the retail business of, or within other separately identified premises of, a National or Regional Account Business located anywhere, whether within or outside of the Protected Area. A "National or Regional Account Business" means an organization or entity that is designated as having the right, by common ownership, control, or legal status, to arrange for The Tax Zone Tax Service Offices to be located at multiple locations and/or for multiple clients, provided that the location or clients are retail businesses or other premises that are identified as businesses that are separate from, or different from, a The Tax Zone Tax Service Office (by way of example only, a National or Regional Account Business may be a chain of retailers or grocery stores). For all National or Regional Account Businesses located within the Protected Area within which or in connection with which we desire to establish and operate, or license a third party to establish and operate, a The Tax Zone Tax Service Kiosk, you will have the right and option, to the extent permitted under our agreement or arrangement with the National or Regional Account Business, to establish and operate a The Tax Zone Tax Service Kiosk on the same terms and conditions agreed upon between us and the National or Regional Account Business, and according to all applicable requirements and specifications of the National or Regional Account Business. You will have 14 days after receipt of notice from us to accept or reject the opportunity to establish and operate a Kiosk at a National or Regional Account Business. If you do not want to establish and operate a Kiosk, or if, as we determine, you are unable to provide the National or Regional Account Business with necessary services, we may establish and operate, or license a third party to establish and operate, a The Tax Zone Tax Service Kiosk within or in connection with the National or Regional Account Business.

Under the Franchise Agreement, you do not acquire any options, rights of first refusal, or similar rights to acquire additional The Tax Zone Tax Service franchises at any other location. In certain circumstances, however, we may negotiate with franchisees outside of the Franchise Agreement for them to obtain, in exchange for the payment of a deposit, a right of first refusal to enter into a new Franchise Agreement with us at some time in the future to obtain a different Protected Area.

Other than as stated above with respect to changes in zip code boundaries, there are no circumstances that would allow us to modify your territorial rights. Except as noted above with respect to the number of Federal income tax returns you must prepare each Tax Season, neither the continuation of your Franchise Agreement nor your territorial rights will depend on the achievement of any specific sales volume or market penetration.

Item 13
TRADEMARKS

DCAP Centers

We grant to you the right to use certain trademarks, service marks and other commercial symbols in connection with the operation of your Center. Our primary trademarks ("Proprietary Marks") are registered on the Principal Register with the United States Patent and Trademark Office as follows:

Mark	Registration Number	Registration Date
DCAP Insurance	3,282,660	August 21, 2007
DCAP (stylized)	3,282,658	August 21, 2007

We have filed all required affidavits for the above Marks and have renewed our registrations for the Marks. We intend to file all required affidavits and to renew our registrations for the Marks when they become due.

The Tax Zone Offices

The Franchise Agreement grants you the right to use certain Proprietary Marks.

Mark	Registration Number	Registration Date
The Tax Zone	4,721,532	April 14, 2015
The Tax Zone (logo on the cover page)	4,684,670	February 10, 2015

Instant Tax Service of New York, Inc. ("ITSNY") is the owner of The Tax Zone trademark. ITSNY has licensed the mark "The Tax Zone" to us so that we may sub-license it to our franchisees in a perpetual, non-cancellable trademark license agreement dated May 21, 2014. Other than this license, we know of no superior prior rights or infringing use that could materially affect your use of the Mark, and we know of no agreements currently in effect which significantly limit our rights to use or license the use of the Mark in any manner material to the franchise.

ITSNY has filed its renewal registration. ITSNY intends to file all affidavits and to renew its registrations for the Tax Zone Proprietary Marks when they become due.

In General

You must follow our rules when you use the Proprietary Marks. You cannot use the Proprietary Marks as part of a corporate name or with modifying words, designs or symbols except for those which we license to you. You may not use the Proprietary Marks in connection with the sale of any unauthorized products or services or in any manner not authorized in writing by us.

There are no currently effective material determinations of the United States Patent and Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court, nor are there any pending infringement, opposition or cancellation proceedings or material litigation involving the Proprietary Marks. Except as described above related to The Tax Zone Proprietary Marks, there are no agreements currently in effect which significantly limit our right to use or license the use of the Proprietary Marks in any manner material to the franchise.

You must notify us immediately of any apparent infringement or challenge to your use of the Proprietary Marks, or of any claim by any person of any rights in any Proprietary Marks, and may not communicate with any person other than us, our attorneys and your attorneys in connection with any such infringement, challenge or claim. We have sole discretion to take such action as we deem appropriate and the right to control exclusively any litigation, United States Patent and Trademark Office proceeding or any other administrative proceeding arising from such infringement, challenge or claim or otherwise relating to the Proprietary Marks. You must sign any instruments and documents, provide such assistance and take any action that, in the opinion of our attorneys, may be necessary or advisable to protect and maintain our interests in any litigation or United States Patent and Trademark Office or other proceeding or otherwise to protect and maintain our interests in the Proprietary Marks. Either Franchise Agreement requires us to participate in your defense and/or indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving a Proprietary Marks licensed to you by us or if the proceeding is resolved unfavorably to you.

If it becomes advisable at any time in our sole discretion for us and/or you to modify or discontinue the use of the Proprietary Marks and/or use one or more additional or substitute trade or service marks, you must comply with our directions within a reasonable period of time after receiving notice. We will reimburse you for your reasonable direct expenses of changing the Center's signage. However, we will not be obligated to reimburse you for any loss of revenue attributable to any modified or discontinued Proprietary Marks or for any expenditures you make to promote a modified or substitute trademark or service mark.

Item 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

There are no patents that are material to either the DCAP or The Tax Zone Tax Service franchise. We claim copyright protection of our respective Operations Manuals and related materials, although these materials have not been registered with the United States Registrar of Copyrights. The Operations Manuals and related materials are considered proprietary and confidential and are considered our respective property and may be used by you only as provided in the applicable Franchise Agreement. You may not use any confidential information in any unauthorized way and you must take reasonable steps to prevent its disclosure to others.

We may reveal certain proprietary information to you, which includes vendor lists, customer lists and information in the manuals provided to you. You and your employees are obligated to maintain the absolute confidentiality of this information at all times.

There currently are no effective determinations of the Copyright Office (Library of Congress) or any court regarding any of the copyrighted materials. There are no agreements in effect which significantly limit our right to use or license the copyrighted materials except in accordance with the Master Franchise Agreement. Finally, there are no infringing uses actually known to us which could materially affect your use of the copyrighted materials in any state. Neither we are required by any agreement to protect or defend copyrights or confidential information, although we intend to do so when this action is in the best interest of our respective Systems.

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

DCAP Centers

No matter which DCAP Center you own, you must at all times directly supervise the operation of your DCAP Center, or you may employ a manager to do this. We recommend that you conduct direct, on-premises supervision of your DCAP Center and not delegate this duty to third parties. If you do appoint a manager for these duties, we must train him or her. Also, you must inform us of your manager's identity, and each manager must sign an agreement not to divulge any trade secret or confidential or proprietary information or to engage in any other similar insurance business.

Your manager need not have an ownership interest in your corporation or partnership, if you are either type of entity. Each person who owns a 5% or greater interest in your entity must sign the Franchise Agreement.

The Tax Zone Tax Service Offices

You will have responsibility for the operation of your The Tax Zone Tax Service Office but will not have any obligation to participate in its actual operation. An on-premises manager who has successfully completed our training program must supervise the business. Any on-premises manager that you hire may not have an interest in or a business relationship with any entity engaged in a business similar to that of a The Tax Zone Tax Service Office. Additionally, any on-premises manager must sign a written agreement to maintain confidentiality of the trade secrets described in Item 14 and conform with the confidentiality and non-competition covenants described in Item 17. The on-premises manager need not have an ownership interest in you, if you are a business entity.

If you operate as a corporation, partnership, or other form of business entity, each of your owners must guarantee your obligations and agree to a restriction on the transfer of their ownership interests under the terms of the Guaranty and Restriction Agreement attached as Attachment B to the Franchise Agreement; however, you generally may not advertise or promote your The Tax Zone Tax Service Office outside of your Protected Area (see Item 12).

Item 16
RESTRICTIONS ON WHAT THE FRANCHISE MAY SELL

You must offer for sale and sell at and from your DCAP Center only those products that we have approved. You may not offer for sale any products or perform any services that we have not authorized

or approved (see Item 8). We have the right to change the types of authorized products and services and there are no limits upon our right to do so.

We place no restrictions upon who you sell your products or services to, except that you may not solicit business outside of our Primary Area of Responsibility, but you may service clients who live outside of your area.

You must operate your The Tax Zone Tax Service Office in accordance with The Tax Zone Tax Service system as described in the Franchise Agreement, the Operations Manual, and in the standards and policies that we may provide to you in written or electronic form. You may not engage in any business or offer any other services or products in connection with your The Tax Zone Tax Service Office not a part of The Tax Zone Tax Service system or without our express authorization. You must provide only those products and services, including Bank Products, from approved suppliers or that otherwise meet our specifications (see Item 8 above). We may, in our sole discretion, change the types of goods and services that you offer from time to time. We do not restrict the customers to whom you may sell approved services and products.

Item 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

DCAP CENTERS

Provision	Article in Franchise Agreement	Summary
a. Length of the franchise term	Article II	10 years; successive 10 year automatic renewals.
b. Renewal or extension of the term	Article II	If you are in good standing, the Franchise Agreement shall automatically renew.
c. Requirements for franchisee to renew or extend	Article II	You have been in substantial compliance with your agreement. You may be asked to sign a contract with materially different terms and conditions than your original contract, but the boundaries of your territory will remain the same, and the fees on renewal will not be greater than the fees that we then impose on similarly situated renewing franchisees
d. Termination by franchisee	Article XIII	The Franchise Agreement does provide for this if we are in default and do not cure.

Provision	Article in Franchise Agreement	Summary
e. Termination by franchisor without cause	Not Applicable	Not Applicable
f. Termination by franchisor with cause	Article XIII	We can terminate only if you commit any one of several listed violations.
g. "Cause" defined – curable defaults	Article XIII	30 days for operations defaults, 30 days for monetary defaults.
h. "Cause" defined – non-curable defaults	Article XIII	Conviction of a felony, abandonment, unapproved transfers, bankruptcy, assignment for benefit of creditors, repeated violations, no property/casualty license.
i. Franchisee's obligations on termination/non-renewal	Article XIV	Pay outstanding amounts, de-identification, return of confidential information and telephone numbers (see also below).
j. Assignment of contract by franchisor	Article XII	No restriction on our right to assign.
k. "Transfer" by franchisee – defined	Article XII	Includes transfer of contract of assets or any ownership change.
l. Franchisor approval of transfer by franchisee	Article XII	We have the right to approve all transfers, our consent not to be unreasonably withheld.
m. Conditions for franchisor approval of transfer	Article XII	Transferee qualifies, all amounts due are paid in full, transferee completes training, transfer fee paid, then current contract signed.
n. Franchisor's right of first refusal to acquire franchisee's business	Article XII	We can match any offer.
o. Franchisor's option to purchase franchisee's business	Article XII	We can buy the business on termination or non-renewal.
p. Death or disability of franchisee	Article XII	Franchise must be assigned to approved buyer within 12 months.
q. Non-competition covenants during the term of the franchise	Article XV	Can't divert business or operate a competing business anywhere.
r. Non-competition covenants after the franchise is terminated or expires	Article XV	Can't compete for 2 years in area or within 25 miles of your area.

Provision	Article in Franchise Agreement	Summary
s. Modification of the agreement	Article XXIII	No modifications generally but all Manuals subject to change.
t. Integration/merger clause	Article XXVIII	Only terms of Franchise Agreement are binding (subject to state law).
u. Dispute resolution by arbitration or mediation	Article XXVI	Except for certain claims, all disputes must be arbitrated in New York (subject to state law).
v. Choice of forum	Article XXV	Arbitration in New York (subject to state law).
w. Choice of law	Article XXV	New York law applies (subject to state law).

THE TAX ZONE SERVICE OFFICES

Provision	Section in Franchise Agreement	Summary
a. Length of the franchise term	4	The Franchise Agreement runs for a term of ten years.
b. Renewal or extension of the term	4	You may renew the right to operate a The Tax Zone Tax Service franchise for up to five successive automatic ten-year terms.
c. Requirements for franchisee to renew or extend	4	You may be required to sign a new Franchise Agreement (which may contain terms materially different than the original contract), execute a general release of claims, and complete any retraining program we may require.
d. Termination by franchisee	19	You may terminate the Franchise Agreement only if we substantially fail to perform any of our material obligations to you under the Franchise Agreement after at least 60 days' written notice to us of the failure and our failure to perform any material obligation within that 60-day period.
e. Termination by franchisor without cause	Not Applicable	Not Applicable

Provision	Section in Franchise Agreement	Summary
f. Termination by franchisor with cause	20 & 21	We may terminate your Franchise Agreement after written notice of a curable default (and your subsequent failure to cure within the time allowed) or immediately upon written notice of an incurable default.
g. "Cause" defined – curable defaults	21	A curable default consists of the breach of any of your obligations under any agreement with us or our affiliates, other than an incurable default listed below. If you do not remedy a curable default within 14 days after notice, we may terminate your Franchise Agreement.
h. "Cause" defined – non-curable defaults	20	An incurable default will occur if (1) you are unable to obtain or fail to maintain an EFIN; (2) you close your The Tax Zone Tax Service Office for a period of more than two consecutive days during a Tax Season without our written consent; (3) you or any of your owners request the appointment of a receiver or have a receiver appointed for any of your or their assets; (4) you or any of your owners become insolvent or make a general assignment for the benefit of your or their creditors; (5) you or any of your owners file a petition or have an order for relief entered against you or them under the United States Bankruptcy Code; (6) you or any of your owners suffer a conviction for a crime involving moral turpitude, fraud, violation of any tax or financial reporting or licensing law, or any other offense reasonably likely, in our opinion, to have an adverse effect on The Tax Zone Tax Service system; (7) we discover a material inaccuracy in any of the representations made by you in the U.S. Bankruptcy Code; (6) you or any of your owners suffer a conviction for a crime involving moral turpitude, fraud, violation of

Provision	Section in Franchise Agreement	Summary
		any tax or financial reporting or licensing law, or any other offense reasonably likely, in our opinion, to have an adverse effect on The Tax Zone Tax Service system; (7) we discover a material inaccuracy in any of the representations made by you in the Franchisee;(8) you maintain false books or records; (9) you breach the same provision of the Franchise Agreement on three occasions within any 12-month period; (10) you commit a breach of the Franchise Agreement, which, by its nature, you cannot cure or which you let us know you do not intend to cure; (11) you do not meet the minimum performance standards during a Tax Season as required in Section 7(m) of the Franchise Agreement; or (12) you or your representatives knowingly make any false or defamatory statements, or submit information to any third party, that we believe is reasonably likely to have an adverse effect on us or the goodwill associated with the Franchised System or the Proprietary Marks. The provision that your filing of a bankruptcy petition constitutes an incurable default may not be enforceable under current U.S. Bankruptcy Laws
i. Franchisee's obligations on termination/non-renewal	24	You must (1) comply with all non-competition and confidentiality provisions of the Franchise Agreement; (2) promptly pay us and our affiliates all amounts owed; (3) not use or adopt The Tax Zone Tax Service system or any of our proprietary marks or intellectual property; (4) remove from the business all signs, emblems and displays identifying it as associated with The Tax Zone Tax Service system; (5) cease to use and return to us all copies of the Operations

Provision	Section in Franchise Agreement	Summary
		Manual, all confidential information, and all other proprietary materials developed by or delivered to you; (6) cease to hold yourself out in any way as our franchisee or to do anything which would indicate any relationship between you and us; (7) change the exterior and interior design and décor of the business and make all changes in signs, buildings and structures which we direct to distinguish the building from its former appearance as a The Tax Zone Tax Service franchise; and (8) transfer to us all telephone listings, domain names, and web pages for your The Tax Zone Tax Service franchise or which contain, use or display any of our proprietary marks or intellectual property. In the event you are unwilling or unable to perform these obligations within the time required by the Franchise Agreement, you appoint us as your attorney-in-fact to perform these functions in your stead and agree to reimburse us for all of our costs, including salaries and overhead, we incur in performing these obligations for you.
j. Assignment of contract by franchisor	16(a)	We may transfer, assign or pledge our interest in the Franchise Agreement, in whole or in part, to any person,
k. "Transfer" by franchisee – defined	16(b)	Any transfer of any interest in your Franchise Agreement, in you, or all or substantially all of the assets of The Tax Zone Tax Service Office, either directly or indirectly, will constitute a "transfer" of your Franchise Agreement or you.
l. Franchisor approval of transfer by franchisee	16(b)	You generally may not transfer any interest in your Franchise Agreement or in you without our consent.
m. Conditions for franchisor approval of transfer	16(b)	We may impose any condition for our approval, including (1) the

Provision	Section in Franchise Agreement	Summary
		proposed transferee must satisfy all of the requirements and conditions then being used to qualify a person as a new Franchisee; (2) the proposed transferee must comply with the provisions of Section 19 of the Franchise Agreement relating to business entities; (3) you must satisfy all of your accrued monetary obligations to us and our affiliates; (4) you must cure all existing defaults under the Franchise Agreement; (5) you must execute and deliver a general release of all claims against us and our affiliates; (6) the transferee must execute and deliver our then current form of Franchise Agreement with the same expiration date and remaining renewal term (if any); and (7) you must pay us a transfer fee. Your local law may supersede this provision with respect to the requirement that you execute a general release of all claims
n. Franchisor's right of first refusal to acquire franchisee's business	17	We have a right of first refusal to purchase your The Tax Zone Tax Service franchise or any interest in you or the Franchise Agreement that you propose to sell on the same terms and conditions offered to you by a third party.
o. Franchisor's option to purchase franchisee's business	16(a) & 25	If the Franchise Agreement is transferred or assigned in connection with the purchase by a third party of all or part of our assets or ownership interests in us or the Franchised System, then, upon 90 days' notice to you, we or the purchaser will have the right, but not the obligation, to purchase the Franchised Storefront Office for a purchase price equal to two times the audited Gross Sales of The Tax Zone Tax Service Office for the most recently completed 12 month period preceding the date we provide our notice to you.

Provision	Section in Franchise Agreement	Summary
		We also have an option to purchase your The Tax Zone Tax Service Office for its fair market value upon the termination or expiration of the Franchise Agreement for any reason, including the expiration of any renewal term(s).
p. Death or disability of franchisee	16(b)	In the event of your death or permanent disability, the Franchise Agreement will terminate within 90 days unless we give our written consent to the assignment of the Franchise Agreement to your lawful successor under the other provisions of Section 17 of the Franchise Agreement.
q. Non-competition covenants during the term of the franchise	8	You may not, either directly or indirectly through any financial or beneficial interest in any other person, engage in any business similar to that operated under The Tax Zone Tax Service system, other than a franchised The Tax Zone Tax Service location.
r. Non-competition covenants after the franchise is terminated or expires	8	For a period of two years after the termination or expiration of the Franchise Agreement, you may not, either directly or indirectly through any financial or beneficial interest in any other person, engage in any business similar to that operated under The Tax Zone Tax Service system, other than a franchised The Tax Zone Tax Service location, at the site of The Tax Zone Tax Service Office, or within the Protected Area or within a 10-mile radius of The Tax Zone Tax Service Office, or within five miles of any operating The Tax Zone Tax Service location.

Provision	Section in Franchise Agreement	Summary
s. Modification of the agreement	6 & 43	We may alter the Operations Manual as we deem necessary. We and you must agree in writing to any modifications to your Franchise Agreement. However, we, or Bank Product providers may require you to enter into new financial product agreements, as necessary, in order for you to offer Bank Products in future Tax Seasons.
t. Integration/merger clause	31	Your Franchise Agreement will constitute the entire agreement and understanding between you and us. Your Franchise Agreement will supersede all previous discussions, representations and understandings to the extent inconsistent with the provisions of your Franchise Agreement or this Disclosure Document; but this provision will not act, or be interpreted, as a disclaimer of any representations made in this Disclosure Document.
u. Dispute resolution by arbitration or mediation	23	The Franchise Agreement requires that you resolve all disputes between you and us and/or our affiliates relating to your The Tax Zone Tax Service franchise through binding arbitration at a location within 30 miles of our then-existing principal office, and you must first meet to mediate the dispute. Your local law may supersede this provision.
v. Choice of forum	36	Any litigation between you and us and/or our affiliates relating to your The Tax Zone Tax Service franchise must take place in the judicial district in which we have our principal place of business at the time the action is commenced. Currently, our office is in Nassau County, New York. Your local law may supersede this provision

Provision	Section in Franchise Agreement	Summary
w. Choice of law	35	New York and applicable Federal law will apply to your Franchise Agreement and all rights and duties under the Franchise Agreement. Your local law may supersede this provision

Item 18
PUBLIC FIGURES

We do not use any public figures 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 only 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 Abe Weinzimer at 956 South Broadway, Hicksville, New York 11801 and (516) 822-4848, the Federal Trade Commission, and the appropriate state regulatory agencies.

Item 20
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
Systemwide Outlet Summary
For years 2019, 2020, 2021

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Start-Up DCAP Franchises	2019	14	12	-2
	2020	12	12	0
	2021	12	9	-3

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Conversion DCAP Franchises	2019	12	10	-2
	2020	10	9	-1
	2021	9	9	0
The Tax Zone Tax Service Franchises	2019	17	17	0
	2020	17	17	0
	2021	17	19	+2
Company-Owned DCAP Centers	2019	2	2	0
	2020	2	2	0
	2021	2	1	-1
Company-Owned Conversion DCAP Centers	2019	1	1	0
	2020	1	1	0
	2021	1	1	0
Company-Owned The Tax Zone Tax Service Offices	2019	0	0	0
	2020	0	0	0
	2021	0	0	0
Total Outlets	2019	45	45	0
	2020	45	48	+3
	2021	48	46	-2

Table No. 2-A
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
DCAP Centers
For years 2019, 2020, 2021

Column 1 State	Column 2 Year	Column 3 Number of Transfers
New York	2019	0
	2020	1
	2021	1
Total	2019	0
	2020	1
	2021	1

Table No. 2-B
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
Conversion DCAP Centers
For years 2019, 2020, 2021

Column 1 State	Column 2 Year	Column 3 Number of Transfers
None	2019	0
	2020	0
	2021	0
Total	2019	0
	2020	0
	2021	0

Table No. 2-C
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
Instant Tax Center Offices
For years 2019, 2020, 2021

Column 1 State	Column 2 Year	Column 3 Number of Transfers
None	2019	0
	2020	0
	2021	0
Total	2019	0
	2020	0
	2021	0

Table 3-A
Status of Franchised Outlets – Start-Up DCAP Franchises
For years 2019, 2020, 2021

Col 1 State	Col 2 Year	Col 3 Outlets at Start of Year	Col 4 Outlets Opened	Col 5 Termina-tions	Col 6 Non-Renewals	Col 7 Reacquired by Franchisor	Col 8 Ceased Operations – Other Reasons	Col 9 Outlets at End of the Year
New York	2019	14	0	0	0	0	2	12
	2020	12	1	0	0	0	1	12
	2021	12	0	0	0	0	3	9
Total	2019	14	0	0	0	0	2	12
	2020	12	1	0	0	0	1	12

Col 1 State	Col 2 Year	Col 3 Outlets at Start of Year	Col 4 Outlets Opened	Col 5 Termina-tions	Col 6 Non-Renewals	Col 7 Reacquired by Franchisor	Col 8 Ceased Operations – Other Reasons	Col 9 Outlets at End of the Year
	2021	12	0	0	0	0	3	9

Table 3-B
Status of Franchised Outlets – Conversion DCAP Franchises
For years 2019, 2020, 2021

Col 1 State	Col 2 Year	Col 3 Outlets at Start of Year	Col 4 Outlets Opened	Col 5 Termina-tions	Col 6 Non-Renewals	Col 7 Reacquired by Franchisor	Col 8 Ceased Operations – Other Reasons	Col 9 Outlets at End of the Year
New York	2019	12	0	0	0	0	2	10
	2020	10	0	0	0	0	1	9
	2021	9	0	0	0	0	0	9
Total	2019	12	0	0	0	0	2	10
	2020	10	0	0	0	0	1	9
	2021	9	0	0	0	0	0	9

Table 3-C
Status of Franchised Outlets – The Tax Zone Tax Service Franchises*
For years 2019, 2020, 2021

Col 1 State	Col 2 Year	Col 3 Outlets at Start of Year	Col 4 Outlets Opened	Col 5 Termina-tions	Col 6 Non-Renewals	Col 7 Reacquired by Franchisor	Col 8 Ceased Operations – Other Reasons	Col 9 Outlets at End of the Year
NY	2019	17	1	0	0	0	1	17
	2020	17	1	0	0	0	1	17
	2021	17	2	0	0	0	0	19
Total	2019	17	1	0	0	0	1	17
	2020	17	1	0	0	0	1	17
	2021	17	2	0	0	0	0	19

Table No. 4-A
Status of Company-Owned DCAP Outlets
For years 2019, 2020, 2021

Col 1 State	Col 2 Year	Col 3 Outlets at Start of Year	Col 4 Outlets Opened	Col 5 Outlets Reacquired from Franchisee	Col 6 Outlets Closed	Col 7 Outlets Sold to Franchisee	Col 8 Outlets at End of the Year
New York	2019	2	0	0	0	0	2
	2020	2	0	0	0	0	2
	2021	2	0	0	1	0	1
Total	2019	2	0	0	0	0	2
	2020	2	0	0	0	0	2
	2021	2	0	0	1	0	1

Table No. 4-B
Status of Company-Owned Conversion DCAP Outlets
For years 2019, 2020, 2021

Col 1 State	Col 2 Year	Col 3 Outlets at Start of Year	Col 4 Outlets Opened	Col 5 Outlets Reacquired from Franchisee	Col 6 Outlets Closed	Col 7 Outlets Sold to Franchisee	Col 8 Outlets at End of the Year
New York	2019	1	0	0	0	0	1
	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
Total	2019	1	0	0	0	0	1
	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1

Table No. 4-C
Status of Company-Owned The Tax Zone Tax Service Outlets
For years 2019, 2020, 2021

Col 1 State	Col 2 Year	Col 3 Outlets at Start of Year	Col 4 Outlets Opened	Col 5 Outlets Reacquired from Franchisee	Col 6 Outlets Closed	Col 7 Outlets Sold to Franchisee	Col 8 Outlets at End of the Year
None	2019	0	0	0	0	0	0
	2020	0	0	0	0	0	0

Col 1 State	Col 2 Year	Col 3 Outlets at Start of Year	Col 4 Outlets Opened	Col 5 Outlets Reacquired from Franchisee	Col 6 Outlets Closed	Col 7 Outlets Sold to Franchisee	Col 8 Outlets at End of the Year
	2021	0	0	0	0	0	0
Total	2019	0	0	0	0	0	0
	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0

Table No. 5-A
Projected Openings for Start-up DCAP Franchises
as of December 31, 2021

STATE	FRANCHISE AGREEMENTS SIGNED BUT LOCATION NOT OPENED	PROJECTED FRANCHISED NEW LOCATIONS IN THE NEXT YEAR	PROJECTED COMPANY OWNED OPENINGS IN NEXT YEAR
New York	0	1	0
Totals	0	1	0

Table No. 5-B
Projected Openings for Conversion DCAP Franchises
as of December 31, 2021

STATE	FRANCHISE AGREEMENTS SIGNED BUT LOCATION NOT OPENED	PROJECTED FRANCHISED NEW LOCATIONS IN THE NEXT YEAR	PROJECTED COMPANY OWNED OPENINGS IN NEXT YEAR
None	0	0	0
Totals	0	0	0

Table No. 5-C
Projected Openings for The Tax Zone Tax Service Franchises
as of December 31, 2021

STATE	FRANCHISE AGREEMENTS SIGNED BUT LOCATION NOT OPENED	PROJECTED FRANCHISED NEW LOCATIONS IN THE NEXT YEAR	PROJECTED COMPANY OWNED OPENINGS IN NEXT YEAR
None	0	0	0
Totals	0	0	0

A list of the names of all franchisees and the addresses and telephone numbers of their DCAP Centers are provided in Exhibit E-1 to this Disclosure Document. A list of the names of all franchisees

and the addresses and telephone numbers of their The Tax Zone Tax Service Offices in the metropolitan New York area are provided in Exhibit E-2 to this Disclosure Document.

The name, city, state and current business telephone number (or if unknown, the last known home telephone number) of every franchisee who had a DCAP Center terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance date of this disclosure document are listed on Exhibit F-1 to this Disclosure Document. The name, city, state and current business telephone number (or if unknown, the last known home telephone number) of every franchisee who had a The Tax Zone Tax Service Office in the metropolitan New York area terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance date of this disclosure document are listed on Exhibit F-2 to this Disclosure Document. **If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.**

During the last three fiscal years, we have not had any franchisees sign confidentiality provisions that would restrict their ability to speak openly about their experience with the DCAP System or The Tax Zone Tax Service System.

There are no trademark-specific organizations formed by our franchisees that are associated with the DCAP System or The Tax Zone Tax Service System.

Item 21
FINANCIAL STATEMENTS

Attached to this Disclosure Document as Exhibit G are our audited financial statements for the period ending December 31, 2019, 2020 and 2021. Also attached are our unaudited financial statements as of September 30, 2022..

Our fiscal year end is December 31.

Item 22
CONTRACTS

The following agreements are attached as exhibits to this Disclosure Document:

Franchise Agreement – DCAP Center – Exhibit C-1
Franchise Agreement – The Tax Zone Tax Service Office – Exhibit C-2
Form of Promissory Note – DCAP Center – Exhibit H-1
Form of Promissory Note and Security Agreement – The Tax Zone Tax Service Office – Ex. H-2
Form of General Release – Exhibit J

Item 23
RECEIPTS

Two copies of an acknowledgment of your receipt of this Disclosure Document appear at the end of the Disclosure Document at Exhibit K. Please return one signed copy to us and retain the other for your records.

EXHIBIT A TO THE DISCLOSURE DOCUMENT

LIST OF STATE AGENCIES/AGENTS FOR SERVICE OF PROCESS

This list includes the names, addresses and telephone numbers of state agencies having responsibility for franchising disclosure/registration laws, and serving as our agents for service of process (to the extent that we are registered in their states). This list also includes the names, addresses and telephone numbers of other agencies, companies or entities serving as our agents for service of process.

State	State Agency	Agent for Service of Process
CALIFORNIA	Commissioner of the Department of Financial Protection and Innovation Department of Financial Protection and Innovation 320 West 4th Street, Suite 750 Los Angeles, CA 90013 (213) 576-7505 Toll-free (866-275-2677)	Commissioner of the Department of Financial Protection and Innovation
CONNECTICUT	State of Connecticut Department of Banking Securities & Business Investments Division 260 Constitution Plaza Hartford, CT 06103-1800 (860) 240-8230	Banking Commissioner
HAWAII	Business Registration Division Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722	Commissioner of Securities of the State of Hawaii
ILLINOIS	Office of Attorney General Franchise Division 500 South Second Street Springfield, IL 62706 (217) 782-4465	Illinois Attorney General
INDIANA	Indiana Secretary of State Securities Division 302 West Washington St., Room E-111 Indianapolis, IN 46204 (317) 232-6681	Indiana Secretary of State 201 State House Indianapolis, IN 46204
MARYLAND	Office of the Attorney General Division of Securities 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Maryland Securities Commissioner 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360
MICHIGAN	Michigan Department of Attorney General Consumer Protection Division Antitrust and Franchise Unit 670 Law Building Lansing, MI 48913 (517) 373-7117	Michigan Department of Commerce, Corporations and Securities Bureau
MINNESOTA	Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500	Minnesota Commissioner of Commerce

State	State Agency	Agent for Service of Process
NEW YORK	NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21st Floor New York, NY 10005 (212) 416-8222 Phone	Attention: New York Secretary of State New York Department of State One Commerce Plaza 99 Washington Avenue, 6th Floor Albany, NY 11231-0001 (518) 473-2492
NORTH DAKOTA	North Dakota Securities Department 600 East Boulevard, 5th Floor Bismarck, ND 58505-0510 (701) 328-4712	North Dakota Securities Commissioner
OREGON	Department of Consumer and Business Services Division of Finance and Corporate Labor and Industries Building Salem, Oregon 97310 (503) 378-4387	Director of the Department of Consumer and Business Services
RHODE ISLAND	Department of Business Regulation Division of Securities 1511 Pontiac Avenue, Building 69-1 Cranston, RI 02920 (401) 462-9585	Director of Rhode Island Department of Business Regulation
SOUTH DAKOTA	Division of Insurance Securities Regulation 124 South Euclid, Suite 104 Pierre, SD 57501 (605) 773-3563	Director of Insurance-Securities Regulation
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, VA 23219 (804) 371-9051	Clerk of State Corporation Commission 1300 East Main Street, 1st Floor Richmond, VA 23219 (804) 371-9733
WASHINGTON	Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, WA 98507-9033 (360) 902-8760	Director of Washington Financial Institutions Securities Division 150 Israel Road, SW Tumwater, WA 98501
WISCONSIN	Wisconsin Securities Commissioner Securities and Franchise Registration 345 W. Washington Avenue Madison, WI 53703 (608) 266-8559	Commissioner of Securities of Wisconsin

EXHIBIT B TO THE DISCLOSURE DOCUMENT

STATE ADDENDUM

EXHIBIT B

ADDENDUM TO THE DCAP MANAGEMENT CORP. DISCLOSURE DOCUMENT REQUIRED BY THE DEPARTMENT OF LAW OF THE STATE OF NEW YORK

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

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NEW YORK 10005. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

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

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

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

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

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

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

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

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

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

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

5. The following is added to the end of the "Summary" sections of Item 17(c), titled "Requirements for franchisee to renew or extend," and Item 17(m), entitled "Conditions for franchisor approval of transfer":

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

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

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

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

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

8. The following is added to the end of the "Summary" sections of Item 17(v), titled "Choice of forum", and Item 17(w), titled "Choice of law":

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

THE PARTIES HERETO have duly executed, sealed and delivered this Addendum on _____.

FRANCHISEE	DCAP MANAGEMENT CORP.
By:_____	By:_____
Name:_____	Name:_____
Title:_____	Title:_____

EXHIBIT C-1 TO THE DISCLOSURE DOCUMENT

FRANCHISE AGREEMENT – DCAP CENTER

DCAP MANAGEMENT CORP.

DCAP INSURANCE FRANCHISE AGREEMENT

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"A" Area for Center Location
"B" Location of Center
"C" Primary Area of Responsibility
"D" Authorization Agreement for Direct Debit
"E" Site Location Addendum
"F" Transfer of Franchise to A Corporation or Limited Liability Company
"G" Assignment of Telephone Numbers
"H" Confidentiality and Non-Competition Agreement
"I" Franchisee Disclosure Acknowledgment Statement

DCAP MANAGEMENT CORP.

FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT ("Agreement") is made and entered into on _____, between DCAP MANAGEMENT CORP. a New York corporation, having its principal address at 956 South Broadway, Hicksville, New York 11801 (hereinafter referred to as "Franchisor") and _____, an individual residing at _____, (hereinafter referred to as "Franchisee").

W I T N E S S E T H:

WHEREAS, Franchisor, as the result of the expenditure of time, skill, effort, and money, has developed and owns a system (hereinafter "System") for the operation of a Center that offers a wide range of insurance products to individual and commercial clients, which products include automobile, property and casualty, homeowners, life insurance, disability, towing and road service, and such non-insurance products as premium financing and other related and non-related services and products ("Center"). The System includes, but is not limited to, certain techniques for management, promotion and operation; and advertising methods and formulae, all of which may be changed, updated, improved and further developed by Franchisor from time to time;

WHEREAS, Franchisor identifies the System and the business conducted in accordance with the System under certain trademarks, service marks, logos, emblems, and indicia of origin (hereinafter "Proprietary Marks"), including, but not limited to, the name and mark "DCAP INSURANCE" and other such trade names, service marks, and trademarks as may be designated now or hereafter by Franchisor (in the Confidential Operating Manual or otherwise in writing) for use in connection with the System;

WHEREAS, Franchisee must have and maintain a property and casualty insurance broker's license in the state in which the Center is to be located at the time the Center opens, which license shall be in good standing; and Franchisee desires to enter into the business of owning and operating a storefront Center in accordance with the System and wishes to obtain a franchise from Franchisor for that purpose, as well as to receive the marketing, training and other assistance provided by Franchisor in connection therewith;

WHEREAS, Franchisee understands and acknowledges the importance of Franchisor's high standards of quality and service and the necessity of operating the Franchised Business hereunder in conformity with Franchisor's standards and specifications, and therefore has no pending criminal investigations or proceedings against him, nor has he filed for personal bankruptcy within ten (10) years of the date of this Agreement;

WHEREAS, Franchisee recognizes the benefits to be derived from being identified with and being a franchisee of Franchisor and being able to utilize the System and the Proprietary Marks which Franchisor makes available to its franchisees;

WHEREAS, Franchisee desires to obtain a franchise, to use the System and the Proprietary Marks at the location described in Attachment "A", pursuant to the provisions hereof, and Franchisee has had a full and adequate opportunity to be thoroughly advised of the terms and conditions of this Franchise Agreement by counsel of his own choosing and represents and warrants that he has the business experience and financial ability to operate a Center;

WHEREAS, Franchisee acknowledges that he has read this Agreement and Franchisor's Disclosure Document and that Franchisee understands and accepts the terms, conditions and covenants contained in this Agreement as being reasonably necessary to maintain uniform high standards of quality at all Centers and to protect the goodwill of the Proprietary Marks;

WHEREAS, Franchisor expressly disclaims the making of any warranty or guarantee, expressed or implied, oral or written, regarding the potential revenues, profits or success of the business venture contemplated by this Agreement. Franchisee acknowledges that he has not received or relied upon any such warranty or guarantee;

WHEREAS, Franchisee acknowledges that he has no knowledge of any representations by Franchisor, its officers, directors, shareholders or representatives about the franchise offered hereunder, about Franchisor or its franchising programs and policies that are contrary to the statements in Franchisor's Disclosure Document or to the terms of this Agreement;

WHEREAS, Franchisee acknowledges that this Agreement places detailed and substantial obligations on Franchisee, including strict adherence to Franchisor's reasonable present and future requirements regarding facilities, equipment, operating procedures, management methods, merchandising strategies, sales promotion programs and related matters. Franchisee acknowledges that future improvements, changes and developments in the System may require additional expense to be undertaken by Franchisee;

BEFORE SIGNING THIS AGREEMENT, FRANCHISEE SHOULD READ IT CAREFULLY WITH ASSISTANCE OF LEGAL COUNSEL

NOW, THEREFORE, the parties, in consideration of the undertakings and commitments of each party to the other party set forth herein, hereby agree as follows:

ARTICLE I
GRANT OF FRANCHISE

1.1 Franchisor hereby grants to Franchisee, upon the terms and conditions herein contained, the right and franchise, and Franchisee undertakes the obligation, to operate a storefront Center (hereinafter referred to as the "Center" or the "Franchised Business") under the Proprietary Marks, and to use the System solely in connection therewith.

If, at the time of execution of this Agreement, a suitable location for the Center has not been agreed to by the parties, then Franchisee shall be obligated to find a suitable location and be open for business within six (6) months from the date of this Agreement. Franchisee must submit to Franchisor for its approval, which approval shall not be unreasonably withheld, the address of the location Franchisee wishes to use for the Center, which shall be within the area described in Attachment "A" to this Agreement; and after Franchisor has approved the Center's location, a written description of such location shall be inserted in Attachment "B" by a separate Addendum to this Agreement and shall form a part hereof.

If, at the time of execution of this Agreement, a suitable location for the Center has been agreed to by the parties, then Franchisee shall be obligated to be open for business within six (6) months from the date of this Agreement. The address of the location approved by Franchisor shall be inserted in Attachment "B".

In the event, however, that an area or location for the Center has been selected as of the date hereof, Franchisee shall not relocate the Center without the prior written approval of Franchisor, which approval may not be unreasonably withheld.

1.2 During the term of this Agreement, Franchisor agrees not to establish or operate a company-owned Center, nor will it grant franchises to others to operate Centers under the System within the Primary Area of Responsibility described in Attachment "C" hereto. Except as specified in the preceding sentence, this franchise is non-exclusive.

1.3 Franchisee agrees to use his best efforts to advertise and promote the Franchised Business within his Primary Area of Responsibility as set forth in Attachment "C".

1.4 This Agreement does not grant to Franchisee any development right within the area described in Attachment "A" hereto, except with respect to his particular Franchised Business.

1.5 Notwithstanding the foregoing to the contrary, Franchisor reserves the following rights:

A. to own or operate, and/or to grant others rights to own and/or operate, other businesses anywhere throughout the world, whether or not such businesses are competitive, so long as such businesses:

(i) operate under any marks other than the Proprietary Marks; or

(ii) operate under the Proprietary Marks, but not at a retail insurance agency site located within the Primary Area of Responsibility; and

B. to market to customers located anywhere throughout the world any products and services, whether or not the products or services are competitive and/or use the Proprietary Marks and/or the DCAP System; and

C. to sell or distribute, and/or grant others the rights to sell or distribute, at any location throughout the world, including within the Primary Area of Responsibility, any products or services in any alternative channel of distribution, whether or not the products or services are competitive and/or sold or distributed using the Proprietary Marks and/or the DCAP System. An "alternative channel of distribution" includes, but is not limited to, radio, television, direct mail, catalogs, the internet, third party or alternative websites and software/communications/electronic networks. Franchisor agrees that if it makes any sales to customers who reside within the Primary Area of Responsibility, Franchisor will pay Franchisee an amount that Franchisor reasonably determines will compensate Franchisee; and

D. to make the DCAP website available by license, sale or any other means to parties outside of the DCAP System; and

E. to acquire any other businesses, wherever located, even if they are in the Primary Area of Responsibility, which have other units, whether or not franchised, and to convert them to the DCAP franchise format and/or any other format; and

F. to be acquired and converted to a format different from DCAP, and/or if Franchisor's other businesses or company-owned Centers are converted to a format different from DCAP; and

G. to develop or become associated with other business concepts (including other franchise systems) for the same, similar, related or any other products and/or services; and

H. to sell all or a portion of Franchisor's assets, its Proprietary Marks or its System to a third party; to issue its capital stock by public offering; to engage in a private placement of some or all of its securities; or to refinance, restructure or recapitalize.

ARTICLE II
TERM AND RENEWAL

2.1 Except as otherwise provided in this Agreement, the term of this Agreement shall be for ten (10) years from the date Franchisee commences his Center operations.

2.2 This Agreement shall be automatically renewed every ten (10) years except as follows:

A. Franchisee has given Franchisor written notice of his election not to renew at least ninety (90) days prior to the end of the initial term;

B. Franchisee is in default of any material provision of this Agreement, any amendment hereof or successor hereto, or any other agreement between Franchisee and Franchisor, and has not substantially complied with all the terms and conditions of all such agreements during the terms thereof;

C. Franchisee has not satisfied all monetary obligations owed by Franchisee to Franchisor, any subsidiary or affiliate of Franchisor, all of Franchisee's trade and other creditors and to Franchisee's landlord, and has met these obligations when due throughout the initial term;

D. Franchisee has not complied with Franchisor's then-current financial qualifications and retraining requirements at no additional cost to Franchisee, except for his travel and/or personal living expenses; and

E. Franchisee's insurance license is not valid and in good-standing at the time of renewal.

ARTICLE III
DUTIES OF FRANCHISOR

3.1 In order to assist Franchisee in the establishment of the storefront Center and during the operation of the Center, Franchisor shall be obligated to perform the following duties on behalf of Franchisee:

A. Provide Franchisee with such site selection assistance and evaluation as Franchisor, in its sole discretion, deems advisable or necessary as part of Franchisor's evaluation of a proposed site.

B. Provide a pre-opening training program at a "DCAP" center for Franchisee and, if necessary, at Franchisee's Center. Franchisor may, in its sole discretion, make additional training programs, workshops and/or seminars available to Franchisee and to Franchisee's personnel as Franchisor deems appropriate. All training provided by Franchisor shall be subject to the terms set forth in Section 5.4 of this Agreement, and shall be at such times as may be designated by Franchisor.

C. Provide telephonic consultation and advisory assistance with respect to the selection of insurance programs, underwriting, placement, insurance company representation, techniques in sales, financial and agency management.

D. Upon the commencement of Franchisee's pre-opening training program, Franchisor shall loan to Franchisee for the term of this Agreement and any renewal hereof, one (1) copy of the Confidential Operating Manual ("Manual"), as more fully described in Article VII hereof.

E. Provide Franchisee with sample letterhead, envelopes, business cards, ad slicks and other similar promotional materials to promote the grand opening of the Center. In addition, Franchisor will review and approve in advance all proposed advertising and materials prepared by Franchisee for use in local advertising in accordance with the procedures set forth in Article IX hereof.

F. Franchisor may, from time to time, offer to Franchisee at no charge bulletins on improvements and developments in management techniques and business and operational procedures.

G. Franchisor shall provide Franchisee with access to Franchisor's insurance carriers (who are available within Franchisee's Primary Area of Responsibility) for the purpose of placing policies for Franchisee's clients, subject to approval of Franchisee by the insurance carrier.

H. Franchisor may, if Franchisee requests, provide guidance to Franchisee in hiring the initial staff for the Center.

ARTICLE IV
FEES

4.1 In consideration of the franchise granted herein, Franchisee shall pay to Franchisor the following fees:

A. Franchisee shall pay to Franchisor Twenty-Five Thousand Dollars ($25,000) upon the execution of this Agreement by issuance of a certified or bank check, which fees shall be deemed fully earned and non-refundable upon execution of this Agreement and which shall be in consideration of expenses incurred by Franchisor in furnishing assistance and services to Franchisee and for Franchisor's lost or deferred opportunity to franchise others within Franchisee's Primary Area of Responsibility.

B. Franchisee shall pay to Franchisor a Continuing Monthly Service Fee commencing three (3) months after the opening of the Franchised Business, and continuing during the term of this Agreement as follows: Eight Hundred Twenty-Five Dollars ($825). The Eight Hundred Twenty-Five Dollars ($825) per month shall increase five percent (5%) per month on an annual basis, starting the second year ("Continuing Monthly Service Fee"). The annual increase shall be cumulative, not to exceed One Thousand Five Hundred Dollars ($1,500) per month.

4.2 All Continuing Monthly Service Fee payments required by this Article IV shall be due to Franchisor on the first day (1st) of each month for the operations conducted during that month. Any payment not actually received by Franchisor on or before such date shall be deemed overdue unless postmarked at least five (5) days prior to the date it was due. If any payment is overdue, Franchisee shall pay to Franchisor immediately upon demand the overdue amount, together with interest on such amount from the date it was due until paid, at the lesser of two (2) percentage points above the prime rate charged by Citibank of New York on the date payment was due or the maximum rate permitted by law. The foregoing shall be in addition to any other remedies Franchisor may have against Franchisee.

4.3 The Continuing Monthly Service Fee shall be increased or decreased automatically, effective as of the first day of each year, commencing with the sixth year after the execution of the Franchise Agreement, without notice from Franchisor, to reflect the percentage change in the Consumer Price Index for the month preceding the start of each year. The Consumer Price Index is defined below.

The Term "Consumer Price Index" shall mean the "Consumer Price Index" published for New York by the Bureau of Labor Statistics of the U.S. Department of Labor, all urban consumers, U.S. City Average, All Items (1984 = 100) (CPI-U) or a successor or substitute index appropriately adjusted. In the event that the Consumer Price Index ceases to use 1984 = 100 as the basis of calculation, or if a substantial change is made in the terms or number of items contained in the Consumer Price Index, then the Consumer Price Index shall be adjusted to the figure that would have been arrived at had the manner of computing the Consumer Price Index in effect at the date of this Agreement not been altered. In the event such Consumer Price Index (or a successor or substitute index) is not available, a reliable governmental or other non-partisan publication evaluating the information theretofore used in determining the Consumer Price Index shall be used.

No adjustments or re-computation, retroactive or otherwise, shall be made due to any revision which may later be made in the first published figure on the Consumer Price Index.

4.4 Franchisee shall give Franchisor authorization (in the form attached as Attachment D or such other form as Franchisor shall accept) for prearranged payments (debits) from Franchisee's business operating account. Under this procedure, Franchisee shall authorize Franchisor to initiate debit entries and/or credit collection entries to a designated checking or savings account for the monthly payment of the Continuing Monthly Service Fee and Advertising Fees payable hereunder and any delinquent charges due thereon. Franchisee shall make the funds available for withdrawal by electronic transfer by Franchisor no later than the first day of each month.

4.5 Franchisor shall not be required to share any pecuniary benefit that it receives from any insurance carrier with Franchisee.

4.6 Franchisor shall have the absolute right, in its sole discretion, to offset from any commissions due to Franchisee the amount of any and all past due Continuing Monthly Service Fees or Advertising Fees.

4.7 Franchisor shall have the right to apply a credit toward Franchisee's Continuing Monthly Service Fees for each written policy placed with one of Franchisor's general agents.

4.8 Franchisor shall have the right to charge interest on late payments. If charged, you must pay interest at the simple daily equivalent rate of sixteen percent (16%) per year, or the highest legal rate of interest permitted by law, whichever is less, on any amounts owed to us that are more than five (5) days overdue.

ARTICLE V
DUTIES OF FRANCHISEE

5.1 Franchisee understands and acknowledges that every detail of the System is important to Franchisee, Franchisor, and other franchisees for the purpose of developing and maintaining high operating standards and system-wide uniformity to increase the demand for the services rendered by all the Centers under the System, and to protect Franchisor's reputation and goodwill.

5.2 Franchisee shall be obligated to obtain a fully executed lease of his storefront premises after execution of this Agreement and following Franchisor's prior approval to lease the premises selected for the Franchised Business. Thereafter, Franchisee shall commence operations thirty (30) days from the date a Lease Agreement is executed, but no later than six (6) months following the execution of this Agreement. Prior to opening, and as a condition precedent to opening, Franchisee shall complete all interior construction in the Center, including installation of fixtures and furnishings, and purchase of required equipment, including a computer hardware system, pursuant to the standard prototypical plans and specifications provided by Franchisor.

5.3 The Lease Agreement shall give Franchisor and its agents and designees the right to enter the premises to conduct reasonable inspections without prior notice, at any time during regular business hours, and the right (but no duty) to assume the Lease Agreement for all or any part of its term if Franchisee defaults under the Lease Agreement and is evicted, or if this Agreement expires or is terminated for any reason. Franchisee further agrees that, during the term of this Agreement, he shall not lease or sublet to others, without Franchisor's prior written consent (which may be reasonably withheld), all or any part of the space obtained by Franchisee for use in the operation of the Franchised Business.

5.4 Franchisee agrees that it is important to the continued operation of the System and the Franchised Business that Franchisee and Franchisee's employees receive such training as Franchisor may reasonably require, and to that end Franchisee agrees as follows:

A. Franchisor shall provide for the training instructors, facilities, and training materials in connection with Franchisor's initial training required by this Section, without charge to Franchisee (except for on-site training). Franchisee will be required to remit the then-current per diem fee for on-site training.

B. Franchisee and Franchisee's employees may be required to attend workshops and seminars as Franchisor may, from time to time, offer, at its discretion, that may incur additional cost to Franchisee.

C. Franchisee shall pay all of his personal expenses and those of his staff which are incurred in connection with all training programs, including, without limitation, the cost of travel, room, board and employee wages.

5.5 Franchisee shall operate the Franchised Business in conformity with such reasonable standards, techniques, and procedures as Franchisor may from time to time prescribe in the Manual or otherwise in writing, and shall refrain from deviating therefrom without Franchisor's prior written consent. To this end, Franchisee shall offer to his clients all of the services and insurance products which Franchisor may, from time to time, introduce or prescribe and not purchase same from any other source if Franchisor provides such products or services; shall offer to his clients only those services and insurance products which meet Franchisor's standards of quality and which Franchisor has expressly approved in writing to be offered in connection with the Franchised Business; and shall discontinue offering any

services or insurance products which Franchisor may, in its sole and reasonable discretion, disapprove by prior written notice at any time.

A. With respect to new products or services introduced or offered by Franchisor, they must be purchased from Franchisor and from no other source. The cost of such programs shall be determined from time to time by Franchisor and provide to Franchisee in advance of Franchisee choosing whether or not to purchase same.

5.6 Franchisee shall maintain the premises of the Franchised Business in a clean, orderly condition and shall maintain all equipment in accordance with Franchisor's standards and specifications.

5.7 Except as otherwise approved in writing by Franchisor, Franchisee shall maintain business hours that are normal for this particular type of business, *i.e.*, between fifty (50) and sixty (60) hours per week, Monday through Saturday. However, the specific hours for Franchisee's Center shall be determined by Franchisee subject to Franchisor's approval.

5.8 Franchisee shall not permit the Center or any part thereof to be used for any immoral or illegal purposes and shall not permit the Center to be used for any purposes, business or activities that do not comply with the terms and conditions of this Agreement or with the Manual.

5.9 Franchisee shall permit Franchisor and its agents to enter the Center at any reasonable time during business hours and without prior notice for the purpose of conducting reasonable inspections therein. Franchisee shall cooperate fully with Franchisor's representatives in such inspection by rendering such assistance as they may reasonably request; and, upon forty-eight (48) hours' written notice from Franchisor or its agents, and without limiting Franchisor's other rights under this Agreement, shall take such steps as may be necessary to correct any deficiencies detected during such inspections. In the event Franchisee fails or refuses to immediately correct any deficiencies detected during such inspections, Franchisor shall have the right to make or cause to be made such changes as may be required at the expense of Franchisee, which expense Franchisee agrees to pay upon demand. The foregoing shall be in addition to any other remedies Franchisor may have against Franchisee.

5.10 Franchisee acknowledges that all telephone numbers and directory listing for the Center shall be the property of Franchisor and that, upon termination or expiration of this Agreement, Franchisor has the sole and exclusive right and authority to transfer, terminate and amend such telephone numbers and directory listing as Franchisor, in its sole discretion, deems appropriate. In the event Franchisor takes any action pursuant to this paragraph, or with respect to the termination of this Agreement, the appropriate telephone company and all listing agencies, without liability to Franchisor, may accept this Agreement, the Assignment of Telephone Numbers held by Franchisor in escrow and the directives of Franchisor as conclusive evidence of the rights of Franchisor in and to such telephone numbers and directory listing. However, in the event the termination is caused by an uncured breach of Franchisor, Franchisee shall only be required to change the name of the directory listing to one that is totally dissimilar to Franchisor's Proprietary Marks.

5.11 Franchisee shall maintain the premises of the Franchised Business in a clean, orderly condition and in excellent repair, and shall maintain all signs, displays and equipment in accordance with Franchisor's standards and specifications. At Franchisor's request, which shall not occur more than twice during the initial term hereof (not including any renovation in connection with renewal or transfer), nor within five (5) years of the last renovation or refurbishing required by Franchisor, Franchisee shall make, at Franchisee's sole cost and expense, all improvements and alterations as may reasonably be determined by Franchisor to be necessary for the Center to conform to the System's image as it may be reasonably

prescribed by Franchisor at that time. Franchisee shall undertake and complete such improvements and alterations within and under the terms and conditions which may be reasonably specified by Franchisor.

5.12 Franchisee shall comply with all other requirements set forth in this Agreement and any other agreements entered into between Franchisor and Franchisee.

5.13 Franchisee represents and warrants that he is or will be a duly licensed property and casualty insurance broker who is licensed for all classes of property and casualty and life insurance. Franchisee further warrants that he is licensed to do business in the state in which the Center is located.

5.14 Franchisee shall purchase/lease and install for his Center such computer hardware, required dedicated telephone and power lines, modem(s), printer(s), and other computer-related accessories or peripheral equipment as Franchisor specifies in its Manual or otherwise. Further, Franchisee shall provide any assistance required by Franchisor to bring such computer system on-line with Franchisor's computer at Franchisor's headquarters at the earliest possible time, and Franchisee expressly affirms and agrees that Franchisor shall thereafter have the free and unfettered right to retrieve such data and information from Franchisee's computer(s) as Franchisor, in its sole and exclusive discretion, deems necessary, desirable or appropriate, with the telephonic cost of such retrieval to be borne by Franchisor. Franchisee shall bear the sole cost of the foregoing items to be installed or purchased and activities to be accomplished by Franchisee and the delivery costs of all hardware and software.

A. Franchisee understands that computer systems are designed to accommodate a certain maximum amount of data and terminals and that as such limits are achieved, and/or as technology and/or software is developed in the future, Franchisor at its sole discretion may mandate that Franchisee add memory, ports, accessories, peripheral equipment and/or additional, new or substitute software to the original computer system purchased by Franchisee. Franchisee further understands that it may become necessary for Franchisee to replace or upgrade the entire computer system with a larger system capable of assuming and discharging all the computer-related tasks and functions specified by Franchisor. Franchisee further understands and agrees that as computer designs and functions change periodically, Franchisor may be required to make substantial modifications to its computer specifications or to require installation of entirely different systems (during the term of this Agreement or upon renewal thereof).

B. To ensure full operational efficiency and communication capability between Franchisor's computers and those of all Franchised Centers, Franchisee agrees, at his expense, to keep his computer system in good maintenance and repair. Further, following Franchisor's testing and determination that same will prove economically or systemically beneficial to Franchisee and Franchisor, Franchisee agrees to install at his own expense such additions, changes, modifications, substitutions and/or replacements to his computer hardware, software, telephone and power lines and other computer-related facilities as Franchisor directs, on those dates and within those times specified by Franchisor, in its sole and exclusive discretion, in its Manual and otherwise.

C. Upon termination or expiration of this Agreement, all computer software, disks, tapes and other magnetic storage media shall be turned over to Franchisor in good condition (allowing for normal wear and tear).

ARTICLE VI
PROPRIETARY MARKS

6.1 When used in this Agreement, "Proprietary Marks" mean the trademark, service mark or other word, symbol, device or any combination thereof, used to identify a product or service of one business and to distinguish it from that of another business.

6.2 Franchisee is hereby granted the non-exclusive right to use the "DCAP INSURANCE" service mark at the location specified in Attachment "A" hereto. Nothing in this Agreement shall be construed as authorizing or permitting its use at any other location or for any other purpose, except as may be authorized in writing by Franchisor.

Franchisee understands and agrees that the limited license to use the Proprietary Marks granted hereby applies only to such Proprietary Marks as are designated by Franchisor, and which are not subsequently designated by Franchisor as being withdrawn from use, together with those which may hereafter be designated by Franchisor in writing. Franchisee expressly understands and agrees that it is bound not to represent in any manner that it has acquired any ownership or equitable rights in any of Franchisor's Proprietary Marks by virtue of the limited license granted hereunder, or by virtue of Franchisee's use of any of the Proprietary Marks.

6.3 Franchisee acknowledges that the ownership of the Proprietary Marks, goodwill and trade secrets remains solely with Franchisor, and that Franchisee shall not register or attempt to register the Proprietary Marks or to assign any rights to them other than as specifically granted in this Agreement, or claim any right, title or interest therein, nor shall Franchisee contest the validity or ownership of the Proprietary Marks.

6.4 At Franchisor's request, Franchisee shall assign, transfer, or convey to Franchisor in writing all additional rights, if any, that may be acquired by Franchisee as a result of his use of the Proprietary Marks.

6.5 Franchisor reserves the right to approve all signs, advertising material, stationery, business cards, forms and all other objects and supplies using the Proprietary Marks. All advertising, publicity, signs, decorations, furnishings, equipment or other materials employing the words "DCAP INSURANCE" shall be in accordance with this Agreement and the Manual, and Franchisee shall obtain Franchisor's approval prior to such use.

6.6 If it becomes advisable at any time, in the discretion of Franchisor, to modify or discontinue use of any Proprietary Mark and/or to adopt or use one or more additional or substitute proprietary marks, then Franchisee shall be obligated to comply with any such instruction by Franchisor. The sole obligation of Franchisor in such event shall be to reimburse Franchisee for its documented expenses of compliance, such as changing signs, stationery, etc. Franchisee waives any other claim arising from or relating to any Proprietary Mark change, modification or substitution. Franchisor will not be liable to Franchisee for any expenses, losses or damages sustained by Franchisee as a result of any Proprietary Mark addition, modification, substitution or discontinuation except as provided herein. Franchisee covenants not to commence or join in any litigation or other proceeding against Franchisor for any of these expenses, losses or damages.

Franchisor reserves the right at any time, and upon thirty (30) days' written notice to Franchisee, to adopt new or modified Proprietary Marks during the term of this Agreement for use by Franchisee and/or the entire System. In such event and at Franchisor's direction, Franchisee shall adopt, use and display only such new or modified Proprietary Marks and he shall promptly discontinue the use and

display of outmoded or superseded Proprietary Marks. The out-of-pocket expenses for such new or modified Proprietary Marks shall be borne by Franchisor.

6.7 Franchisee shall promptly notify Franchisor of any claim, demand or suit based upon or arising from the unauthorized use of, or an attempt by any other person, firm or corporation to use, without Franchisor's authorization, or any infringement of or challenge to, any Proprietary Marks. "Promptly" shall mean within five (5) days after Franchisee is made aware of same. At its own expense, Franchisor shall undertake the defense or prosecution of any litigation, which, in Franchisor's judgment, may affect the goodwill of the System, and Franchisor may in such circumstance undertake any other action which it deems appropriate. Franchisor shall have sole and complete discretion in the conduct of any defense, prosecution or other action it chooses to undertake. In that event, Franchisee agrees to execute those documents and perform those acts which, in the opinion of Franchisor, are necessary for the defense or prosecution of the litigation or for such other action as may be undertaken by Franchisor.

6.8 In order to develop and maintain high uniform standards of quality and service and to protect the reputation and goodwill of Franchisor, Franchisee agrees to do business and advertising using only the name and logotype "DCAP INSURANCE". Franchisee shall not do business or advertise using any other words, nor shall Franchisee be permitted to use the name "DCAP INSURANCE" as part of his corporate, partnership or business name.

During the term of this Agreement and any renewal or extension hereof, Franchisee shall identify itself as the owner of the Center in conjunction with any use of the Proprietary Marks, including, but not limited to, on invoices, order forms, receipts, business stationery, contracts with all third parties or entities, as well as the display of such notices in such content and form and at such conspicuous locations as Franchisor may designate in writing.

6.9 Franchisee shall be required to and shall affix the ® or ^{SM} symbol upon all advertising, publicity, signs, decorations, furnishings, equipment or other printed or graphic material employing the words "DCAP INSURANCE" and logotype or any other of Franchisor's Proprietary Marks.

6.10 Franchisee acknowledges that he does not have any right to deny the use of Franchisor's Proprietary Marks to any other franchisee, or to any other person or entity. In consideration therefor, Franchisee shall execute all documents and take such actions as may be requested to allow Franchisor or other franchisees of Franchisor to have full use of the Proprietary Marks outside of Franchisee's Primary Area of Responsibility.

6.11 If, during the term of this Agreement, there is a claim of prior use of any of the Proprietary Marks, or any other of Franchisor's Proprietary Marks in the area in which Franchisee is doing business or in another area or areas, Franchisee shall so use the Proprietary Marks and other of Franchisor's Proprietary Marks in such a way and at Franchisor's discretion so as to avoid continuation of such conflict.

6.12 Franchisee shall exclusively use the Proprietary Marks and trade name "DCAP INSURANCE", and any logos, trade styles, color combinations, designs, symbols and slogans designated by Franchisor, for his Center and no other. Franchisee shall use only the trademarks and Proprietary Marks of Franchisor in connection with the operation of the Center and other service marks or Proprietary Marks. Franchisee recognizes that such trade name and Proprietary Marks are parts of the properties and goodwill of Franchisor, and that the use thereof by Franchisee is a privilege granted by Franchisor to Franchisee for his use in connection with the operation of his Franchised Business so long as this Agreement shall be in effect and Franchisee complies with the terms and conditions hereof. In furtherance thereof, Franchisee shall not use any confusingly similar Proprietary Marks in connection

with his Franchised Business or any other business that he may have an interest in. Franchisee shall use the words "DCAP INSURANCE" solely as a trade name and service mark, and he shall not use the words "DCAP INSURANCE" as part of the legal name of any corporation, partnership, proprietorship or other business entity with which Franchisee is associated, or with a bank account, trade account or in any legal or financial connection, without the prior written approval of Franchisor.

6.13 Franchisee agrees to maintain a high moral and ethical standard in the operation and conduct of his Franchised Business so as to create and maintain goodwill among the public for the "DCAP INSURANCE" name, and supervise and evaluate the performance of his staff to ensure that each renders competent, efficient and quality service to the general public.

6.14 Franchisee shall not maintain a World Wide Website or otherwise maintain a presence or advertise on the Internet or any other public computer network in connection with the Franchised Business without Franchisor's prior written approval, which Franchisor may withhold for any reason or no reason. Franchisee agrees to submit to Franchisor for approval before use, true and correct printouts of all Website pages Franchisee proposes to use in his Website in connection with the Franchised Business. Franchisee understands and agrees that Franchisor's right of approval of all such Web materials is necessitated by the fact that such Web materials will include and be inextricably linked with Franchisor's Proprietary Marks. Franchisee may only use material which Franchisor has approved. Franchisee's Website shall conform to all of Franchisor's Website requirements, whether set forth in the Manual or otherwise. Franchisee agrees to provide all hyperlinks or other links that Franchisor requires. If Franchisor grants approval for a Website, Franchisee may not use any of the Proprietary Marks at the site except as Franchisor expressly permits. Franchisee may not post any of Franchisor's proprietary, confidential or copyrighted material or information on his Website without Franchisor's prior written consent. If Franchisee wishes to modify the approved site, all proposed modifications must also receive Franchisor's prior written approval. Franchisee explicitly understands that he may not post on his Website any material which any third party has any direct or indirect ownership interest in (including, without limitation, video clips, photographs, sound bites, copyrighted text, trademarks or service marks, or any other text or image which any third party may claim intellectual property ownership interests in). Franchisee agrees to list on his Website any Website maintained by Franchisor, and any other information Franchisor requires in the manner Franchisor dictates. Franchisee agrees to obtain Franchisor's prior written approval for any internet domain name and/or home page address. The requirement for Franchisor's prior written approval set forth in this Section will apply to all activities on the Internet or other communications network to be conducted by Franchisee, except that Franchisee may maintain one or more E-mail addresses and may conduct individual E-mail communication without Franchisor's prior approval as provided above if he proposes to send advertising to multiple addresses via E-mail.

ARTICLE VII
CONFIDENTIAL MANUALS

7.1 In order to protect the reputation and goodwill of Franchisor and the System and to maintain requisite operating standards under the Proprietary Marks, Franchisee shall conduct his Franchised Business in accordance with the provisions, standards, and procedures set forth in this Agreement and in the Manual. Franchisee acknowledges that he remitted a Manual lease fee of One Dollar ($1) upon execution of this Agreement.

7.2 Franchisee shall at all times treat the Manual, any other manuals created for or approved for use in the operation of the Franchised Business, and the information contained therein as confidential, and shall use all reasonable efforts to maintain such information as secret and confidential. Franchisee shall not, at any time, without Franchisor's prior written consent, copy, duplicate, record, or otherwise

reproduce the foregoing materials, in whole or in part, nor otherwise make the same available to any unauthorized person.

7.3 The Manual shall at all times remain the sole property of Franchisor and shall be returned to Franchisor immediately upon expiration, non-renewal or termination of this Agreement.

7.4 Franchisor may, from time to time, revise the contents of the Manual when it reasonably considers such revisions to be necessary to improve or maintain the standards of the System and Franchisee expressly agrees to comply with each new or changed standard, provided, however, that such revisions are made for all franchisees and are reasonable in nature. Any revisions to the contents of the Manual shall be deemed effective seven (7) days after the date of mailing such revisions to Franchisee, unless otherwise specified by Franchisor.

7.5 Franchisee acknowledges that the contents of the Manual and any revisions or modifications made thereto shall constitute provisions of this Agreement as if fully set forth herein.

7.6 Franchisee shall at all times insure that his copy of the Manual is kept current and up to date, and in the event of any dispute as to the contents of the Manual, the terms of the master copy of the Manual maintained by Franchisor at its home office shall be controlling.

ARTICLE VIII
CONFIDENTIAL INFORMATION

8.1 Franchisee shall not, during the term of this Agreement or at any time thereafter, communicate, divulge, or use for the benefit of any other person, persons, partnership, association or corporation any confidential information or know-how concerning the methods of operation of the Franchised Business hereunder which may be communicated to Franchisee, or of which Franchisee may become apprised, by virtue of the operation of the Center under this Agreement. Franchisee shall divulge such confidential information only to such of his employees who must have access to it in order to operate the Franchised Business. Any and all information, knowledge, and know-how, including technological developments, equipment, specifications, techniques, and other data which Franchisor designates as confidential, shall be deemed confidential for purposes of this Agreement, except information which Franchisee can demonstrate came to his attention prior to disclosure thereof by Franchisor; or which, at the time of disclosure by Franchisor to Franchisee, had become a part of the public domain through publication or communication by others; or which, after disclosure to Franchisee by Franchisor, becomes a part of the public domain through publication or communication by others.

8.2 At Franchisor's request, Franchisee shall require any personnel having access to any confidential information provided by Franchisor to execute an agreement containing covenants that they will maintain the confidentiality of information they received in connection with their employment by Franchisee at the Center. Such covenants shall be on a form provided by Franchisor, and which will include, without limitation, specific identification of Franchisor as a third party beneficiary of such covenants with the independent right to enforce them.

8.3 Franchisee acknowledges that any failure to comply with the requirements of this Article VIII will cause Franchisor irreparable injury, and Franchisee agrees to pay all court costs and reasonable attorneys' fees incurred by Franchisor when Franchisor seeks to obtain specific performance of or an injunction against violation of the requirements of this Article VIII.

ARTICLE IX
ADVERTISING AND PROMOTION

9.1 Recognizing the value of uniform advertising to the goodwill and public image of all "DCAP INSURANCE" Centers, Franchisor maintains and administers an advertising program ("Advertising Program"). Franchisee shall contribute to the Advertising Program on a monthly basis, simultaneous with the payment of the Continuing Monthly Service Fee required to be paid pursuant to Section 4.1 of this Agreement, a sum equal to between Four Hundred Twenty-Five Dollars ($425) and Seven Hundred Fifty Dollars ($750). Any increase over the Seven Hundred Fifty Dollars ($750) must be approved by sixty-five percent (65%) of the then current franchisees. Such payments shall be for such advertising including, but not limited to, local telephone directory advertisement(s), radio, television, and any other media, including electronic commerce, or publications that other franchisees or Centers appear in, and such public relations programs as Franchisor, in its sole discretion, may deem necessary or appropriate to advertise or promote "DCAP INSURANCE" Centers.

9.2 Franchisee agrees that Franchisor shall maintain and administer the Advertising Program for the System subject to the following conditions:

A. Franchisor shall direct all advertising and promotional programs with sole and absolute discretion over form, content, time and medium, creative concepts, materials and media used in such programs and the placement and allocation thereof;

B. Franchisor shall determine the best method to maximize public recognition and acceptance of the System;

C. Franchisor undertakes no obligation in developing, implementing or administering the Advertising Program to make expenditures for Franchisee which are equivalent or proportionate to his contribution, or to ensure that any particular franchisee benefits directly or pro rata from the placement of advertising; and

D. Franchisee agrees that the Advertising Program may be used to meet any and all costs of preparing advertising materials including, without limitation, the cost or preparing and conducting television, radio, billboard, electronic commerce, magazine and newspaper advertising campaigns and other public relations and media programs and activities; and employing advertising agencies to assist therewith.

9.3 All sums paid by Franchisee to the Advertising Program will not be segregated from the other funds of Franchisor, but shall not be used to defray any of Franchisor's general operating expenses. Franchisor will not provide an annual account of the Advertising Program to Franchisee.

9.4 The form, content, time and medium for all advertising and promotional activities conducted pursuant to this Article shall be determined by Franchisor in its sole and absolute discretion, and Franchisee agrees to permit Franchisor to use its discretion in conducting all advertising.

9.5 In addition to making the Advertising Program contributions required in this Agreement, Franchisee may, but is not required to, advertise locally, at Franchisee's expense. Franchisor must approve all contemplated advertisements prior to placement thereof.

9.6 Prior to their use by Franchisee, samples of all local advertising and promotional materials not prepared or previously approved by Franchisor shall be submitted to Franchisor for approval, which shall not be unreasonably withheld. If written disapproval is not received by Franchisee

within fifteen (15) days from the date of receipt by Franchisor of such materials, Franchisor shall be deemed to have given the required approval. Franchisee shall not use any advertising or promotional materials that Franchisor has disapproved.

9.7 Franchisee acknowledges that Franchisor may from time to time acquire the rights to use 1-800 or similar toll free numbers. At Franchisor's sole and absolute discretion, Franchisee shall be required to utilize such numbers in the operation of his Center.

9.8 From time to time, Franchisor may offer to its franchisees optional advertising programs. Franchisee shall not be required to participate in these optional programs, but if he does so it will be at Franchisee's expense.

ARTICLE X
ACCOUNTING AND RECORDS

10.1 Franchisee shall maintain during the term of this Agreement and shall preserve for the time period specified in the Manual, full, complete, and accurate books, records, and accounts in accordance with the standard accounting system prescribed by Franchisor in the Manual or otherwise in writing.

10.2 Franchisee shall submit, if requested, a weekly sales report. This report shall be faxed to Franchisor on the Monday following the prior week's end.

10.3 Franchisee shall submit to Franchisor, upon Franchisor's request, a copy of any and all federal and/or state sales or income tax returns applicable to the Center.

10.4 Franchisee shall upon Franchisor's request, at his expense, submit to Franchisor, within ninety (90) days of the end of each fiscal or calendar year of Franchisee during the term of this Agreement and any renewals thereof, a complete financial statement for the said fiscal or calendar year, including, but not limited to, both an income statement and a balance sheet prepared by an independent accountant, together with such other information in such form as Franchisor may reasonably require.

10.5 Upon Franchisor's request, Franchisee shall also submit to Franchisor current financial statements and such other forms, reports, records, information, and data as Franchisor may reasonably designate, in the form and at the times and places reasonably required by Franchisor, upon request and as specified from time to time in the Manual or otherwise in writing.

10.6 Franchisor or its designated agents shall have the right, at all reasonable times and without prior notice, to examine and copy, at its expense, any and all of Franchisee's records and books of account.

ARTICLE XI
INSURANCE

11.1 Franchisee shall, during the term of this Agreement or any extension thereof, at his sole cost and expense, carry the following types of insurance in the amounts specified and in the form hereinafter provided for:

A. Public Liability and Property Damage, General Public Liability Insurance, including Completed Operations Coverage, Fire, Errors and Omissions, Advertising Liability and Contractual Liability Insurance, covering the Franchised Business and Franchisee's use thereof

against claims for personal injury or death and property damage occurring upon, in or about the Franchised Business. Such insurance shall afford protection to the limit of not less than Two Million Dollars ($2,000,000) in respect of injury or death to any number of persons arising out of any one (1) occurrence, and such insurance against property damage to afford protection to the limit of not less than One Hundred Twenty-Five Thousand Dollars ($125,000) in respect of any instance of property damage. The insurance coverage required under this paragraph shall, in addition, extend to any liability of Franchisee arising out of the indemnities provided for in Section 17.3 hereof; and

B. Tenant Improvements and Property Insurance covering all of Franchisee's leasehold improvements, heating, ventilating and air conditioning equipment, trade fixtures, inventory and personal property from time to time in, on, or upon the Center, and any alterations, additions or changes made by Franchisee at any time in an amount not less than the full replacement cost from time to time during the term of this Agreement providing protection against perils included with the standard form of fire and extended coverage insurance policy, together with insurance against sprinkler damage, vandalism and malicious mischief. Any policy proceeds from such insurance shall be held in trust by Franchisee for the repair, reconstruction, restoration or replacement of the property damaged or destroyed, unless Franchisee's lease shall cease and terminate pursuant to the terms thereof. Franchisee shall also, during the term of this Agreement or any extension thereof, at his own cost and expense, keep in force Worker's Compensation Insurance to the full extent of statutory regulations.

11.2 All such insurance shall name Franchisor as an insured thereunder and shall be issued in form acceptable to Franchisor by insurance companies with general policyholder's rating of not less than "A" and a financial rating of "AAA" as rated in the most current available "Best's Insurance Reports" and qualified to do business in the state where Franchisee is located. Executed copies of policies of insurance and certificates thereof shall be delivered to Franchisor within thirty (30) days after the execution of this Agreement and thereafter within thirty (30) days prior to the expiration of each said policy. All such policies of insurance shall contain the provision that the company writing said policy shall give Franchisor at least thirty (30) days' notice in writing in advance of any cancellation or lapse, or the effective date of any reduction in the amount of insurance. In the event Franchisee fails to comply with all insurance requirements herein, Franchisor may, but shall not be required to, obtain such insurance and keep in force, and Franchisee shall pay Franchisor, upon demand, the premium costs thereof. The failure to comply with these insurance requirements shall also constitute a default by Franchisee under this Agreement.

ARTICLE XII
TRANSFER OF INTEREST

12.1 Transfer by Franchisor

A. Franchisor shall have the right to transfer or assign all or any part of its right or obligations herein to any person or legal entity, provided such person or legal entity agrees to be bound by all of the terms and conditions set forth herein and agrees to assume same. Franchisor will make a good faith effort to ascertain that its assignee possesses the economic resources to fulfill Franchisor's obligations to its franchisees.

B. Franchisee agrees and affirms that Franchisor may sell itself, its assets, its proprietary marks and/or its system to a third party; may go public; may engage in a private placement of some or all of its securities; may merge, acquire other corporations, or be acquired by another corporation; and/or may undertake a refinancing, recapitalization, leveraged buyout or

other economic or financial restructuring. With regard to any of the above sales, assignments and dispositions, Franchisee expressly and specifically waives any claims, demands or damages arising from or related to the loss of Franchisor's name, proprietary marks (or any variation thereof) and system and/or the loss of association with or identification of "DCAP Insurance" as Franchisor under this Agreement. Franchisee specifically waives any and all other claims, demands or damages arising from or related to the foregoing merger, acquisition and other business combination activities including, without limitation, any claim of divided loyalty, breach of fiduciary duty, fraud, breach of contract or breach of the implied covenant of good faith and fair dealing.

C. Franchisee agrees that Franchisor has the right, now or in the future, to purchase, merge, acquire or affiliate with an existing competitive or non-competitive franchise network, chain or any other business regardless of the location of that chain's or business' facilities, and to operate, franchise or license those businesses and/or facilities as "DCAP" operating under the Proprietary Marks or any other marks following Franchisor's purchase, merger, acquisition or affiliation, regardless of the location of these facilities (which Franchisee acknowledges may be within its Primary Area of Responsibility, proximate thereto, or proximate to any of Franchisee's locations).

If Franchisor assigns its rights in this Agreement, nothing herein shall be deemed to require Franchisor to remain in the "DCAP Insurance" business or to offer or sell any products or services to Franchisee.

12.2 Transfer by Franchisee

A. Franchisee understands and acknowledges that the rights and duties set forth in this Agreement are personal to Franchisee, and that Franchisor has granted this franchise in reliance on Franchisee's business skill, financial capacity and personal character. Accordingly, neither Franchisee or any immediate or remote successor to any part of Franchisee's interest in this franchise nor any individual, partnership, corporation or other legal entity which directly or indirectly controls Franchisee shall sell, assign, transfer, convey, give away, pledge, mortgage or otherwise encumber any interest in this franchise or in any legal entity which directly or indirectly owns this franchise without the prior written consent of Franchisor, which consent shall be subject to the conditions precedent set forth below, but which will not be unreasonably withheld; provided, however, that Franchisor's prior written consent shall not be required for a transfer of less than a five (5%) percent interest to a publicly held corporation or inter-family or intra-franchise transfers. A publicly held corporation is a corporation registered under the Securities Exchange Act of 1934. Any purported assignment or transfer, by operation of law or otherwise, not having the written consent of Franchisor required by this Section 12.2.A., shall be null and void and shall constitute a material breach of this Agreement, for which Franchisor may then terminate without opportunity to cure pursuant to Section 13.2 of this Agreement.

B. Franchisor shall not unreasonably withhold its consent to a transfer of any interest in Franchisee, this Agreement, or in the Franchised Business, subject to Franchisor's prior right of first refusal and except that Franchisor may, in its sole discretion, require any or all of the following conditions precedent be met prior to its approval:

1. All of Franchisee's monetary obligations to Franchisor, its subsidiaries or affiliated companies and any other creditors or trade creditors, including, but not limited to, Franchisee's landlord, shall have been satisfied;

2. Franchisee is not in default of any material provision of this Agreement, any amendment hereof or successor hereto, or any other agreement between Franchisee, Franchisor or Franchisee's landlord;

3. Franchisee shall have executed a general release under seal, in a form satisfactory to Franchisor, of any and all claims against Franchisor and its officers, directors, shareholders, agents and employees, in their corporate and individual capacities, including, without limitation, claims arising under federal, state and local laws, rules and ordinances, provided however, that all rights enjoyed by Franchisee and any causes of action arising in his favor from the provisions of Article 33 of the GBL and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non- waiver provisions of the GBL Sections 687.4 and 687.5 be satisfied;

4. The transferee shall demonstrate to Franchisor's reasonable satisfaction that it meets Franchisor's then-current managerial and business standards for all new franchisees; possesses a good moral character, business reputation, and credit rating; has the aptitude and ability to conduct the Franchised Business herein (as may be evidenced by prior related business experience or otherwise); is a duly licensed insurance broker; and has sufficient equity capital in the business to be acquired to result in a debt-to-equity ratio of one-to-one, or such other debt-to-equity ratio as may be reasonably determined by Franchisor;

5. At Franchisor's option, the transferee shall either execute (and/or, upon Franchisor's request, shall cause all interested parties to execute) for the then-current standard form of Franchise Agreement and other ancillary agreements as Franchisor may require for the operation of the Franchised Business, which agreements shall supersede this Agreement in all respects or in the alternative the transferee shall assume in writing and agree to discharge all of Franchisee's obligations under this Agreement for the balance of the term, including but not limited to, the assumption of all personal guarantees made hereunder.

6. At the transferee's expense, the transferee shall complete any training programs then in effect for all new franchisees entering the System;

7. Franchisee shall remain liable for all of the obligations owed to Franchisor in connection with the Franchised Business prior to the effective date of the transfer and shall execute any and all instruments reasonably requested by Franchisor to evidence such liability;

8. Except in the case of a transfer to a corporation, limited liability company or limited partnership formed solely for the convenience of ownership of the Franchised Business, a transfer fee equal to fifty percent (50%) of the then-current initial franchise fee, if Franchisor elects not to exercise its right of first refusal, shall be paid by the transferee to Franchisor to cover Franchisor's administrative, training and other expenses incurred in connection with the transfer;

9. The transferee shall furnish to Franchisor a copy of the contract conveying the Franchised Business to the transferee prior to the closing and shall furnish an executed copy thereof following the closing;

10. The actual transfer must be completed and closed within ninety (90) days following the execution of the contract of sale; if same is not so closed within said time period, then Franchisor's right of first refusal and the right to approve and consent to such sale or assignment shall apply; and

11. Franchisee acknowledges and agrees that each condition which must be met by the transferee is necessary to assure such transferee's full performance of the obligation under the Franchise Agreement.

C. The transfer in the aggregate of more than fifty (50%) percent of the capital stock or voting power of any corporate franchisee or of more than fifty (50%) percent interest in a franchisee that does business as a general partnership, or of more than fifty (50%) percent of a general partner's interest in a franchisee that does business as a limited partnership, as such franchisees were originally constituted at the time of the execution of the Franchise Agreement, shall be deemed to be an assignment of the Franchise Agreement and of the Franchised Business. The transfer of Franchisee's interest to his heirs, personal representatives or conservators, as applicable in the event of the death or legal incapacity of Franchisee, shall not constitute an assignment requiring Franchisor's consent, as hereinabove provided, and therefore does not give rise to Franchisor's right of first refusal, provided however, that the heirs, personal representative or conservators, as applicable, meet Franchisor's standard for new franchisees, agree to be bound by the terms and conditions of the Franchise Agreement then in effect between Franchisor and Franchisee, and execute in writing a consent to be so bound, and provided further that within ninety (90) days after the death of Franchisee (or the death of a principal shareholder of Franchisee if Franchisee is a corporation) a person designated by Franchisee's heirs, legatees, personal representative or conservator, as applicable, shall have satisfactorily completed Franchisor's then-current training requirements. If at the time of such death Franchisee has employed a manager who has satisfactorily completed such training, such manager shall be deemed to have satisfied such training requirements.

D. Franchisee acknowledges and agrees that each condition which must be met by the transferee is reasonable in nature and are necessary to assure such transferee's full performance of the obligations hereunder and to assure conformity within the System.

12.3 Corporate Franchisee

In the event Franchisee, who is an individual, wishes to form a corporation, limited liability company or limited partnership after this Agreement is executed solely for the convenience of ownership of the Franchised Business, and not to avoid personal liability under the terms hereof, then the following conditions must be complied with:

A. Franchisee's newly formed corporation shall be organized and duly formed and its charter shall at all times provide that its activities are confined exclusively to the operation of the Franchised Business herein.

B. Copies of Franchisee's Articles of Incorporation, bylaws, and other governing documents, and any amendments thereto, including the resolutions of the Board of Directors authorizing entry into this Agreement, shall be promptly delivered to Franchisor.

C. Franchisee shall maintain stop-transfer instructions against the transfer on its records of any equity securities; and each stock certificate of Franchisee shall have conspicuously endorsed upon its face a statement, in a form satisfactory to Franchisor, that it is held subject to,

and that further transfer or assignment thereof is subject to, all restrictions on assignments imposed by this Agreement; provided, however, that the requirements of this Section 12.3 C. shall not apply if Franchisee's corporation is publicly held.

D. Franchisee shall maintain a current list of all owners of record and all beneficial owners of any class of voting stock of Franchisee and shall furnish the list to Franchisor upon request. In the event that Franchisee is an individual who is transferring this Franchise to a corporation solely for the convenience of ownership, said Franchisee shall at all times own at least fifty-one (51%) percent of equity and voting stock in such corporation.

E. All shareholders of Franchisee shall jointly and severally personally guarantee Franchisee's obligations and performance hereunder and shall bind themselves to the terms of this Agreement by executing a Transfer of Franchise to a Corporation form because Franchisee is an individual who is then forming the corporation solely for the convenience of ownership, provided, however, that the requirements of this Section 12.3 E. shall not apply if Franchisee's corporation is publicly held.

F. In no event shall the transfer of the Franchise to a corporation by the individual Franchisee relieve himself from personal liability under any or all of the terms and conditions of this Agreement.

12.4 Franchisor's Right of First Refusal

A. Franchisor shall have the right of first refusal on any sale, transfer or assignment of Franchisee's interest in the ownership of the Franchise or the assets of the Franchised Business. In the event such a sale, transfer or assignment is desired by Franchisee, Franchisee shall present to Franchisor a written bona fide contract, signed and dated by Franchisee and the prospective purchaser or assignee, prior to any such sale, transfer or assignment. The exercise of such right of first refusal by Franchisor shall be on the same terms, price and conditions as offered by any bona fide third party to Franchisee, as stated in said contract. Franchisor shall have thirty (30) days from the receipt of said contract to exercise its right of first refusal by serving written notice of such intent to Franchisee. In the event of such exercise, the sale, transfer or assignment by Franchisee to Franchisor shall take place pursuant to terms and conditions as stated in the contract which Franchisee had presented to Franchisor, except that the closing thereon shall take place at such location as Franchisor may select. In the event Franchisor elects not to exercise its right of refusal, Franchisee then may enter into a contractual agreement with an interested third party. Franchisor shall then have the right to review said contract in order to guaranty its compliance with the requirements detailed below.

B. Any proposed contract of sale presented by Franchisee to Franchisor for its review must contain provisions requiring the prospective franchisee to assume and abide by all the terms, provisions and obligations of this Agreement and that Franchisee's lease must also specifically note Franchisor's right of first refusal and right to consent to such sale or assignment before any such sale or assignment may take place.

C. In the event that a proposed transfer is between any two (2) individuals or entities holding any interest in Franchisee as of the date of this Agreement, or in the event that the proposed transferee is the spouse, son, daughter, or heir of any individual who seeks to transfer any interest in Franchisee, Franchisor shall not have any right of first refusal as provided in this Section 12.4.

12.5 Transfer Upon Death or Mental Incapacity

Upon the death or mental incapacity of any person with an interest in this Franchise or in Franchisee, the executor, administrator, or personal representative of such person shall transfer his interest to a third party to be approved by Franchisor within one (1) year after such death or mental incapacity, provided, however, that during such transition period the Center must continue to be operated normally. The sole exception hereunder shall be the transfer, pursuant to a bona fide buy-sell agreement, to the surviving shareholder of Franchisee, if same is a corporation, or the surviving spouse or surviving children of Franchisee. Such transfers, except for the aforementioned exceptions, shall be subject to the same conditions as any inter vivos transfer, i.e., as set forth in Section 12.2 hereof. If the interest is not disposed of within said one (1) year, Franchisor shall have the option to repurchase the franchise under Section 12.4 hereof for the fair market value thereof as determined by an independent appraiser selected by Franchisor and Franchisee's representative or Franchisor may, at its option, terminate this Agreement without further notice.

12.6 Non-Waiver of Claims

Franchisor's consent to a transfer of any interest in the Franchise granted herein shall not constitute a waiver of any claims it may have against the transferring party, nor shall it be deemed a waiver of Franchisor's right to demand exact compliance with any of the terms of this Agreement by the transferee.

12.7 Step-In Rights

The parties want to prevent any interruption of the Franchise that would cause harm to the Franchise and to Franchisor's System and lessen their value. Therefore, Franchisee authorizes Franchisor to step in to operate the Center for as long as Franchisor believes necessary and practical in its exclusive judgment. Franchisor may do so without waiving any other rights or remedies that Franchisor may have. Cause for interruption may include Franchisor's reasonable determination that: Franchisee is incapable of operating the Center; Franchisee is absent or incapacitated because of illness or death; Franchisee has failed to pay when due any taxes or assessments against the Center or property used in the Center; Franchisee has failed to pay when due any liens or encumbrances placed upon or against Franchisee's business property; or Franchisor decides that significant operational problems require Franchisor to operate the Center for a time.

All revenue from Franchisor's operation of the Center will be for Franchisee's exclusive account. Franchisor will pay from that revenue all expenses, debts and liabilities it incurs during its operation of the Center. This will include Franchisor's personnel and administrative costs, plus fifteen percent (15%) to cover its overhead expenses. In addition, Franchisor will have the option, but not the obligation, to pay for Franchisee any claims owed by Franchisee to any creditor or employee of the Center. Franchisee will reimburse Franchisor upon demand, including at the rate set forth above for overdue amounts.

Franchisor will keep in a separate account all revenue generated by the operation of the Center, less the expenses of operation.

Franchisor shall have no obligation to retain any employee of the Center, nor to honor any contractual employment commitments Franchisee previously made. If Franchisor elects to retain any employee, employment will be pursuant to a new employment agreement between Franchisor and the employee. Employment will commence on the first business day on which Franchisor carries on business through the Center. Any claim by an employee for unpaid salary, vacation pay, or other benefits will be Franchisee's responsibility.

Upon Franchisor's exercise of these Step-In Rights, Franchisee agrees to hold Franchisor harmless for all acts, omissions, damages, or liabilities arising during operation.

Franchisor's operation of the Center will not operate as an assignment to Franchisor of any lease or sublease of franchise property. Franchisor will have no responsibility for payment of any rent or other charges owing on any lease for franchise property, except as the charges relate to the period of Franchisor's operation of the Center.

Franchisee agrees to pay Franchisor's reasonable legal and accounting fees and costs it incurs because of its exercise of these Step-In Rights.

ARTICLE XIII
DEFAULT AND TERMINATION

13.1 Franchisee shall be in default under this Agreement, and all rights granted to Franchisee herein shall terminate upon sixty (60) days' notice to Franchisee, if Franchisee, or any of Franchisee's partners, if Franchisee is a partnership, or any of its officers, directors, shareholders, or members, if Franchisee is a corporation or limited liability company, shall become insolvent or make a general assignment for the benefit of creditors; if a petition in bankruptcy is filed by Franchisee or such a petition is filed against and not opposed by Franchisee; if Franchisee is adjudicated a bankrupt or insolvent; if a bill in equity or other proceeding for the appointment of a receiver of Franchisee or other custodian for Franchisee's business or assets is filed and consented to by Franchisee; if a receiver or other custodian (permanent or temporary) of Franchisee's assets or property, or any part thereof, is appointed by any court of competent jurisdiction; if proceedings for a composition with creditors under any state or federal law should be instituted by or against Franchisee; if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless supersedeas bond is filed); if Franchisee is dissolved; if execution is levied against Franchisee's business or property; if suit to foreclose any lien or mortgage against the Premises or equipment is instituted against Franchisee and not dismissed within thirty (30) days; or if the real or personal property of the Center shall be sold after levy thereupon by any sheriff, marshal, or constable.

13.2 Except as provided in Section 13.1 of this Agreement, Franchisee shall have thirty (30) days after the mailing by Franchisor of a written Notice of Termination within which to remedy any default hereunder and to provide evidence thereof to Franchisor. If any such default is not cured within that time, or such longer period as applicable law may require, or if Franchisee has in good faith initiated a cure of the default within the notice period and such default cannot be completely cured during the cure period because of factors reasonably beyond the exclusive control of Franchisee, in which event Franchisor, by written notice, shall permit Franchisee a reasonable opportunity to diligently effect a complete and satisfactory cure, this Agreement shall terminate without further notice to Franchisee, effective immediately upon the expiration of the thirty (30) day period or such longer period as applicable law may require. Franchisee shall be in default hereunder for any failure to substantially comply with the terms of this Agreement in good faith. Such defaults shall include, without limitation, the occurrence of any of the following events:

A. If Franchisee fails to commence business within the time period specified in Section 5.2 hereof;

B. If Franchisee ceases to operate the Franchised Business as provided for in Franchisee's lease for the premises or otherwise abandons the business or forfeits the legal right to do or transact business in the jurisdiction where the Franchised Business is located for a period

of five (5) consecutive days, without Franchisor's prior written consent, except where same is due to fire, serious illness, family death or other acts of God;

C. If Franchisee is convicted of a felony, a crime involving moral turpitude, consumer fraud, or any other crime or offense that Franchisor reasonably believes would have a material adverse effect on the System, the Proprietary Marks, the goodwill associated therewith, or Franchisor's interest therein;

D. If Franchisee purports to transfer any rights or obligations under this Agreement to any third party without Franchisor's prior written consent, contrary to the terms of Article XII hereof;

E. If Franchisee fails to maintain and operate the Franchised Business in accordance with the specifications, standards and policies prescribed by Franchisor in this Agreement or in the Manual;

F. If Franchisee misuses or makes any unauthorized use of the Proprietary Marks or any other identifying characteristic of the System, or otherwise materially impairs the goodwill associated therewith or Franchisor's rights therein;

G. If Franchisee fails to comply with the in-term covenants in Section 15.2 hereof or fails to use his best efforts to obtain execution of covenants as required under Section 15.9 hereof;

H. If Franchisee discloses or divulges the contents of the Manual or other trade secret or confidential information provided Franchisee by Franchisor, contrary to the terms of Articles VII and VIII hereof;

I. If Franchisee commits an act of default under this Section 13.2 whether or not cured after notice has been provided four (4) times in any twelve (12) month period;

J. If Franchisee fails to complete his initial training program to the reasonable satisfaction of Franchisor;

K. If Franchisee fails to comply with the provisions of Articles IV, V, VI, IX and XVI hereof;

L. If Franchisee fails, refuses, or neglects to promptly pay any amount owed to Franchisor or to any vendor, trade creditor or affiliate of Franchisor on the date it is due;

M. If Franchisee fails to cooperate with inspections by Franchisor as authorized by this Agreement;

N. If Franchisee commits any act or omission which constitutes a default pursuant to the terms and conditions of Franchisee's lease and Franchisee fails to cure such default in accordance with the terms of said lease;

O. If Franchisee fails, refuses, or neglects to submit to Franchisor any financial or other information required under this Agreement on the date it is due;

P. If Franchisee, directly or indirectly, commences or conducts any business operation, or markets any product, device or service under any name or proprietary marks which, in Franchisor's sole opinion, is confusingly similar to the Proprietary Marks;

Q. Except as provided in Section 12.2 D. hereof, if Franchisee fails, refuses or neglects to obtain Franchisor's prior written approval or consent as required by this Agreement; or

R. Revocation, suspension or other loss of Franchisee's insurance broker license, for any reason.

S. Franchisee or any of his/her owners' assets, property, or interests are blocked under any law, ordinance, or regulation relating to terrorist activities, or Franchisee or any of his/her owners otherwise violate any such law, ordinance, or regulation.

13.3 If Franchisor commits a substantial breach of this Agreement, Franchisee may seek arbitration to redress such breach.

13.4 Franchisee, if he/she is a Conversion Franchisee, meaning that they were in the insurance business prior to signing this Agreement, may terminate this Agreement after thirty-six (36) months of the Effective Date if Franchisee is current in his/her advertising and royalty payments, Franchise Fee and not in default of this Agreement, provided Franchisee provides the Franchisor with written notice of such termination ninety (90) days in advance of the thirty-sixth (36th) month. The failure to provide such timely notice will cause this early termination option to be deemed null and void.

ARTICLE XIV
FRANCHISEE'S OBLIGATIONS UPON TERMINATION, NON-RENEWAL OR EXPIRATION

Upon termination, non-renewal or expiration of this Agreement, all rights granted hereunder to Franchisee shall forthwith terminate, and:

14.1 Franchisee shall immediately cease to operate the Franchised Business under this Agreement and shall not thereafter, directly or indirectly, represent himself to the public or hold himself out as a present or former franchisee of Franchisor.

14.2 Franchisee shall, at Franchisor's option, assign to Franchisor or Franchisor's designee Franchisee's interest in any lease then in effect for the premises of the Franchised Business, and Franchisor shall notify Franchisee to whom such interest must be assigned within thirty (30) days after termination, non-renewal or expiration of this Agreement.

14.3 Franchisee shall immediately and permanently cease to use, by advertising or in any manner whatsoever, any confidential methods, procedures, and techniques associated with the System; the service mark and trade name "DCAP INSURANCE" or any other Proprietary Marks, and distinctive forms, slogans, signs, symbols, logos, copyrighted materials or devices associated with the System. In particular, Franchisee shall cease to use, without limitation, all signs, advertising materials, stationery, forms, and any other articles which display the Proprietary Marks.

14.4 Franchisee shall immediately cease to use any telephone numbers, post office box, and any other business listings used by Franchisee in the Franchised Business, and the Assignment of Telephone Numbers which Franchisor was holding in escrow and which is now deemed released

therefrom, shall be deemed effective in order to accomplish the foregoing results. In the event Franchisor requires Franchisee to assign the lease for the Center pursuant to Section 14.2 hereof, Franchisee shall execute such documents and do such other acts as may be necessary to permit Franchisor or its designee, at Franchisor's option, to assume the telephone numbers and listing, receive mail, and otherwise commence operations under the System and Proprietary Marks immediately at the location of the Center.

14.5 In the event that Franchisee is permitted to and does remain in business at the premises of the Franchised Business, Franchisee shall make such modifications or alterations to the premises (including, without limitation, obtaining a new telephone number, de-identifying the premises and removing the "DCAP INSURANCE" logo and signage therefrom and removing all interior modifications which create the Center's identity) immediately upon termination, non-renewal or expiration of this Agreement, as may be necessary to prevent the operation of any business therein by himself or others in derogation of this Article XIV, and Franchisee shall make such specific additional changes thereto as Franchisor may reasonably request for that purpose. In the event Franchisee fails or refuses to comply with the requirements of this Section 14.5, Franchisor shall have the right, subject to local law, to enter upon the premises where Franchisee's Franchised Business was conducted, without being guilty of trespass or any other tort and without being guilty for any resulting damages, for the purpose of making or causing to be made such changes as may be required, at the expense of Franchisee, which expense Franchisee agrees to pay upon demand.

14.6 In the event Franchisee continues to operate or subsequently begins to operate any other business from the premises where the franchised activities were conducted, Franchisee agrees not to use any reproduction, counterfeit, copy, or colorable imitation of the Proprietary Marks, either in connection with such other business or in the promotion thereof, which is likely to cause confusion, mistake or deception, or which is likely to dilute Franchisor's exclusive rights in and to "DCAP INSURANCE" name and the Proprietary Marks, and further agrees not to utilize any designation of origin or description or representation which falsely suggests or represents an association or connection with Franchisor.

14.7 Franchisee shall pay, within fifteen (15) days after termination, non-renewal or expiration, all sums of money owing to Franchisor and/or Franchisor's affiliates or subsidiaries. In the event of termination caused by the default of Franchisee, such sums shall include all damages, costs, and expenses, including reasonable attorneys' fees, incurred by Franchisor as a result of the default and the termination and/or upon Franchisor obtaining injunctive or other relief for the enforcement of the provisions of this Article XIV.

14.8 Franchisee shall immediately turn over to Franchisor the Manual, proprietary software, records, files, instructions, correspondence and brochures, and any and all other materials related to the operation of the Center which are in Franchisee's possession, custody, or control, and all copies thereof (all of which are acknowledged to be Franchisor's property), and shall retain no copy or record of the foregoing except Franchisee's copy of this Agreement and any correspondence between the parties and any other documents which Franchisee reasonably needs for compliance with any provision of applicable law.

14.9 Franchisor shall have the right, but not the duty, to be exercised by notice of intent to do so within thirty (30) days after termination, non-renewal or expiration to purchase for cash, if cash was paid, any supplies, signs, advertising materials, and any items bearing Franchisor's Proprietary Marks at fair market value or cost, whichever is less (less the amount of any outstanding sums owed, liens or encumbrances). If the parties cannot agree on fair market value within a reasonable time, an independent appraiser shall be designated by the parties, and his determination shall be binding. If the parties cannot agree upon any appraiser, each will select one (1) of his choice with a third to be selected by the American Arbitration Association. Their decision on value shall be binding upon both parties. If

Franchisor elects to exercise any option to purchase as provided herein, it shall have the right to set off all amounts due from Franchisee and the cost of the appraisal, if any, against any payment therefor.

14.10 Franchisee shall comply with all provisions of this Agreement which explicitly or implicitly concern Franchisee's obligations after termination, including, without limitation, the covenants contained in Article XV of this Agreement.

14.11 Upon termination of this Agreement according to its terms and conditions, Franchisee agrees to pay to Franchisor within fifteen (15) days after the effective date of this Agreement's termination, in addition to the amounts owed hereunder, liquidated damages equal to the present value (using the then-current 30-Year Treasury Bond rate) of the Continuing Monthly Service Fees Franchisee would have paid on the product of (a) the Continuing Monthly Service Fee paid in the month prior to termination multiplied by (b) the number of months remaining in the Agreement had it not been terminated or a maximum of thirty-six (36) months, whichever is less.

The parties hereto acknowledge and agree that it would be impracticable to determine precisely the damages Franchisor would incur from this Agreement's termination and the loss of cash flow from Continuing Monthly Service Fees due to, among other things, the complications of determining what costs, if any, Franchisor might have saved and how much the Continuing Monthly Service Fees would have grown over what would have been this Agreement's remaining term. The parties hereto consider this liquidated damages provision to be a reasonable, good faith pre-estimate of those damages.

The liquidated damages provision only covers Franchisor's damages from the loss of cash flow from the Continuing Monthly Service Fees. It does not cover any other damages, including damages to its reputation with the public and landlords and damages arising from a violation of any provision of this Agreement other than the Continuing Monthly Service Fee section. Franchisee and each of its owners agree that the liquidated damages provision does not give Franchisor an adequate remedy at law for any default under, or for the enforcement of, any provision of this Agreement other than the Continuing Monthly Service Fee section.

ARTICLE XV
COVENANTS

15.1 Franchisee covenants that during the term of this Agreement Franchisee shall devote his full time, energy, and best efforts to the management and operation of the Franchised Business hereunder.

15.2 Franchisee specifically acknowledges that, pursuant to this Agreement, Franchisee shall receive valuable training and confidential information, including, without limitation, promotional, operational, sales, and marketing methods and techniques of Franchisor and the System. Franchisee covenants that during the term of this Agreement, except as otherwise approved in writing by Franchisor, Franchisee shall not, either directly or indirectly, for himself or through, on behalf of, or in conjunction with any person, persons, or legal entity:

A. Divert or attempt to divert any business or customer of the Franchised Business hereunder to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Proprietary Marks and the System.

B. Own, maintain, advise, help, invest in, make loans to, be employed by, engage in, or have any interest in any business (including any business operated by Franchisee prior to entry

into this Agreement) specializing, in whole or in part, in the activities conducted by Franchisee, and any other type of service which Franchisee may be authorized to render hereunder.

15.3 Franchisee covenants that, except as otherwise approved in writing by Franchisor, Franchisee shall not, for a continuous uninterrupted period commencing upon the expiration or termination of this Agreement, regardless of the cause for termination, or upon transfer of this Agreement or the Franchised Business pursuant to Section 12.2 hereof, and continuing for two (2) years thereafter (and, in case of any violation of this covenant, for two (2) years after the violation ceases), either directly or indirectly, for himself or through, on behalf of, or in conjunction with any person, persons, partnership, or corporation, own, maintain, advise, help, invest in, make loans to, be employed by, engage in, or have any interest in a retail insurance agency business which is located:

A. Within Franchisee's Primary Area of Responsibility; or

B. Within a radius of twenty-five (25) miles of the Primary Area of Responsibility.

15.4 Subsection 15.2 C. and 15.3 of this Article XV shall not apply to ownership by Franchisee of less than a five (5%) percent beneficial interest in the outstanding equity securities of any corporation which is registered under the Securities Exchange Act of 1934.

15.5 The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Article XV is held unreasonable or unenforceable by a court or agency having valid jurisdiction in any unappealed final decision to which Franchisor is a party, Franchisee expressly agrees to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law as if the resulting covenant were separately stated in and made part of this Article XV.

15.6 Franchisee understands and acknowledges that Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in Sections 15.2 and 15.3 of this Agreement, or any portion thereof, without Franchisee's written consent, effective immediately upon receipt by Franchisee of written notice thereof. Franchisee agrees that he shall comply forthwith with any covenant as so modified, which will be fully enforceable notwithstanding the provisions of Article XX hereof.

15.7 Franchisee expressly agrees that the existence of any claim that he may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Franchisor of the covenants in this Article XV.

15.8 Franchisee acknowledges that any failure to comply with the requirements of this Article XV would cause Franchisor irreparable injury for which no adequate remedy at law may be available, and Franchisee hereby accordingly consents to the application for an injunction prohibiting any conduct by Franchisee in violation of the terms of this Article XV. Franchisor may further avail itself of any other legal or equitable rights and remedies which it may have under this Agreement, statute, common law or otherwise.

15.9 At Franchisor's request, Franchisee shall require and obtain execution of covenants similar to those set forth in this Article XV (including covenants applicable upon the termination of a person's relationship with Franchisee), by executing Attachment H hereof, from any or all of the following persons:

A. Any key persons employed by Franchisee who have received training from Franchisor;

B. All officers, directors and holders of a beneficial interest of five (5%) percent or more of the securities of Franchisee, and of any corporation directly or indirectly controlling Franchisee, if Franchisee is a corporation;

C. The general partners and any limited partners including any corporation, and the officers, directors, and holders of a beneficial interest of five (5%) percent or more of the securities of any corporation which controls, directly or indirectly, any general or limited partner, if Franchisee is a partnership; and

D. Each covenant to be required to be executed pursuant to this Section 15.9 shall be on a form supplied by Franchisor, including, without limitation, specific identification of Franchisor as a third party beneficiary of such covenants with the independent right to enforce them. Failure by Franchisee to obtain execution of a covenant required by this Section 15.9 shall constitute a default under Section 13.2 G. hereof.

ARTICLE XVI
TAXES, PERMITS AND INDEBTEDNESS

16.1 Franchisee shall promptly pay, when due, all taxes levied or assessed, including, without limitation, federal, state and local unemployment and sales taxes, and all accounts and other indebtedness of every kind to public and private entities incurred by Franchisee in the conduct of the Franchised Business under this Agreement.

Income Taxes. In addition to monthly royalty fees, Franchisor has the right to collect from you the cost of all income taxes, sales taxes and other taxes arising as a result of our licensing of intellectual property to you in the state where your franchise is located, as well as any assessment on the royalty fees, advertising contributions and any other income we receive from you. This fee is payable monthly with the royalty fees and only imposed if a state collects these taxes or assessments.

16.2 In the event of any bona fide dispute as to liability for taxes assessed or other indebtedness, such dispute shall be determined in accordance with procedures of the taxing authority or applicable law; however, in no event shall Franchisee permit a tax sale or seizure by levy of execution or similar writ or warrant, or attachment by a creditor, to occur against the premises of the Franchised Business or any improvements thereon.

16.3 Franchisee shall, at Franchisee's own cost and expense, comply with all federal, state and local laws, rules, and regulations, and shall timely obtain, and shall keep in force as required throughout the term of this Agreement, all certificates and licenses necessary for the full and proper conduct of the Franchised Business hereunder, including, but not limited to, any building and other required construction permits, franchises to do business, insurance broker's license, fictitious name registrations, sales tax permits, and fire clearances.

16.4 Franchisee shall notify Franchisor, in writing, within five (5) days following the commencement of any action, suit, or proceeding against Franchisee, and of the issuance of any inquiry, subpoena, order, writ, injunction, award, or decree of any court, agency, or other governmental instrumentality, arising out of, concerning, or which may affect the operation or financial condition of the Franchised Business other than civil proceedings against customers to collect monies owed, but including, without limitation, any criminal action or proceeding brought by Franchisee against employees, customers, or other persons.

ARTICLE XVII
INDEPENDENT CONTRACTOR AND INDEMNIFICATION

17.1 It is understood and agreed by the parties hereto that this Agreement does not create a fiduciary relationship between them, that Franchisee shall at all times be an independent contractor, and that nothing in this Agreement is intended to constitute either party as an agent, legal representative, subsidiary, joint venturer, partner, employee, or servant of the other for any purpose whatsoever.

17.2 During the term of this Agreement and any extension hereof, Franchisee shall hold himself out to the public as an independent contractor operating the business pursuant to a franchise granted by Franchisor. Franchisee shall take such affirmative action as may be necessary to indicate same, including, without limitation, exhibiting a notice of that fact in a conspicuous place within the franchised premises, the content of which Franchisor reserves the right to specify.

17.3 It is understood and agreed that nothing in this Agreement authorizes Franchisee to make any contract, agreement, warranty, or representation on Franchisor's behalf, or to incur any debt or other obligation in Franchisor's name and that Franchisor shall in no event assume liability for, or be deemed liable hereunder as a result of, any such action, or by reason of any act or omission of Franchisee in the operation of the Franchised Business, or any claim or judgment arising therefrom against Franchisor, and Franchisee shall indemnify and hold Franchisor and its officers, directors, shareholders, and employees harmless against any and all claims arising directly or indirectly from, as a result of, or in connection with Franchisee's operation of the Franchised Business, provided they arise out of Franchisee's negligence, breach of contract or other civil wrong, as well as the costs, including reasonable attorneys' fees, incurred in defending against them, provided said acts do not arise from Franchisor's negligence or the commission of a civil wrong by Franchisor, or which result from the actions brought by third parties for infringement with respect to use of the Proprietary Marks, provided such infringement actions are caused solely by Franchisor.

ARTICLE XVIII
APPROVALS AND WAIVERS

18.1 Whenever this Agreement requires the prior approval or consent of Franchisor, Franchisee shall make a timely written request to Franchisor therefor, and such approval or consent shall be obtained in writing.

18.2 Franchisor makes no warranties or guarantees upon which Franchisee may rely, and assumes no liability or obligation to Franchisee by providing any waiver, approval, consent, or suggestion to Franchisee in connection with this Agreement, or by reason of any neglect, delay, or denial of any request therefor.

18.3 No failure of Franchisor to exercise any power reserved to it by this Agreement or to insist upon strict compliance by Franchisee with any obligation or condition hereunder, and no custom or practice of the parties at variance with the terms hereof, shall constitute a waiver of Franchisor's right to demand exact compliance with any of the terms and covenants contained herein. Waiver by Franchisor of any particular default by Franchisee shall not affect or impair Franchisor's rights with respect to any subsequent default of the same, similar, or different nature; nor shall any delay, forbearance, or omission of Franchisor to exercise any power or right arising out of any breach or default by Franchisee of any of the terms, provisions or covenants hereof affect or impair Franchisor's right to exercise the same; nor shall such constitute a waiver by Franchisor of any right hereunder, or the right to declare any subsequent breach or default and to terminate this franchise prior to the expiration of its term. Subsequent acceptance

by Franchisor for any payments due it hereunder shall not be deemed to be a waiver by Franchisor of any preceding breach by Franchisee of any terms, covenants, or conditions of this Agreement.

18.4 Franchisor shall not, by virtue of any approvals, advice, or services provided to Franchisee, assume responsibility or liability to Franchisee or to any third parties to which Franchisor would not otherwise be subject.

ARTICLE XIX
RISK OF OPERATIONS

FRANCHISEE RECOGNIZES THAT THERE ARE MANY UNCERTAINTIES WITH RESPECT TO THE ESTABLISHMENT AND OPERATION OF THE FRANCHISED BUSINESS. THEREFORE, FRANCHISEE AGREES AND ACKNOWLEDGES THAT, EXCEPT AS SPECIFICALLY SET FORTH IN THIS AGREEMENT, NO REPRESENTATIONS, WARRANTIES, GUARANTEES OR AGREEMENTS HAVE BEEN MADE TO FRANCHISEE, EITHER BY FRANCHISOR OR BY ANYONE ACTING ON ITS BEHALF OR PURPORTING TO REPRESENT IT, INCLUDING, BUT NOT LIMITED TO, THE PROSPECTS FOR SUCCESSFUL OPERATIONS, THE LEVEL OF BUSINESS OR PROFITS THAT FRANCHISEE MIGHT REASONABLY EXPECT, THE DESIRABILITY, PROFITABILITY OR EXPECTED CLIENT COUNT OF THE CENTER FRANCHISED HEREBY, WHETHER OR NOT FRANCHISOR ASSISTED FRANCHISEE IN THE SELECTION OF THE LOCATION OF THE CENTER. FRANCHISEE HEREBY ACKNOWLEDGES THAT ALL SUCH FACTORS ARE NECESSARILY DEPENDENT UPON VARIABLES WHICH ARE BEYOND FRANCHISOR'S CONTROL, INCLUDING, WITHOUT LIMITATION, THE ABILITY, MOTIVATION, AMOUNT AND QUALITY OF EFFORT EXPENDED BY FRANCHISEE, AND THEREFORE, FRANCHISEE RELEASES FRANCHISOR AND ITS OFFICERS, DIRECTORS, AFFILIATES, SHAREHOLDERS AND AGENTS FROM ANY AND ALL CLAIMS, SUITS AND LIABILITY RELATING TO THE OPERATION OF FRANCHISEE'S CENTER INCLUDING, BUT NOT LIMITED TO, THE RESULTS OF ITS OPERATION, EXCEPT TO THE EXTENT THAT THE SAME IS PREDICATED UPON THE BREACH OF A SPECIFIC WRITTEN OBLIGATION OF FRANCHISOR CONTAINED IN THIS AGREEMENT AND PROVIDED, HOWEVER, THAT ALL RIGHTS ENJOYED BY FRANCHISEE AND ANY CAUSE OF ACTION ARISING IN HIS FAVOR FROM THE PROVISIONS OF ARTICLE 33 OF THE GBL AND THE REGULATIONS ISSUED THEREUNDER SHALL REMAIN IN FORCE; IT BEING THE INTENT OF THIS PROVISION THAT THE NON-WAIVER PROVISIONS OF GBL SECTIONS 687.4 AND 687.5 BE SATISFIED.

ARTICLE XX
FORCE MAJEURE

20.1 Neither party shall be responsible to the other for non-performance or delay in performance occasioned by causes beyond their respective control, including, without limiting the generality of the foregoing, acts or omissions of the other party, acts of civil or military authority, strikes, lockouts, embargoes, insurrections or acts of God. If any such delay occurs, any applicable time period shall be automatically extended for a period equal to the time lost, provided that the party affected makes reasonable efforts to correct the reason for such delay and gives to the other party prompt notice of any such delay.

20.2 Compliance With Anti-Terrorism Laws. You and your owners agree to comply, and to assist us to the fullest extent possible in our efforts to comply, with Anti-Terrorism Laws (defined below). In connection with that compliance, you and your owners certify, represent, and warrant that none of your

property or interests is subject to being blocked under, and that you and your owners otherwise are not in violation of, any of the Anti-Terrorism Laws. "Anti-Terrorism Laws" mean Executive Order 13224 issued by the President of the United States, the USA PATRIOT Act, and all other present and future federal, state, and local laws, ordinances, regulations, policies, lists, and other requirements of any governmental authority addressing or in any way relating to terrorist acts and acts of war. Any violation of the Anti-Terrorism Laws by you or your owners, or any blocking of your or your owners' assets under the Anti-Terrorism Laws, shall constitute good cause for immediate termination of this Agreement, as provided in Subsection 13.2 (S) above.

ARTICLE XXI
NOTICES

Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered or mailed by certified or registered mail, return receipt requested, to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other party:

NOTICES TO FRANCHISOR:	DCAP MANAGEMENT CORP. 956 South Broadway Hicksville, New York 11801
COPY TO:	Harold L. Kestenbaum, P.C. 175 Broadhollow Road, Suite 175 Melville, New York 11747
NOTICES TO FRANCHISEE:	_____ _____ _____

Any notice by certified or registered mail shall be deemed to have been given at the date and time of mailing.

ARTICLE XXII
REMEDIES CUMULATIVE; WAIVER; CONTENTS

22.1 All rights and remedies of Franchisor and of Franchisee enumerated in this Agreement shall be cumulative and, except as specifically contemplated otherwise by this Agreement, none shall exclude any other right or remedy allowed at law or in equity and said rights or remedies may be exercised and enforced concurrently. No waiver by Franchisor or by Franchisee of any covenant or condition or the breach of any covenant or condition of this Agreement to be kept or performed by the other party shall constitute a waiver by the waiving party of any subsequent breach of such covenant or condition or authorize the breach or nonobservance on any other occasion of the same or any other covenant or condition of this Agreement. Subsequent acceptance by Franchisor of any payments due to it hereunder shall not be deemed to be a waiver by Franchisor of any preceding breach by Franchisee of any terms, covenants or conditions of this Agreement.

22.2 Whenever this Agreement requires Franchisor’s prior approval or consent, Franchisee shall make a timely written request to Franchisor therefor, and such approval must be obtained in writing. Franchisor will also consider granting, in its sole discretion, other reasonable requests individually submitted by Franchisee in writing for Franchisor’s prior waiver of any obligation imposed by this Agreement. Franchisor makes no warranties or guarantees upon which Franchisee may rely, and assumes

no liability or obligation to Franchisee by providing any waiver, approval, consent, or suggestion to Franchisee in connection with this Agreement, or by reason of any neglect, delay or denial of any request therefor. Any waiver granted by Franchisor shall be subject to Franchisor's continuing review, may subsequently be revoked for any reason, effective upon Franchisee's receipt of ten (10) days' prior written notice, and shall be without prejudice to any other rights Franchisor may have.

ARTICLE XXIII
MODIFICATION OF SYSTEM

Franchisee understands and agrees that the System must not remain static if it is to meet (without limitation) presently unforeseen changes in technology, competitive circumstances, demographics, populations, consumer trends, societal trends and other market place variables, and if it is to best serve the interests of Franchisor, Franchisee and all other franchisees. Accordingly, Franchisee expressly understands and agrees that Franchisor may from time to time change the components of the System including, but not limited to, altering the products, programs, services, methods, standards, forms, policies and procedures of that System; abandoning the System altogether in favor of another system in connection with a merger, acquisition, other business combination or for other reasons; adding to, deleting from or modifying those products, programs and services which Franchisee's Franchised Business is authorized and required to offer; modifying or substituting entirely the building, premises, equipment, signage, trade dress, decor, color schemes and uniform construction, design, appearance and operation attributes which Franchisee is required to observe hereunder; and changing, improving, modifying or substituting the Proprietary Marks. Franchisee expressly agrees to comply with any such modifications, changes, additions, deletions, substitutions and alterations, provided, however, that such changes shall not materially and unreasonably increase Franchisee's obligations hereunder. Franchisee shall accept, use and effectuate any such changes or modifications to, or substitution of, the System as if they were part of the System at the time that this Agreement was executed.

Except as provided herein, Franchisor shall not be liable to Franchisee for any expenses, losses or damages sustained by Franchisee as a result of any of the modifications contemplated hereby. Franchisee hereby covenants not to commence or join in any litigation or other proceeding against Franchisor or any third party complaining of any such modifications or seeking expenses, losses or damages caused thereby. Finally, Franchisee expressly waives any claims, demands or damages arising from or related to the foregoing activities including, without limitation, any claim of breach of contract, breach of fiduciary duty, fraud, and/or breach of the implied covenant of good faith and fair dealing.

ARTICLE XXIV
SEVERABILITY AND CONSTRUCTION

24.1 Each covenant and provision of this Agreement shall be construed as independent of any other covenant or provision of this Agreement. The provisions of this Agreement shall be deemed severable.

24.2 If all or any portion of a covenant or provision of this Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in a decision to which Franchisor is a party, Franchisee expressly agrees to be bound by any lesser covenant or provision imposing the maximum duty permitted by law which is subsumed within the terms of such covenant or provision as if the lesser covenant or provision were separately stated in and made a part of this Agreement.

24.3 Nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than Franchisor or Franchisee, and such of their respective successors and assigns as may be contemplated by Article XII hereof, any rights or remedies under or by reason of this Agreement.

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

24.5 All references herein to the masculine, neuter, or singular shall be construed to include the masculine, feminine, neuter, or plural, where applicable, and all acknowledgments, promises, covenants, agreements, and obligations herein made or undertaken by Franchisee shall be deemed jointly and severally undertaken by all those executing this Agreement on behalf of Franchisee.

ARTICLE XXV
APPLICABLE LAW AND VENUE

25.1 This Agreement takes effect upon its acceptance and execution by Franchisor in New York and shall be interpreted and construed under the laws thereof, which laws shall prevail in the event of any conflict of law.

25.2 No right or remedy conferred upon or reserved to Franchisor or Franchisee by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy.

25.3 Nothing herein contained shall bar Franchisor's right to seek injunctive relief against threatened conduct that will cause it loss or damages under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary injunctions.

256.4 Franchisee acknowledges that he has and will continue to develop a substantial and continuing relationship with Franchisor at its principal offices in the State of New York, where Franchisor's decision making authority is vested and franchise operations are conducted and supervised. Therefore, the parties herein irrevocably agree and consent that in any action or proceeding hereafter brought by either party to this Agreement, each will submit to the exclusive jurisdiction and venue of any local, state or federal court located in the State of New York, County of Nassau.

25.5 The parties hereto agree to waive all rights either may have under the federal statute known as RICO.

25.6 The parties hereby waive to the fullest extent permitted by law, any right to or claim for any punitive or exemplary damages against the other and agree that in the event of a dispute between them each shall be limited to the recovery of any actual damages sustained by it. The parties irrevocably waive trial by jury in any action, proceeding or counterclaim, whether at law or in equity, brought by either of them.

25.7 In the event Franchisor is required to employ legal counsel or to incur other expense to enforce any obligation of Franchisee hereunder, or to defend against any claim, demand, action, or proceeding by reason of Franchisee's failure to perform any obligation imposed upon Franchisee by this Agreement, Franchisor shall be entitled to recover from Franchisee the amount of all reasonable attorneys' fees of such counsel and all other expenses incurred in enforcing such obligation or in defending against such claim, demand, action, or proceeding, whether incurred prior to or in preparation for or contemplation of the filing of such action or thereafter.

25.8 Franchisee agrees that he will not, on grounds of the alleged nonperformance by Franchisor of any of its obligations hereunder, withhold payment of any Continuing Monthly Service Fee, advertising contributions or any other amounts due to Franchisor.

ARTICLE XXVI
ARBITRATION

26.1 In the event any party is required to employ legal counsel or to incur other reasonable expenses to enforce any obligation of another party hereunder, or to defend against any claim, demand, action, or proceeding by reason of another party's failure to perform any obligation imposed upon such party by this Agreement, and provided that legal action is filed by or against the first party and such action or the settlement thereof establishes the other party's default hereunder, then the prevailing party shall be entitled to recover from the other party the amount of all reasonable attorneys' fees of such counsel and all other expenses reasonably incurred in enforcing such obligation or in defending against such claim, demand, action, or proceeding, whether incurred prior to or in preparation for or contemplation of the filing of such action or thereafter. Nothing contained in this Paragraph shall relate to arbitration proceedings pursuant to this Agreement.

26.2 Except as otherwise specifically provided in this Agreement, the parties agree that all contract disputes that cannot be amicably settled shall be determined solely and exclusively by arbitration under the Federal Arbitration Act as amended and in accordance with the rules of the American Arbitration Association or any successor thereof. Arbitration shall take place at an appointed time and place in the State of New York, County of Nassau.

26.3 Each party shall select one (1) arbitrator (who shall not be counsel for the party), and the two so designated shall select a third arbitrator. If either party shall fail to designate an arbitrator within seven (7) days after arbitration is requested, or if the two arbitrators shall fail to select a third arbitrator within fourteen (14) days after arbitration is requested, then an arbitrator shall be selected by the American Arbitration Association or any successor thereto upon application of either party. Judgment upon any award of the majority of the arbitrators shall be binding and shall be entered in a court of competent jurisdiction. The award of the arbitrators may grant any relief which might be granted by a court of general jurisdiction, including, without limitation, by reason of enumeration, award of damages (but excluding injunctive relief), and may, in the discretion of the arbitrators, assess in addition the costs of arbitration, including the reasonable fees of the arbitrators and reasonable attorneys' fees, against either or both parties in proportions as the arbitrators shall determine.

26.4 Nothing herein contained shall bar the right of either party to seek and obtain temporary and permanent injunctive relief from a court of competent jurisdiction consistent with Article XXV hereof in accordance with applicable law against threatened conduct that will in all probability cause loss or damage to Franchisee or Franchisor.

26.5 It is the intent of the parties that any arbitration between Franchisee and Franchisor regarding a claim of Franchisee shall be of Franchisee's individual claim and that no such claim subject to arbitration shall be arbitrated on a class-wide basis.

26.6 Franchisee shall not assert any claim or cause of action against Franchisor, its officers, directors, shareholders, employees or affiliates after one (1) year following the event giving rise to such claim or cause of action.

ARTICLE XXVII
ACKNOWLEDGMENTS

27.1 FRANCHISEE ACKNOWLEDGES THAT HE HAS CONDUCTED AN INDEPENDENT INVESTIGATION OF THE BUSINESS FRANCHISED HEREUNDER, AND

RECOGNIZES THAT THE BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT INVOLVES BUSINESS RISKS AND THAT ITS SUCCESS WILL BE LARGELY DEPENDENT UPON THE ABILITY OF FRANCHISEE AS AN INDEPENDENT BUSINESS PERSON. FRANCHISOR EXPRESSLY DISCLAIMS THE MAKING OF, AND FRANCHISEE ACKNOWLEDGES THAT HE HAS NOT RECEIVED, ANY WARRANTY OR GUARANTEE, EXPRESS OR IMPLIED, AS TO THE POTENTIAL VOLUME, PROFITS, OR SUCCESS OF THE BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT.

27.2 FRANCHISEE ACKNOWLEDGES THAT HE HAS RECEIVED, READ, AND UNDERSTOOD THIS AGREEMENT, INCLUDING THE ATTACHMENTS HERETO; THAT FRANCHISOR HAS FULLY AND ADEQUATELY EXPLAINED THE PROVISIONS OF EACH TO FRANCHISEE'S SATISFACTION; AND THAT FRANCHISOR HAS ACCORDED FRANCHISEE AMPLE TIME AND OPPORTUNITY TO CONSULT WITH ADVISORS OF HIS OWN CHOOSING ABOUT THE POTENTIAL BENEFITS AND RISKS OF ENTERING INTO THIS AGREEMENT.

27.3 FRANCHISEE ACKNOWLEDGES THAT HE HAS RECEIVED THE DISCLOSURE DOCUMENT REQUIRED BY THE TRADE REGULATION RULE OF THE FEDERAL TRADE COMMISSION, ENTITLED "DISCLOSURE REQUIREMENT AND PROHIBITIONS CONCERNING FRANCHISING AND BUSINESS OPPORTUNITY VENTURES," AT LEAST FOURTEEN (14) CALENDAR DAYS PRIOR TO THE DATE ON WHICH THIS AGREEMENT WAS EXECUTED.

27.4 FRANCHISEE IS AWARE OF THE FACT THAT SOME FRANCHISEES OF FRANCHISOR MAY OPERATE UNDER DIFFERENT FORMS OF AGREEMENTS AND, CONSEQUENTLY, THAT FRANCHISOR'S OBLIGATIONS AND RIGHTS IN RESPECT TO ITS VARIOUS FRANCHISEES MAY DIFFER MATERIALLY IN CERTAIN CIRCUMSTANCES.

ARTICLE XXVIII
ENTIRE AGREEMENT

This Agreement, together with any other Franchise Agreements thereunder, constitutes the entire agreement between Franchisor and Franchisee in respect of the subject matter hereof, and this Agreement supersedes all prior and contemporaneous agreements between Franchisor and Franchisee in connection with the subject matter of this Agreement; provided, however, that nothing in this or any related agreement is intended to disclaim the representations made by Franchisor in the Disclosure Document that was furnished to Franchisee by Franchisor. In the event of any conflict between the terms of this Agreement or any other Franchise Agreement, the terms of this Agreement shall prevail. No officer, employee or other servant or agent of Franchisor or Franchisee is authorized to make any representation, warranty or other promise not contained in this Agreement. No change, termination or attempted waiver of any of the provisions of this Agreement shall be binding upon Franchisor or Franchisee unless in writing and signed by Franchisor and Franchisee.

ARTICLE XXIX
JOINT AND SEVERAL OBLIGATION

If Franchisee consists of more than one person, their liability under this Agreement shall be deemed to be joint and several.

ARTICLE XXX
COUNTERPART; PARAGRAPH HEADINGS; PRONOUNS

This Agreement may be executed in any number of counterparts, all of which when taken together shall constitute one and the same instrument. The paragraph headings in this Agreement are for convenience of reference only and shall not be deemed to alter or affect any provision thereof. Each pronoun used herein shall be deemed to include the other number of genders.

ARTICLE XXXI
EFFECTIVE DATE

This Agreement shall be effective as of the date it is executed by DCAP MANAGEMENT CORP.

ARTICLE XXXII
OPERATION IN THE EVENT OF ABSENCE OR DISABILITY; STEP-IN RIGHTS

32.1 In order to prevent any interruption of the Center operations which would cause harm to the Center, thereby depreciating the value thereof, Franchisee authorizes Franchisor, who may, at its option, in the event that Franchisee is absent for any reason or is incapacitated by reason of illness and is unable, in the sole and reasonable judgment of Franchisor, to operate the Center, operate the Center for so long as Franchisor deems necessary and practical, and without waiver of any other rights or remedies Franchisor may have under this Agreement. All monies from the operation of the Center during such period of operation by Franchisor shall be kept in a separate account, and the expenses of the Center, including reasonable compensation and expenses for Franchisor's representative, shall be charged to said account. If, as herein provided, Franchisor temporarily operates the Center franchised herein for Franchisee, Franchisee agrees to indemnify and hold harmless Franchisor and any representative of Franchisor who may act hereunder, from any and all acts which Franchisor may perform, as regards the interests of Franchisee or third parties.

32.2 If Franchisor determines in its sole judgment that the operation of Franchisee's business is in jeopardy, or if a default occurs, then in order to prevent an interruption of the franchised business which would cause harm to the franchise system and thereby lessen its value, Franchisee authorizes Franchisor to operate his/her business for as long as Franchisor deems necessary and practical, and without waiver of any other rights or remedies which Franchisor may have under this Agreement. In the sole judgment of Franchisor, Franchisor may deem Franchisee incapable of operating the franchised business if, without limitation, Franchisee is absent or incapacitated by reason of illness or death; Franchisee has failed to pay when due or has failed to remove any and all liens or encumbrances of every kind placed upon or against Franchisee's business; or Franchisor determines that operational problems require that Franchisor operate Franchisee's business for a period of time that Franchisor determines, in its sole discretion, to be necessary to maintain the operation of the business as a going concern.

32.3 Franchisor shall keep in a separate account all monies generated by the operation of Franchisee's business, less the expenses of the business, including reasonable compensation and expenses for Franchisor's representatives. In the event of the exercise of the Step-In Rights by Franchisor**,** Franchisee agrees to hold harmless Franchisor and its representatives for all actions occurring during the course of such temporary operation. Franchisee agrees to pay all of Franchisor's reasonable attorneys' fees and costs incurred as a consequence of Franchisor's exercise of its Step-In Rights. Nothing contained herein shall prevent Franchisor from exercising any other right which it may have under this Agreement, including, without limitation, termination pursuant to Article XIII.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement.

WITNESS:	DCAP MANAGEMENT CORP.
_____	_____
	By: _____
	Date: _____
WITNESS:	FRANCHISEE:
_____	_____
	By: _____
	Date: _____

PERSONAL GUARANTEE OF PRINCIPAL OWNER(S)

WE, THE UNDERSIGNED, each of whom is a principal owner of _____, to induce DCAP MANAGEMENT CORP. ("DCAP INSURANCE") to enter into the attached Franchise Agreement, waiving demand and notice, hereby jointly and severally personally guarantee the full payment and performance of the obligations of _____ under such agreement as if each of us were that Franchisee.

THE UNDERSIGNED expressly agree that the validity of this guarantee and each of our obligations hereunder shall not, under any circumstances whatsoever, be terminated, affected or impaired by reason of the assertion by DCAP INSURANCE against such Franchisee of any of the rights or remedies reserved to it by the Agreement.

THE UNDERSIGNED further agree that this guarantee shall remain and continue in full force and effect as to any renewal, modification or extension of the Agreement and any assignment or transfer of the Agreement by DCAP INSURANCE, whether or not any or all of us shall have received any notice of or consent to such renewal, modification, extension, assignment or transfer.

FAILURE OF DCAP INSURANCE to insist upon strict performance or observance of any of the terms, provisions or covenants of the Agreement or to exercise any right therein contained shall not be construed as a waiver or relinquishment of any such term, provision, covenant or right and the same shall continue and remain in full force and effect. Receipt by DCAP INSURANCE of payment with knowledge of the breach of any provision of the Agreement shall not be termed a waiver of such breach.

THE UNDERSIGNED further agree that their liability under this guarantee shall be primary and that in any right of action which may accrue to DCAP INSURANCE under the Agreement, DCAP INSURANCE may, at its option, proceed against any or all of the undersigned without having commenced any action against or having obtained any judgment against Franchisee.

This Guarantee is intended to take effect as a sealed instrument.

Dated: _____

_____ _____

DCAP MANAGEMENT CORP.
FRANCHISE AGREEMENT

ATTACHMENT "A"

Area for Center Location

The following describes the area within which Franchisee will locate his Center:

_____

_____

_____

(Refer to Article I of Agreement)

DCAP MANAGEMENT CORP.

FRANCHISE AGREEMENT

ATTACHMENT “B”

Location of Center

The following is the address of Franchisee’s Center:

_____

_____

_____

(Refer to Article I of Agreement)

DCAP MANAGEMENT CORP.

FRANCHISE AGREEMENT

ATTACHMENT “C”

Primary Area of Responsibility

The following describes the area within which Franchisor will not establish or operate a company-owned Center or grant franchises to others to operate Centers under the System:

_____

_____

_____

(Refer to Article I of Agreement)

ATTACHMENT "D"

AUTHORIZATION AGREEMENT FOR DIRECT DEBT

AUTHORIZATION AGREEMENT FOR PREARRANGED PAYMENTS (DEBITS)

Company Name | Company ID Number

I, (We) hereby authorize _____ hereinafter called COMPANY, to initiate debit entries and/or credit correction entries to my (our) Checking _____ Savings _____ account indicated below and the depository named below, hereinafter called DEPOSITORY, to debit the same to such account.

Depository Name | Branch

City | State | Zip Code

Bank Transit/ABA Number | Account Number

This authority is to remain in full force and effect until DEPOSITORY has received written notification from me (or either of us) of its termination in such time and in such manner as to afford the DEPOSITORY a reasonable opportunity to act on it. A customer has the right to stop payment at any time up to three (3) banking days before the scheduled date of the transfer of a debit entry by notification to DEPOSITORY. If an erroneous debit entry is initiated by COMPANY to a customer's account, customer shall have the right to have the amount of such entry credited to such account by DEPOSITORY, if within fifteen (15) calendar days following the date on which DEPOSITORY sent to customer a statement of account or a written notice pertaining to such entry or forty-six (46) days after posting, whichever occurs first, the customer shall have sent to DEPOSITORY a written notice identifying such entry, stating that such entry was in error and requesting DEPOSITORY to credit the amount thereof to such account.

These rights are in addition to any rights a customer may have under federal and state banking laws.

Name(s) | Social Security/ID Number

Signature | Date

ATTACHMENT "E"

DCAP MANAGEMENT CORP.

ADDENDUM TO FRANCHISE AGREEMENT

Site Location

DCAP MANAGEMENT CORP. (hereinafter "Franchisor") and _____ (hereinafter "Franchisee) have this date, _____, 20___, entered into a certain Franchise Agreement (hereinafter "Franchise Agreement") and desire to supplement its terms as set out below. The parties hereto therefore agree as follows:

A. Site Selection

Within _____ (___) days after execution of this Addendum, Franchisee shall acquire, by lease or purchase, at Franchisee's expense and subject to Franchisor's approval as hereinafter provided, a location for the Franchised Business. Such location shall be within the following geographic area (which is described solely for the purpose of selecting a site for the Franchised Business): _____
_____
_____.

B. Guidelines and Evaluation

In connection with Franchisee's selection of a site for the Franchised Business, Franchisor shall furnish to Franchisee the following:

1. Site selection guidelines, and such site selection, counseling and assistance as Franchisor may deem advisable.

2. Such on-site evaluation as Franchisor may deem advisable in response to Franchisee's request for site approval; provided, however, that Franchisor shall not provide on-site evaluation for any proposed site prior to the receipt of a market feasibility study for such site prepared by Franchisee pursuant to Paragraph C. hereof. If on-site evaluation is deemed necessary and appropriate by Franchisor (on its own initiative or at Franchisee's request), Franchisee shall reimburse Franchisor for all reasonable expenses incurred by Franchisor in connection with such on-site evaluation, including, without limitation, the cost of travel, lodging and meals.

C. Site Approval

Prior to the acquisition by lease or purchase of any proposed location for the Franchised Business, Franchisee shall submit to Franchisor, in the form specified by Franchisor, a description of the proposed location, and such other information or materials as Franchisor may reasonably require, together with a letter of intent or other evidence satisfactory to Franchisor which confirms Franchisee's favorable prospects for obtaining the proposed location. Recognizing that time is of the essence, Franchisee agrees that he must submit such information and material for the proposed location to Franchisor for its approval no later than _____ (___) days after the execution of the Franchise Agreement. Franchisor shall have _____ (___) days after receipt of such information and materials from Franchisee to approve or disapprove, at its sole discretion, the proposed location as the location for the Franchised Business. The proposed location shall not be deemed approved unless written notice of approval is given to Franchisee by Franchisor.

D. Lease Provisions

The lease, if any, for the premises of the Franchised Business shall be submitted to Franchisor for its written approval prior to execution by Franchisee and the Lessor, and shall contain the following terms and conditions:

1. That the premises shall be used only for the operation of the Franchised Business.

2. That the landlord has examined Franchisor's standard design concepts and consents to Franchisee's use of such Proprietary Marks and signage as Franchisor may prescribe for the Franchised Business.

3. That the landlord agrees to furnish Franchisor with copies of any and all letters and notices sent to Franchisee pertaining to the lease and premises, at the same time that such letters and notices are sent to Franchisee.

4. That Franchisee may not sublease or assign all or any part of his occupancy rights or extend the term or renew the lease without Franchisor's prior written consent.

5. That Franchisor shall have the right to enter the premises to make any modification necessary to protect Franchisor's Proprietary Marks or to cure any default under the lease or under this Agreement.

6. That Franchisor shall have the option to assume Franchisee's occupancy rights, and the right to sublease for all or any part of the remaining term, upon Franchisee's default or termination under such lease or under this Agreement.

7. That Franchisor shall be furnished a copy of the executed lease _____ (____) days after its execution, and no change or amendment to such lease affecting the above terms and conditions shall be effective without Franchisor's prior written approval.

E. Relocation

Upon Franchisor's approval of a location for the Franchised Business or upon execution of this Agreement, whichever occurs earlier, the street address of the approved location of the Franchised Business shall be recorded and shall be attached as Attachment "A" to this Agreement. Franchisee shall not relocate the Franchised Business without the express prior written consent of Franchisor.

F. Construction

Franchisee shall commence leasehold improvements (hereinafter "Construction") of the Center within _____ (___) days after Franchisee executes this addendum, execute a lease, or obtains the right to possession of the premises, whichever occurs latest. Franchisee shall provide written notice to Franchisor of the date Construction of the Center commences within _____ (___) days after commencement. Franchisee shall maintain continuous Construction of the Center premises and shall complete Construction, including all interior carpentry, electrical, painting and finishing work, and installation of all furnishings, fixtures, equipment, and signs, in accordance with the approved plans and specifications at Franchisee's expense, within _____ (___) months after commencement (exclusive of the time lost by reason of strikes, lockouts, fire and other casualties and acts of God). Each week during the construction period, Franchisee and Franchisee's architect or general contractor shall certify in

writing to Franchisor that all work is proceeding on schedule, and in accordance with the approved plans and specifications and all applicable laws, regulations ordinances and restrictive covenants. Franchisee further agrees that Franchisor and its agents shall have the right to inspect the Construction at all reasonable times.

G. Permits and Approvals

Before or upon completion of Construction, Franchisee shall obtain, and shall furnish to Franchisor copies of, all necessary permits, approvals, and certificates required for occupancy of the premises and operation of the Franchised Business. Franchisee shall obtain Franchisor's approval for opening and shall open the Franchised Business within _____ (___) months after the date of commencement of Construction.

H. Time of Essence

Franchisee and Franchisor agree that time is of the essence in Franchisee's performance of his obligations hereunder. Any failure by Franchisee to meet the time limits imposed under this Addendum shall constitute a default under Section 13.2 A of the Franchise Agreement, for which Franchisor may terminate this Agreement upon notice to Franchisee.

I. Effect of Franchise Agreement

This Addendum shall be considered an integral part of the Franchise Agreement between the parties hereto, and the terms of this Addendum shall be controlling with respect to the subject matter hereof. Except as modified or supplemented by this Addendum, the terms of the Franchise Agreement are hereby ratified and confirmed.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum in triplicate on the day and year first above written.

DCAP MANAGEMENT CORP.

_____ By:_____
WITNESS

_____ _____(SEAL)
WITNESS FRANCHISEE

_____ _____(SEAL)
WITNESS FRANCHISEE

DCAP MANAGEMENT CORP.

ATTACHMENT "F"

TRANSFER OF FRANCHISE TO A CORPORATION OR LIMITED LIABILITY COMPANY

The undersigned, an officer, director and owner of a majority of the issued and outstanding voting stock of the corporation set forth below, or the Members of the issued and outstanding Interests of the limited liability company set forth below, and Franchisee of the Center under a Franchise Agreement executed on the date set forth below, between himself and DCAP MANAGEMENT CORP. as Franchisor, granting him a franchise to operate at the location set forth below, and the other undersigned directors, officers and shareholders of the corporation, or the Members of the limited liability company, who together with Franchisee constitute all of the shareholders of the corporation, or the Members of the limited liability company, in order to induce Franchisor to consent to the assignment of the Franchise Agreement to the corporation or limited liability company in accordance with the provisions of Article XII of the Franchise Agreement, agree as follows:

1. The undersigned Franchisee shall remain personally liable in all respects under the Franchise Agreement and all the other undersigned officers, directors and stockholders of the corporation, or the Members of the limited liability company, intending to be legally bound hereby agree jointly and severally to be personally bound by the provisions of the Franchise Agreement, including the restrictive covenants contained in Article XV thereof, to the same extent as if each of them were Franchisee set forth in the Franchise Agreement and they jointly and severally personally guarantee all of Franchisee's obligations set forth in said Agreement.

2. The undersigned agrees not to transfer any stock in the corporation, or any interest in the limited liability company, without the prior written approval of Franchisor and agrees that all stock certificates representing shares in the corporation, or all certificates representing interests in the limited liability company, shall bear the following legend:

   "The shares of stock represented by this certificate are subject to the terms and conditions set forth in a Franchise Agreement entered into by and between _____ and DCAP MANAGEMENT CORP., dated _____, 20__."

   or

   "**The ownership interests represented by this certificate are subject to the terms and conditions set forth in a Franchise Agreement entered into by and between _____ and DCAP Management Corp., dated _____, 20___."**

3. [_____] or his designee shall devote his best efforts to the day-to-day operation and development of the Center.

4. [_____] hereby agrees to become a party to and to be bound by all of the provisions of the Franchise Agreement executed on the date set forth

below between Franchisee and DCAP MANAGEMENT CORP. to the same extent as if he were named as Franchisee herein.

Date of Franchise Agreement: _____

Location of Center: _____

WITNESS:

_____

As to Paragraph 3:

_____
Name:

As to Paragraph 4:

_____

_____
Name:

ATTEST:

_____

_____
Name of Corporation or
limited liability company

_____

By:_____ (SEAL)
Title:_____

In consideration of the execution of the above agreement, DCAP MANAGEMENT CORP. hereby consents to the above referred to assignment on this _____ day of _____, 20___.

DCAP MANAGEMENT CORP.

By:_____(SEAL)

DCAP MANAGEMENT CORP.

ATTACHMENT "G"

ASSIGNMENT OF FRANCHISEE'S TELEPHONE NUMBERS

For value received, the undersigned (hereinafter called the "Franchisee") hereby irrevocably assigns, effective upon date of termination or expiration of the Franchise Agreement, the telephone listing and numbers stated below, to DCAP MANAGEMENT CORP. (hereinafter called "Franchisor") upon the following terms and conditions:

1. This assignment is made pursuant to the terms of a Franchise Agreement of even date herewith (hereinafter called "Agreement") between Franchisor and Franchisee, which in part pertains to the telephone listing and numbers used by Franchisee in the operation of the Center in the Primary Area of Responsibility covered by the Agreement.

2. Franchisee shall retain the limited right to use the telephone listing and numbers solely for the transaction and advertising of the Center business while the Agreement between Franchisor and Franchisee shall remain in full force and effect, but upon termination or expiration of the Agreement for any reason whatsoever, the limited right of use of the telephone listing and numbers by Franchisee shall also terminate.

3. The telephone listing and numbers subject to this assignment are:

   _____

   _____

   _____

   and any numbers on the rotary series, and any numbers used by Franchisee in the Center's business in the future.

4. This Assignment is freely transferable by Franchisor to any person or entity. This Assignment inures to the benefit of all parties who lawfully succeed to the rights or take the place of Franchisor.

IN WITNESS WHEREOF, Franchisee has hereunto set his hand this _____ day of _____, 20 ___.

_____

FRANCHISEE

ATTACHMENT "H"

ADDENDUM TO THE FRANCHISE AGREEMENT BY AND BETWEEN

DCAP MANAGEMENT CORP.

AND _____

DATED: _____, 20___

CONFIDENTIALITY AND NON-COMPETITION AGREEMENT

THIS AGREEMENT is made and entered into as of this ____ day of _____, 20__, by and among DCAP MANAGEMENT CORP., a New York corporation ("Franchisor"), _____, ("Franchisee") and _____ ("Covenantor").

W I T N E S S E T H

WHEREAS, pursuant to the terms of that certain "DCAP MANAGEMENT CORP. " Franchise Agreement between Franchisor and Franchisee dated _____, 20___ (the "Franchise Agreement"), Franchisor has granted to Franchisee the right to own and operate a "DCAP INSURANCE" business (the "Franchised Business") at _____ (the "Premises") (all capitalized terms not defined herein shall have the respective meanings set forth in the Franchise Agreement);

WHEREAS, Covenantor is either a shareholder, partner, officer or director of Franchisee or is an employee of Franchisee who will have access to the Confidential Information (as defined below) in connection with the operation of the Franchised Business at the Premises;

WHEREAS, in consideration of the grant of the franchise for the Franchised Business to Franchisee and the employment of Covenantor (in the event Covenantor is an employee of Franchisee), as a condition precedent to allowing Covenantor to have access to the Confidential Information, and as a material term of the Franchise Agreement necessary to protect Franchisor's ownership interest in Franchisee's right to use the Confidential Information in the Franchised Business, Franchisor and Franchisee require that Covenantor enter into this Agreement;

WHEREAS, to induce Franchisor to enter into the Franchise Agreement and to avoid a material breach thereof, as the case may be, Franchisor, Franchisee and Covenantor desire, and deem it to be in Covenantor's personal best interest, that Covenantor enter into this Agreement;

WHEREAS, due to the nature of Franchisor's business any use or disclosure of the Confidential Information other than in accordance with this Agreement will cause Franchisor and Franchisee substantial harm.

NOW, THEREFORE, to induce Franchisor to enter into the Franchise Agreement and/or to prevent Franchisor from declaring a material breach thereunder, and in consideration of the covenants and mutual agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Recitals

The recitals set forth above shall be deemed to be incorporated herein as if fully set forth in this Agreement, and this Agreement shall be interpreted in light of such recitals.

2. Definition of Confidential Information

As used herein, the term "Confidential Information" shall mean certain confidential and proprietary information and trade secrets consisting of the following categories of information, methods, techniques, procedures and knowledge developed or to be developed or acquired by Franchisor, its Affiliates, and/or its developers and franchisees (the "Confidential Information"), including, without limitation: (a) distinctive methods, techniques, equipment, specifications, standards, policies, procedures, information, concepts and systems relating to, and knowledge of and experience in the development, operation and franchising of the Franchised Business; and (b) marketing and promotional programs for the Franchised Business.

3. Protection of Confidential Information

Franchisor will disclose to Franchisee the Confidential Information pursuant to the Franchise Agreement. Covenantor acknowledges and agrees that Covenantor will not acquire any interest in or right to use the Confidential Information except the right to use it strictly in accordance with the Franchise Agreement, and that the use or duplication of the Confidential Information in any other business would be detrimental to Franchisor and would constitute an unfair method of competition with Franchisor and other Franchised Business owners. Covenantor acknowledges and agrees that the Confidential Information is a valuable asset of Franchisor, is proprietary, includes trade secrets of Franchisor, and is disclosed to Covenantor by Franchisee solely on the condition that Covenantor agrees, and Covenantor hereby does agree, that Covenantor: (a) will not use the Confidential Information in any other business or capacity; (b) will maintain the absolute secrecy and confidentiality of the Confidential Information during and after the term of the Franchise Agreement; (c) will not make unauthorized copies of any portion of the Confidential Information disclosed in written form; and (d) will follow all reasonable procedures prescribed from time to time by Franchisor and Franchisee to prevent unauthorized use or disclosure of or access to the Confidential Information. Notwithstanding the foregoing, nothing herein shall prevent Covenantor from continuing to use, after termination of this Agreement, any portion of the Confidential Information that has become generally known or easily accessible, other than by any person's or entity's breach of any obligation of confidentiality to Franchisor or Franchisee. Nothing contained herein shall be construed to prohibit Covenantor from using the Confidential Information in connection with the operation of a "DCAP INSURANCE" Center (other than the Franchised Business) pursuant to a franchise agreement between Covenantor and Franchisor. Covenantor agrees to disclose to Franchisor all ideas, concepts, methods, techniques and products relating to the development and operation of the Franchised Business conceived or developed by Covenantor during the term of this Agreement, and Franchisor shall have a perpetual, non- exclusive and worldwide right to incorporate same in the System for use in all "DCAP INSURANCE" businesses operated by Franchisor and its franchisees. Franchisor shall have no obligation to make any payment to Covenantor with respect to any idea, concept, method, technique or product developed or suggested by Covenantor and incorporated by Franchisor in the Franchised Business. Covenantor agrees that Covenantor will not use any such concept, method, technique or product without obtaining Franchisor's prior written approval.

4. Restrictive Covenant During the Term of the Franchise Agreement

Covenantor acknowledges and agrees that Franchisor would be unable to protect the Confidential Information against unauthorized use or disclosure and would be unable to encourage a free exchange of

ideas and information among "DCAP INSURANCE" businesses if persons or entities authorized to use the Confidential Information were permitted to hold interests or perform services for a Competitive Business. As used in this Agreement, "Competitive Business" means any enterprise, other than the Franchised Business, that: (a) consists substantially of the operation of a retail location or locations which offers insurance products or services or engages in any other business that is substantially similar to the Franchised Business; or (b) grants a franchise or license or establishes a joint venture for the development and/or operation of a Competitive Business. Covenantor further acknowledges that restrictions on his direct or indirect ownership of interests in a Competitive Business will not hinder Covenantor's activities in connection with Franchisee's performance of the Franchise Agreement or in general. Covenantor therefore agrees that during the term of the Franchise Agreement and so long as Covenantor is either a shareholder, partner, employee, officer or director of Franchisee, Covenantor shall not directly or indirectly engage in any Competitive Business anywhere in the world. As used in this Agreement, the phrase "directly or indirectly engage in any Competitive Business" shall include, without limitation: (x) the ownership of an interest in a Competitive Business by Covenantor or his spouse; and (y) the performance of services as a director, officer, manager, employee, consultant, representative, agent or otherwise for any Competitive Business by Covenantor or his spouse. Franchisee and Covenantor acknowledge and agree that the failure of Covenantor or his spouse to comply with this Paragraph 4 or Paragraphs 5 or 6 below shall constitute a breach of the Franchise Agreement. Nothing in this Agreement shall preclude Covenantor or his spouse from acquiring ownership of shares in a business which is not a Competitive Business. The restrictions of this Paragraph shall not be applicable to the ownership of shares of a class of securities listed on a stock exchange or traded on the over-the-counter market that represent less than five (5%) percent of the total number of issued and outstanding shares of that class of securities.

5. Restrictive Covenant upon Transfer of Covenantor's Ownership Interest in Franchise Owner

If Covenantor transfers his entire ownership interest in Franchisee and is not thereafter an employee, officer or director of Franchisee, Covenantor agrees that Covenantor will not directly or indirectly engage in a Competitive Business within the Primary Area of Responsibility or within a twenty-five (25) mile radius of any other "DCAP INSURANCE" business for a period of two (2) years commencing on the effective date of such transfer. As used in this Paragraph 5 and in Paragraph 6 below, the phrase "directly or indirectly engage in a Competitive Business" shall mean and include, without limitation, the performance of services as a director, officer, manager, employee, consultant, representative, agent or otherwise for any Competitive Business by Covenantor or his spouse.

6. Restrictive Covenant upon Termination or Expiration of the Franchise Agreement

Upon the first to occur of: (a) termination of the Franchise Agreement, (b) expiration of the Franchise Agreement (without renewal); or (c) the date as of which Covenantor is neither a shareholder, partner, employee, officer or director of Franchisee (other than in the case of a transfer governed by Paragraph 5 above), Covenantor agrees that Covenantor will not directly or indirectly engage in a Competitive Business located or operating within the Primary Area of Responsibility or within a twenty-five (25) mile radius of any other "DCAP INSURANCE" business for a period of two (2) years, commencing on the date of the applicable event described in clauses (a) through (c) above.

7. Surrender of Documents

Covenantor agrees that, as of the effective date of the earlier of (a) the covenant set forth in Paragraph 5 or (b) the covenant set forth in Paragraph 6, Covenantor shall immediately cease to use the Confidential Information disclosed to or otherwise learned or acquired by Covenantor, return to

Franchisee (or to Franchisor if directed by Franchisor) all copies of the Confidential Information loaned or made available to Covenantor.

8. Indemnification/Costs and Attorneys' Fees

Covenantor agrees to indemnify and hold Franchisor and Franchisee harmless from and against any and all loss, cost, damage, liability and expense (including, without limitation, reasonable attorneys' fees, court costs and other reasonable litigation expenses) suffered, sustained or incurred by Franchisor or Franchisee as a result of, arising out of, or in connection with any failure of performance or breach of this Agreement by Covenantor. The party or parties prevailing in any judicial proceeding in connection with this Agreement shall be entitled to reimbursement of their costs and expenses, including but not limited to, reasonable accounting, paralegal, legal, expert witness and attorneys' fees, whether incurred prior to, in preparation for or in contemplation of the filing of such proceeding.

9. Waiver

Failure to insist upon strict compliance with any of the terms, covenants or conditions hereof shall not be deemed a waiver of such term, covenant or condition, nor shall any waiver or relinquishment of any right or remedy hereunder at any one or more times be deemed a waiver or relinquishment of such right or remedy at any other time or times.

10. Severability

The invalidity or unenforceability of any provision hereof shall in no way affect the validity or enforceability of any other provision of this Agreement and any such provision which is adjudicated to be invalid or unenforceable shall be severed from this Agreement, provided that such severance is to apply only with respect to the operation of such provision in the particular jurisdiction in which such adjudication is made. To the extent any restriction herein is deemed unenforceable by virtue of its scope in terms of time, geography or business activity prohibited, but may be made enforceable by reducing any or all thereof, the parties agree that the same shall be enforced to the fullest extent permissible under the laws and public policies applied in the jurisdiction where enforcement is sought.

11. Rights of Parties are Cumulative

The rights of the parties hereunder are cumulative and no exercise or enforcement by a party hereto of any right or remedy hereunder shall preclude the exercise or enforcement by them of any other right or remedy hereunder or which they are entitled by law to enforce.

12. Benefit

This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.

13. Entire Agreement

This Agreement contains the entire agreement among the parties hereto with respect to the subject matter hereof and all prior negotiations, agreements and understandings are merged herein. This Agreement may not be modified or rescinded except by a written agreement to such effect signed by the party against whom enforcement is sought.

14. Governing Law

This Agreement and the rights and obligations of the parties hereunder shall be governed by and construed in accordance with the internal laws of the State of New York, exclusive of such state's choice of law or conflict of law rules.

15. Counterparts

This Agreement may be executed in counterparts, each of which will be deemed an original.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

Print name of **Covenantor** below:

_____

_____
Signature of **Covenantor:**

DCAP MANAGEMENT CORP.

By:_____
Its:_____

FRANCHISEE

By:_____
Its:_____

JOINDER

To induce Franchisor and Franchisee to enter into this Agreement among Franchisor, Franchisee and Covenantor, the undersigned spouse of Covenantor ("Covenantor's SPOUSE") hereby covenants and agrees to abide by the restrictive covenants contained in Paragraphs 4, 5, and 6 of this Agreement.

IN WITNESS WHEREOF, Covenantor's SPOUSE has executed this Joinder to this Agreement as of the day and year first above written.

Print name of Covenantor's SPOUSE below:

_____

Signature of Covenantor's SPOUSE:

_____

EXHIBIT C-2 TO THE DISCLOSURE DOCUMENT

FRANCHISE AGREEMENT – THE TAX ZONE SERVICE OFFICE

DCAP MANAGEMENT CORP.

THE TAX ZONE FRANCHISE AGREEMENT

_____

FRANCHISEE

_____

EFFECTIVE DATE

DCAP MANAGEMENT CORP.
FRANCHISE AGREEMENT

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DCAP MANAGEMENT CORP.

FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (the "Agreement") is made and entered into on _____ (the "Effective Date") by and between DCAP MANAGEMENT CORP. a New York corporation with a principal address at 956 South Broadway, Hicksville, New York 11801 ("Franchisor", "we," "us," or "our"), and _____, a _____ _____ with a principal address at _____ ("you" or "your").

RECITALS

A. We and our affiliates have, over a considerable time period and with considerable effort, developed (and continue to develop and modify) a system and franchise opportunity for the operation of retail tax return preparation and tax return filing businesses that operate under the Proprietary Marks (defined below), and are referred to as "The Tax Zone Tax Service" businesses.

B. We and our affiliates use, promote, and license certain trademarks, service marks, logotypes, trade names, trade dress and other commercial symbols that it designates in written or electronic form, including the mark "THE TAX ZONE", which marks and other symbols it may change from time to time (the "Proprietary Marks"), and which Proprietary Marks have gained and will continue to gain public acceptance and goodwill. We and our affiliates and our franchisees will use the Proprietary Marks in operating The Tax Zone Tax Service businesses.

C. We grant to persons who meet our qualifications and are willing to undertake the investment and effort, a franchise to own and operate a The Tax Zone Tax Service business offering the products and services we authorize and using the Franchised System, including business formats, methods, techniques, procedures, signs, designs, layouts, standards, specifications, and Proprietary Marks.

D. You wish to enter into the business of operating a The Tax Zone Tax Service Office under the Franchised System, utilize the Proprietary Marks, and obtain a franchise from us for that purpose, as well as to receive the training and other assistance that we provide in connection therewith.

E. You understand and acknowledge the importance of our high standards of quality, service, and appearance, and the necessity of operating the Franchised Office in conformity with such standards and specifications.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which the parties do hereby acknowledge, you and we agree as follows:

1. Definitions

Words and phrases used in initially-capitalized form in this Agreement have the meanings set forth in Section 44 of this Agreement, or as elsewhere defined in this Agreement, unless the context clearly would require otherwise.

2. Grant of Franchise

Subject to the terms and conditions set forth in this Agreement, we hereby grant you the right, license and privilege to operate, and you hereby undertake the obligation to operate, one (1) The Tax Zone Tax Service Office within the Protected Area, and to use the Franchised System, the Proprietary Marks, and the Intellectual Property within the Protected Area during the term of this Agreement.

3. Protected Area

Except as provided below, we will not operate a The Tax Zone Tax Service Office, and will not license any other Person to operate a The Tax Zone Tax Service Office, within the Protected Area. You acknowledge and agree that we will have the right to operate and license other Persons to operate a The Tax Zone Tax Service Office at any location outside of the Protected Area, but within the Territory. You also acknowledge and agree that we will have the right to:

(a) market and sell the same and similar services and products as those offered as part of the Franchised System under trademarks, service marks, and commercial symbols different from the Proprietary Marks through the same, similar or different distribution channels, at any location, including in close proximity to the Franchised Office;

(b) market and sell the same services and products as those offered as part of the Franchised System through dissimilar channels of distribution, including (without limitation) the Internet, wherever the customers or clients may be located;

(c) advertise, market and sell those services and products on the Internet and otherwise in accordance with the provisions of this Agreement;

(d) acquire the assets of, or be acquired, owned, or controlled by, a Person that owns, operates, controls, invests in, or franchises or licenses another tax return preparation and/or tax return filing business, or any business that markets and sells the same or similar services and products as those offered as part of the Franchised System, through the same, similar, or dissimilar channels of distribution, under trademarks, service marks, and/or commercial symbols that are different than the Proprietary Marks, and we or they may continue to do so, at any location within or outside of the Protected Area; and

(e) establish or license others to establish a The Tax Zone Tax Service Office as a Kiosk situated within the retail business of, or within other separately identified premises of, a National or Regional Account Business located anywhere, whether within or outside of the Protected Area, as further described below. For all National or Regional Account Businesses located within the Protected Area within which or in connection with which we desire to establish and operate, or license a third party to establish and operate, a The Tax Zone Tax Service Office Kiosk, you will have the right and option, to the extent permitted under our agreement or arrangement with the National or Regional Account Business, to establish and operate a The Tax Zone Tax Service Office as a Kiosk on the same terms and conditions agreed upon between us and the National or Regional Account Business, and in accordance with all applicable requirements and specifications of the National or Regional Account Business. You will have fourteen (14) days after receipt of written notice from us to accept or reject the opportunity to establish and operate a Kiosk at a National or Regional Account Business. If you do not desire to establish and operate such a Kiosk, or if, in our sole discretion, you are unable to provide the National or Regional Account Business with necessary services, we may establish and operate, or license a third party to establish and operate, a The Tax Zone Tax Service Office at a Kiosk within or in connection with the National or Regional Account Business.

You may not offer for sale or market products or services of, or conduct your The Tax Zone Tax Service Franchised Office outside your Protected Area except as permitted by Section 13 of this Agreement or otherwise permitted in the Operations Manual or in other written or electronic form.

4. Term and Successor Agreements

This Agreement will automatically renew ten (10) years after the Effective Date, unless terminated earlier in accordance with the terms of this Agreement. At the end of the initial term of this Agreement, you will have the right to ten (10) consecutive successor agreements, each of which will have a ten (10) year term, and the first of which will commence at the end of the initial term of this Agreement, except as follows:

(a) within ninety (90) days prior to the end of the then current term of this Agreement, or the first successor agreement as applicable, you give us notice of your election not to renew this Agreement;

(b) as of the end of the then-current term of this Agreement or the successor agreement, as applicable, an event of default by you exists under the terms of this Agreement, or the successor agreement, as applicable, or any other agreement between you and us or between you and any of our Affiliates;

(c) as of the end of the then-current term of this Agreement, or the successor agreement, as applicable, you have not satisfied all monetary obligations then due and owing to us and our Affiliates; and

(d) you do not complete, at your expense, any retraining program we may require.

5. Fees

(a) You will pay us a non-refundable initial franchise fee upon the execution of this Agreement in an amount of Twenty-Five Thousand Dollars ($25,000). You must pay the initial franchise fee to us either by certified check or by funds transmitted to us via an ACH Payment Authorization.

(b) You will pay us a royalty fee equal to twenty percent (20%) of the Gross Sales of the Franchised Office.

(c) You will pay the aforementioned royalty fee to us in addition to the amounts you spend pursuant to Section 13 of this Agreement and/or pursuant to other invoices that you incur during the operation of your The Tax Zone Tax Service Office. All fees and amounts owed to us, including the initial franchise fee and royalty fees, shall be paid by electronic means. These fees will be paid to us electronically when a Bank pays tax return preparation fees for all electronic and Bank Product returns. This process will be conducted via the Bank electronically. You must execute an Automated Clearing House Payment Authorization (see Attachment A), or such other form as a Bank may designate (an "ACH Payment Authorization"), and provide us with the bank name, routing number, account number and bank address. You will execute an ACH Payment Authorization for each Bank Product supplier that we may designate, as well as the bank that provides your banking services. These disbursements of funds via the Bank generally occur every other business day during peak Tax Season and changes to twice a week during non-peak Tax Season. For all royalty fees that are not paid to us electronically by a Bank, you must pay us the amounts owed no less frequently than once every two (2) weeks, beginning January 1st each year. Such payments shall be made in the manner we specify, and you hereby acknowledge and agree that we have the right to debit your account at your Bank to pay for these amounts. To the extent you owe us any other debts, promissory note payments, or outstanding invoice amounts (such as, for example, Cooperative contributions or invoices for equipment purchased through us), you must pay these amounts to us upon demand and we will have to the right to debit your account at your bank to pay for these amounts. To the extent that we are unable to debit amounts owed to us from your bank, you must pay us such amounts immediately in the manner we may specify, including by certified check or by funds transmitted to us via an ACH Payment Authorization. You are required to use our designated merchant

system when collecting tax return preparation fees via credit card payment, unless you have our prior written consent to use another merchant system. Also, in accordance with IRS rules and regulations, you are not permitted under any circumstances to have customer funds deposited into your own bank accounts, whether personal or business, or into any other third party bank account which is not in the customer's name.

(d) Pursuant to Section 11 of this Agreement, you must provide us with six (6) reports per year reflecting your Gross Sales. For a complete list of the Reporting Periods, see Section 44(s). All royalty fees not transmitted to us automatically, as discussed in Section 5(b) above, will be reconciled in accordance with Section 11 and then due on or before February 5th, March 5th, April 5th, May 5th, September 5th, and January 5th of each year for the immediately preceding Reporting Period. If we detect inconsistencies in your bi-weekly payments, as outlined in Section 5(b) above, or in your reporting, as required by Section 11 (including, without limitation, with respect to inconsistencies involving the prices you claim to be charging customers or the number of tax returns you have filed electronically), we reserve the right to withhold as much as One Hundred Dollars ($100) for each applicable electronic filing until a final reconciliation has been completed. If you have insufficient funds in your bank account designated on the ACH Payment Authorization, you must pay any outstanding balance to us within five (5) business days from the due date. Any late payments that you make pursuant to this Agreement will be subject to a late fee at a rate equal to one and one-half percent (1.5%) per month of any outstanding balance or the maximum amount of interest allowed by applicable law, whichever is less. As security for the payment of the foregoing amounts, you hereby grant us a security interest in the license granted you by this Agreement and all signs and signage containing any of the Proprietary Marks located at the Franchised Office. You hereby grant us the authority to file financing statements, as well as amendments to any previously filed financing statements, in any and all appropriate state offices in order to perfect the security interests created by this Section 5. You agree to execute and file any documents and/or perform any act we deem necessary and cooperate with us and our representatives to perfect the security interest created by this Section 5 and/or to carry out the intent and purpose of this Section 5.

(e) We reserve the right to set off from Bank payments to us of preparation fees and service bureau fees for all electronic and Bank Product returns any amounts owed to us, or that you are required to pay, in connection with this Agreement including, without limitation, royalty fees, payments for products and services that we provide to you, advertising and marketing Cooperative contributions, franchise transfer fees, and others. While we traditionally allow you to pay a percentage of outstanding obligations during the first few weeks of the Tax Season, we reserve the right to immediately withhold one hundred percent (100%) of your revenue deposits upon demand, in order to set off any amounts owed to us, or that you are required to pay to us in connection with this Agreement. To the extent that we are unable to debit amounts owed to us from your bank, you must pay us such amounts immediately in the manner we may specify, including by certified check or by funds transmitted to us via an ACH Payment Authorization.

(f) In addition to any fees, interest and amounts you owe to us, we reserve the right to place, move, or transfer other funds belonging to you into an escrow account or a trust account prior to distribution to you. Furthermore, we may direct one or more Banks to place, move, or transfer funds belonging to you into similar accounts prior to distribution to you.

6. Our Obligations

(a) Site Selection.

(i) We will provide you with advice and consultation in the selection of sites for The Tax Zone Tax Service Offices through the use of the forms, criteria and materials that we make

available to new Franchisees from time to time, as well as the benefit of our review and evaluation of any proposed sites selected by you. If you wish for us to perform a visual site inspection, you must reimburse us for our actual expenses, including (without limitation) travel, lodging, and meals.

(ii) You must submit for evaluation by us the information we may require from time to time to evaluate a proposed site for a The Tax Zone Tax Service Office. We will review the submitted information, conduct any investigation of the proposed site we deem appropriate to evaluate the site, and accept or reject the site. We will have the right to request any supplemental information we deem appropriate to evaluate the proposed site.

(iii) Within thirty (30) days after your submission of all initial and supplemental information we request regarding the proposed site, we will give you notice of our acceptance or rejection of the site. If we accept the site, the notice will set forth any remaining conditions to that acceptance. If we reject the site, the notice will set forth the reasons for the rejection, and you must then submit another site for our acceptance or rejection in accordance with this Section 6(a). If we do not give you notice of approval or rejection of the site within thirty (30) days after your submission of all initial and supplemental information we request regarding the site, you may deem us as having rejected the site. You acknowledge that no officer, employee or agent of ours has any authority to accept any proposed site except in accordance with the provisions of this Section 6(a). Any other representations, written or oral, will have no effect. Upon consent by Franchisor to the location for The Tax Zone Tax Service Office, Franchisor shall set forth the location (the "Accepted Location") in Attachment C of this Agreement and shall provide a copy thereof to Franchisee. The Attachment C revised with the Accepted Location, as completed by Franchisor, shall be incorporated herein and made a part hereof. Franchisee shall notify Franchisor within fifteen (15) days of any error or rejection of Attachment C; otherwise, the Attachment C provided to Franchisee for execution and shall be deemed final.

(iv) You may submit to us the lease for the selected site for the Franchised Office, but we are not required to review and provide our approval of such lease. Our review and approval of the lease for the site shall solely be for purposes of determining whether the terms of the lease comport with the required operation of the Franchised Office, and shall not be considered an endorsement nor assurance of favorable terms for you in the lease.

(v) You hereby acknowledge and agree that our approval of a site and/or a lease for a site does not constitute an assurance, representation or warranty of any kind, express or implied, as to the suitability of the site for The Tax Zone Tax Service Office or for any other purpose. Approval of the site by us indicates only that we believe the site complies with acceptable minimum criteria established by us solely for our purposes as of the time of the evaluation. Both you and we acknowledge that application of criteria that have been effective with respect to other sites and premises may not be predictive of potential for all sites and that, subsequent to our approval of a site, demographic and/or economic factors, such as competition from other similar businesses, included in or excluded from criteria used by us could change, thereby altering the potential of a site. Such factors are unpredictable and are beyond our control. We will not be responsible for the failure of a site approved by us to meet your expectations as to revenue or operational criteria. You further acknowledge and agree that your acceptance of a franchise for the operation of The Tax Zone Tax Service Office at the site is based on your own independent investigation of the suitability of the site.

(b) Appearance. We will provide you with our standard appearance guidelines, specifications and layouts for the equipment, décor and signs for a prototype The Tax Zone Tax Service Office that we make available to new Franchisees from time to time. We may review your plans and specifications for conformity to our then current specifications.

(c) Training. We will provide all of your owners, and one (1) key employee (up to four (4) individuals in total), with initial training in the standards, procedures and methods of operating a The Tax Zone Tax Service Office. We will provide that training at the times and places and for the duration we may designate from time to time. We will allow more than four (4) individuals to attend our initial training program, but you must reimburse us for our costs in connection with providing additional training materials.

(d) Operations Manual. We will loan you one (1) copy of the Operations Manual containing the standards, specifications, procedures and methods of operating the Franchised Office.

(e) Tax Return Preparation Software. We will provide you with tax return preparation software for individual Federal tax returns and individual state tax returns that it makes available to all Franchisees for the operation of their The Tax Zone Tax Service Offices.

(f) Approved Products, Services and Suppliers. We may publish a list of approved suppliers and their respective approved products and services in the Operations Manual and/or in other written or electronic communications to you. As new suppliers, products and services become available, we may amend that list.

(g) Marketing Assistance. We will provide you with the merchandising, marketing and advertising research data and advice that we deem helpful in the operation of a The Tax Zone Tax Service Office using the Franchised System.

(h) Communication. We may provide you with the management, development and motivational seminars and periodic newsletters that we deem helpful to communicate to you new developments, techniques and improvements in the areas of management and service pertinent to the operation of a The Tax Zone Tax Service Office using the Franchised System.

(i) Evaluation Program. We may conduct periodic field evaluations of the Franchised Office for your and our mutual benefit and to promote uniform standards of operation and quality control throughout the Franchised System.

(j) Advice. We may provide you with periodic individual or group advice, consultation and assistance by personal visit, by telephone, or by electronic newsletters or bulletins that we make available to Franchisees on our website.

(k) Written and Electronic Materials. We may provide you with bulletins, brochures and reports regarding our plans, policies, research, developments and activities that we make available to Franchisees on our website.

(l) Other. We may provide you with other resources and assistance that we may develop and make available to our Franchisees from time to time.

(m) Delegation of Duties. You acknowledge and agree that any designee, employee, or agent of ours may perform any duty or obligation imposed on or available to us by this Agreement, as we may direct.

7. Your Obligations

During the term of this Agreement, you will have the following obligations:

(a) Construction and Remodeling of Franchised Office.

(i) You will not begin construction or remodeling of the Franchised Office until you have obtained our written acceptance of your proposed site. You must submit to us all documentation and other materials regarding the site that we may request. We will accept or reject the site in accordance with Section 6(a) of this Agreement.

(ii) You will be solely responsible for any construction and remodeling necessary to open your Franchised Office, obtaining any required permits, and paying any and all costs and fees associated with such construction or remodeling. In accordance with Section 7(e) below, you must complete any construction or remodeling of the Franchised Office and open the Franchised Office to the public for business on or before the 3rd day of the January following the Effective Date or such earlier date as we may determine, unless we consent in writing to a delayed or later opening date.

(iii) You will construct or remodel the Franchised Office in accordance with the site layout and construction plans approved by us for the Franchised Office. Our approval of any site layout or construction plans, however, will not constitute any endorsement or guaranty by us of the conformity of the site layout or construction plans to applicable building or safety codes. If we determine (prior to the opening date of the Franchised Office) that you have not constructed or remodeled the Franchised Office in accordance with the site layout and construction plans approved by us, we will have the right to obtain an injunction from a court of competent jurisdiction against the continued construction or remodeling and opening of the Franchised Office, in addition to any other remedies available to us. You will bear the cost of all engineering and architectural fees incurred in obtaining approvals by the appropriate governmental authorities of the site layout and construction plans.

(b) Equipment, Fixtures, Furnishings and Other Personal Property. You will install in and about the Franchised Office equipment, fixtures, furnishings and other personal property that strictly conform to the appearance, uniform standards, and specifications specified from time to time in the Operations Manual or otherwise in written or electronic form. You will not display any other sign or advertising at the Franchised Office without our consent in written or electronic form.

(c) Training. You will not open or operate the Franchised Office without having at least one (1) individual working full time at the Franchised Office who has completed the then-current initial training program to our satisfaction (which may include a training review test). As part of the initial franchise fee paid pursuant to Section 5 of this Agreement, we will provide initial training to each of your owners and one (1) key employee responsible for the day-to-day management of your Franchised Office (up to four (4) individuals in total). Any additional individuals attending our initial training program may do so on a first-come, first-served basis, with other new Franchisees and their managerial employees (up to four (4) individuals in total) receiving priority with respect to classroom space limitations. These additional attendees must reimburse us for the cost of producing additional training materials, as well as our out-of-pocket expenses in connection with providing such training, but no other fees or tuition will be charged. Likewise, following the initial training program, you, your managers, or employees may desire or be required to attend such refresher courses, seminars, and additional training programs as we may reasonably specify from time to time, and such attendees will do so under the same limitations as additional attendees at the initial training program. In addition, you and such of your personnel that we may require, may be required at your expense to attend any conventions that may be held from time to time by us. In all situations, you will pay all traveling expenses, living expenses, employee salaries, and any other personal expenses for individuals enrolled in the training program or convention.

(d) Electronic Filing Identification Number. You must obtain and maintain an Electronic Filing Identification Number ("EFIN") from the Internal Revenue Service ("IRS").

(e) Franchised Office Opening. You will not open the Franchised Office without our prior written authorization. We will have the right to withhold that authorization until you complete (to our satisfaction): (1) the construction or remodeling of the Franchised Office; (2) the preparation of the Franchised Office for the commencement of operations; and (3) the training of your personnel as required by Section 7(c) of this Agreement. In addition, and unless we consent in writing to a delayed or later opening date, you must open your Franchised Office to the public on or before the 3rd day of the January following the Effective Date, or such earlier date as we may determine depending on factors that include, without limitation, training requirements, tax filing date changes from the IRS, and offers of pre-season or early season loan products or services. If we require you to open the Franchised Office to the public prior to January 3, we will communicate such earlier opening date to you in writing at least sixty (60) days prior to such date.

(f) Operation of Franchised Office. You will operate the Franchised Office in accordance with the Franchised System as described in this Agreement, in the Operations Manual (as amended from time to time), and in our standards and policies (as amended from time to time). You also will operate the Franchised Office in accordance with all applicable governmental laws, rules, regulations and ordinances. You will use the site of the Franchised Office exclusively for the purpose of operating a The Tax Zone Tax Service Office. You will not engage in any business or offer any products or services at the Franchised Office not a part of the Franchised System or without our consent in written or electronic form. You must operate the Franchised Office and keep it open during normal business hours for the entire Tax Season each year until at least April 16th or such later date as may be necessary for you to satisfy all customer service obligations and account reconciliations for the current Tax Season. After such date, and until the beginning of the next year's Tax Season, you must open to the public and operate the Franchised Office for at least one full business day each week (the "Non Tax Season Operation"). As an alternative to having the Franchised Office open to the public and in operation for at least one full business day each week during Non Tax Season Operation: (a) you may conspicuously post a phone number whereby customers can reach you at all times during normal business hours each day; or (b) if you operate another The Tax Zone Tax Service Office under another Franchise Agreement with us in close proximity to the Franchised Office, you are permitted to conduct the Non Tax Season Operation for the Franchised Office at such other The Tax Zone Tax Service Office, so long as you provide clear written instructions at the Franchised Office as to the location and times of Non Tax Season Operation at the other The Tax Zone Tax Service Office.

(g) Customer Service and Guarantees. You acknowledge and agree that compliance with customer service rules and legal and regulatory requirements is necessary for the protection and enhancement of The Tax Zone Tax Service brand and the goodwill associated with the Proprietary Marks. You must operate your Franchised Office in accordance with all of our rules, procedures and specifications that apply to customer service. You acknowledge and agree that these rules are designed to ensure the quality and uniformity of the services offered under the Proprietary Marks. You will abide by all customer service guarantees that we designate as part of the Franchised System as described in the Operations Manual (as amended from time to time), and in our standards and policies (as amended from time to time). Any The Tax Zone Tax Service locations operated by us or our Affiliates will participate in any customer service guarantee programs on the same terms and conditions as our Franchisees.

(h) Approved Products, Services and Suppliers

(i) You will follow the standards and specifications we establish from time to time with regard to products and services used in the operation of the Franchised Office. We will have

the right to require you to obtain any product or service used in the operation of the Franchised Office from us, our Affiliates, or suppliers approved by us. Further, in the case of the sale of insurance products, you shall only sell such products as a DCAP Insurance franchisee, unless we specifically agree in writing, otherwise. We may designate a single supplier for any product, service, supply or material. You will use only the Bank Products and the approved suppliers of those Bank Products as we may designate. We will have the right to require you to participate in a national or regional approved purchasing cooperative for the area in which the Franchised Office operates.

(ii) You acknowledge and agree that we will have the right to collect and retain manufacturing allowances, marketing allowances, rebates, credits, monies, payments or benefits (collectively, "Allowances") offered by suppliers to you or to us or our Affiliates based upon your purchases of products and other goods and services. These Allowances may be based on purchases of products, goods, services, merchandise and other items by you, other Franchisees, us and/or our Affiliates. You assign to us or our designee all of your right, title and interest in and to any and all such Allowances and authorize us or our designee to collect and retain any or all such Allowances without restriction (unless otherwise instructed by the supplier). Notwithstanding the foregoing, if you negotiate supply arrangements for your Franchised Office separate from those negotiated or agreed to by us, and those arrangements have Allowances that will be paid directly to you, based solely on your purchases, we may waive our right to receive those Allowances based on your individualized arrangement.

(iii) You must offer certain products and services for customers, including electronic filing of tax returns, electronic refund checks, and other related financial products and services ("Bank Products"). The Bank Products are generally offered in connection with products or services provided by one or more banks or suppliers that are not affiliated with us. Bank Products may include: refund anticipation checks/electronic refund checks ("RACs" or "ERCs"). You must offer only the Bank Products we periodically designate, and only from the banks and other suppliers of Bank Products that we may periodically designate. You may not offer any Bank Products other than those designated, or use any suppliers of these or similar Bank Products other than those designated. We require that you use certain banks or suppliers that we will designate for the promotion, offering, and provision of Bank Products, which may require you to enter into one or more agreements with us or the bank or supplier directly. We are not affiliated with these banks or suppliers. However, we reserve the right to derive revenues from these banks or suppliers in the form of Allowances from the sale of Bank Products from the banks or suppliers to your customers or tax filers. We have the sole right to select the institutions providing Bank Products, and we may discontinue our arrangements with Bank Product providers at any time for any reason without incurring any liability to us or to you. Likewise, Bank Product providers may discontinue their arrangements with us or the Franchised System for any reason without incurring any liability to you. We make no warranties or representations with respect to the approval process with any Bank Product provider or our ability to offer certain types of Bank Products or Bank Products in general. The Bank Products authorized, the institutions and suppliers providing those Bank Products, and the terms of the agreements (with the third party institutions and suppliers) for those Bank Products may change at any time in future Tax Seasons and may require you to enter into new agreements. Should you be unable or unwilling to offer required Bank Products, we have the right to terminate your Franchise Agreement.

(i) Telephone Listings. You will establish and maintain a published telephone listing for the Franchised Office in all telephone books that we designate.

(j) Franchised Office Condition. If the Franchised Office suffers physical damage, you will restore the Franchised Office to at least the minimum acceptable standards applicable to you at the time of the damage. However, you also will make reasonable efforts to restore the Franchised Office to reflect the then current image, design and specifications of a The Tax Zone Tax Service Office.

(k) Upgrade of Business. We may require you to upgrade your Franchised Office from time to time to conform to our then existing equipment, technology and image requirements for new The Tax Zone Tax Service Offices. If we exercise our right to require you to make any upgrade within three (3) years prior to the end of the then current term of this Agreement, you may exercise any right you may have to renew the term of this Agreement at that point in time in accordance with the applicable provisions of this Agreement, which renewal then will take effect as of the expiration of the then current term of this Agreement. Sometimes, we may encourage you to make an upgrade because of economic circumstances, technological advances, brand imaging opportunities, or other compelling events or circumstances. Your voluntary agreement to make an upgrade in those cases will not constitute a required upgrade pursuant to this Section 7(k).

(l) Change of Franchised Office Name. We may require you to change the name and/or marks under which you and your Franchised Office operates from The Tax Zone Tax Service to a different name and/or marks we may choose at a later time to conform to our then existing enhanced services, products and image. You may not voluntarily change your business name from The Tax Zone Tax Service at any time.

(m) Internet and Websites. You must comply with our requirements (as described in the Operations Manual or otherwise in writing) in connection with discussing, advertising, or disseminating any information, or otherwise having a presence, on the Internet or in any other media regarding the Franchised Office. Such activities include, without limitation, participation in any Internet "blogs," "vlogs," or social networking sites. Any such activities which are not expressly permitted in the Operations Manual or otherwise in writing, or for which you have not previously received approval from us, shall be subject to our prior written approval. Unless otherwise approved in writing by us, you also shall not establish nor permit any other party to establish a Website relating in any manner whatsoever to the Franchised Office or referring to the Proprietary Marks. We will have the right, but not the obligation, to provide one or more references or webpage(s), as it may periodically designate, within its Website. The term "Website" means one or more related documents, designs, pages, or other communications that can be accessed through electronic means, including, but not limited to, the Internet, World Wide Web, social networking sites (e.g., Facebook, Twitter, LinkedIn, Google Wave, etc.), blogs, vlogs, and other applications, etc., and that refers to the Franchised Office, Proprietary Marks, us, or the System). However, if we approve, in writing, a separate Website for you (which we are not obligated to approve), then each of the following provisions shall apply:

(i) You specifically acknowledge and agree that any Website owned or maintained by or for the benefit of you shall be deemed "marketing" under this Agreement, and will be subject to (among other things) our approval under Section 13(c) below.

(ii) You must not establish or use any Website without our prior written approval.

(iii) Before establishing any Website, you must submit to us, for our prior written approval, a sample of the proposed Website domain name, format, visible content (including, without limitation, proposed screen shots), and non-visible content (including, without limitation, meta tags) in the form and manner we may reasonably require.

(iv) You shall not use or modify such Website without our prior written approval as to such proposed use or modification.

(v) In addition to any other applicable requirements, you shall comply with the standards and specifications for Websites that may be periodically prescribed in the Operations Manual or otherwise in writing.

(vi) We will own, and you acknowledge our ownership of, any URLs designated in connection with any Website you establish and operate.

(vii) If required by us, you shall establish such hyperlinks to your Website and others as we may request in writing.

(o) Laws, IRS Rules and Regulations.

(i) E-Filing. You must adhere to all Internal Revenue Service (IRS) rules and requirements regarding electronic filing of tax returns ("e-filing") in order to continue to e-file tax returns from the Franchised Office. Furthermore, you hereby acknowledge and agree to comply with all IRS Code, Rules and Regulations, regardless of how tax returns are submitted from the Franchised Office, including, without limitation, the requirements described in IRS Publication 1345 (Handbook for Authorized IRS e-file providers).

(ii) Customer Data. You acknowledge and agree that you will comply with all applicable use and disclosure laws regarding the protection of customer information, including IRS Regulation 7216, which regulates the use and disclosure of a tax customer's information for non-related financial products. You hereby agree to have your customers sign all necessary documentation as may be set forth in the Operations Manual or in other written or electronic communications from time to time in order to comply with all applicable use and disclosure laws.

(iii) Federal, State, and Local Laws. You must comply with all applicable Federal, state and local laws, regulations, and ordinances. This includes all Federal, state and local laws and regulations governing the provision of tax return preparation services and/or RALs. You also are required to comply with all Federal, state and local laws and regulations which apply generally to all businesses and the operation of the Franchised Office, which include, without limitation, zoning laws, consumer protection laws, false advertising and deceptive trade practice laws, employment laws, state wage and hour laws, the Americans with Disabilities Act, the Patriot Act, the Gramm-Leach-Bliley Act, and the Occupational Safety and Health Act.

(p) Franchised System Modifications. You acknowledge and agree that from time to time we may change or modify the Franchised System as it deems appropriate, including without limitation, to reflect the changing market and/or to meet new and changing consumer demands, and that variations and additions to the Franchised System may be required from time to time to preserve and enhance the public image of the Franchised System and operations of The Tax Zone Tax Service Offices. Our changes to the Franchised System may include, without limitation, the adoption and use of new or modified products, services, suppliers, equipment and furnishings, new techniques and methodologies relating to the preparation and filing of tax returns, new insurance requirements, and new trademarks, service marks and copyrighted materials. You must, upon reasonable notice, accept, implement, use and display in the operation of the Franchised Office any such changes in the Franchised System, as if they were part of this Agreement at the time of execution hereof, at your sole expense. Additionally, we reserve the right, in its sole discretion, to vary the standards throughout the Franchised System as well as the services and assistance that we may provide to some Franchisees based upon the peculiarities of a particular site or circumstance, existing business practices, or other factors that we deem to be important to the operation of any The Tax Zone Tax Service Office or the Franchised System. You will have no

recourse against us on account of any variation to any Franchisee and will not be entitled to require us to provide you with a like or similar variation hereunder.

8. Covenants Not to Compete

(a) You acknowledge that we have granted you the franchise in consideration of and reliance upon your agreement to deal exclusively with us. You therefore agree that, during this Agreement's term, you, any of your owners, and any of your or your owners' immediate family members ("immediate family members" will include spouses and domestic partners, children, parents, and such other persons as we may specify following our review of your franchise application and proposed operations and ownership structure), for yourself (or themselves), or through, on behalf of, or in conjunction with any person, persons, partnership, corporation, limited liability company, or other entity, will not:

(i) own, maintain, operate, engage in, franchise or license, or have any direct or indirect controlling or non-controlling interest as an owner – whether of record, beneficially, or otherwise – in a Competitive Business (defined below) , wherever located or operating (except that equity ownership of less than two percent (2%) of a Competitive Business whose stock or other forms of ownership interest are publicly traded on a recognized United States stock exchange will not be deemed to violate this subparagraph);

(ii) be, or perform services as, a director, officer, manager, employee, consultant, representative, or agent for a Competitive Business, wherever located or operating;

(iii) divert or attempt to divert any actual or potential business or customer of the Franchised Office to a Competitive Business; or

(iv) engage in any other activity which might injure the goodwill of the Proprietary Marks and Franchised System.

The term "Competitive Business" means (i) any tax return preparation or tax return filing business, or a similar business which derives more than twenty-five percent (25%) of its revenue from providing tax return preparation or tax return filing services, or (ii) any business granting franchises or licenses to others to operate the type of business or businesses specified in clause (i) of this paragraph (other than a The Tax Zone Tax Service Office operated under a Franchise Agreement with us).

You agree to obtain similar covenants from the personnel and persons we specify, including officers, directors, managers and other employees attending our training program or having access to Confidential Information and immediate family members. We have the right to regulate the form of agreement that you use and to be third party beneficiaries of that agreement with independent enforcement rights.

(b) Upon:

(i) Our termination of this Agreement according to its terms and conditions, or

(ii) Your termination of this Agreement with or without cause, or

(iii) Mutual termination of this Agreement, or

(iv) Expiration of this Agreement (if we offer, but you elect not to execute, a successor or renewal Franchise Agreement, or if we do not offer you a successor or renewal Franchise Agreement due to your failure to satisfy the conditions for a successor Franchise Agreement set forth in Section 4), you and your owners agree that, for two (2) years beginning on the later to occur of (i) the effective date of termination or expiration, or (ii) the date on which all persons restricted by this Section 8(b) begin to comply with this Section 8(b), or (iii) if litigation is necessary to enforce this Agreement, the date of entry of an order by a court of competent jurisdiction enforcing the Agreement, you and your owners, for yourself, or through, on behalf of, or in conjunction with any person, persons, partnership, corporation, limited liability company, or other entity, will not own, maintain, operate, engage in, franchise or license, or have any direct or indirect controlling or non-controlling interest as an owner (whether of record, beneficially, or otherwise) or be or perform services as a partner, director, officer, manager, employee, consultant, representative, or agent in any Competitive Business (as defined in Section 8(a) above), that is or may be located or operating:

a) at the site of the Franchised Office;

b) within the Protected Area;

c) within a ten (10) mile radius of the Franchised Office; or

d) within five (5) miles of any other The Tax Zone Tax Service Office in operation or under construction on the later of the effective date of the termination or expiration of this Agreement or the date on which all persons restricted by this Section begin to comply with this Section.

Equity ownership of less than two percent (2%) of a Competitive Business whose stock or other forms of ownership interest are publicly traded on a recognized United States stock exchange will not be deemed to violate this Section 8(b).

These restrictions also apply after transfers and assignments, as provided in Section 16 below. If any person restricted by this Section refuses voluntarily to comply with these obligations, the two (2) year period for that person will commence with the entry of a court order enforcing this provision. You and your owners expressly acknowledge that you possess skills and abilities of a general nature and have other opportunities for exploiting these skills. Consequently, our enforcement of the covenants made in this Section will not deprive you of your personal goodwill or ability to earn a living.

(c) During the Term of this Agreement, we will not employ or seek to employ any individual who, at the time, currently works for you, or worked for you during the three (3) month period immediately preceding our offer to employ such person.

9. Proprietary Marks and Intellectual Property

(a) Ownership and Goodwill of Proprietary Marks. We have the right to use and sub-license the use of the Proprietary Marks within the Territory. Your right to use the Proprietary Marks is derived only from this Agreement and is limited to your operating the Franchised Office according to this Agreement and all system standards prescribed by us during its term. Your unauthorized use of the Proprietary Marks is a breach of this Agreement and infringes our rights in the Proprietary Marks. You acknowledge and agree that your use of the Proprietary Marks and any goodwill established by that use are exclusively for our benefit and that this Agreement does not confer any goodwill or other interests in the Proprietary Marks upon you (other than the right to operate the Franchised Office under this Agreement). All provisions of this Agreement relating to the Proprietary Marks apply to any additional

proprietary trademarks and service marks we authorize you to use. You may not at any time during or after this Agreement's term contest or assist any other person in contesting the validityof the Proprietary Marks.

(b) Limitations on Your Use of Proprietary Marks. You agree to use the Proprietary Marks as the Franchised Office's sole identification, except that you agree to identify yourself or the entity as its independent operator in the manner we prescribe. You may not use any Proprietary Mark, any derivatives of the Proprietary Marks or similar mark (i) as part of any corporate or legal business name, (ii) with any prefix, suffix, or other modifying words, terms, designs, or symbols (other than logos we have licensed to you), (iii) in selling any unauthorized services or products, (iv) as part of any domain name, homepage, electronic address, or otherwise in connection with a website, or (v) in any other manner that we have not expressly authorized in writing.

You may not use any Proprietary Mark in advertising the transfer, sale, or other disposition of the Franchised Office or an ownership interest in you without our prior written consent, which we will not unreasonably withhold. You agree to display the Proprietary Marks prominently as we prescribe at the Franchised Office and on forms, advertising, supplies, and other materials we designate. You agree to give the notices of trade and service mark registrations that we specify and to obtain any fictitious or assumed name registrations required under applicable law.

(c) Notification of Infringements and Claims. You agree to notify us immediately of any apparent infringement or challenge to your use of any Proprietary Mark, or of any person's claim of any rights in any Proprietary Mark, and not to communicate with any person other our attorneys, and your attorneys, regarding any infringement, challenge, or claim. We may take the action we deem appropriate (including no action) and control exclusively any litigation, U.S. Patent and Trademark Office proceeding, or other administrative proceeding arising from any infringement, challenge, or claim or otherwise concerning any Proprietary Mark. You agree to sign any documents and take any other reasonable action that, in the opinion of our attorneys, are necessary or advisable to protect and maintain our or its interests in any litigation or Patent and Trademark Office or other proceeding or otherwise to protect and maintain our or its interests in the Proprietary Marks. We will reimburse you for your costs of taking any action that we have asked you to take.

(d) Discontinuance of Use of Proprietary Marks. If it becomes advisable at any time for us and/or you to modify or discontinue using any Proprietary Mark and/or to use one or more additional or substitute trade or service marks, you agree to comply with our directions within a reasonable time after receiving notice. We are not obligated to reimburse you for your direct expenses of changing the Franchised Office's signs, for any loss of revenue due to any modified or discontinued Proprietary Mark, or for your expenses of promoting a modified or substitute trademark or service mark.

Our rights in this Section 9(d) apply to any and all of the Proprietary Marks (and any portion of any Proprietary Mark) that you are authorized to use in this Agreement. We may exercise these rights at any time and for any reason, business or otherwise that we think best. You acknowledge our right to take this action and your obligation to comply with our directions.

(e) Indemnification for Use of Marks. We agree to reimburse you for all damages and expenses that you incur in any trademark infringement proceeding disputing your authorized use of any Proprietary Mark under this Agreement if you have timely notified us of, and comply with our directions in responding to, the proceeding, and you have used the Proprietary Mark(s) in compliance with this Agreement, the Operations Manual, and other directives from us. At our option, we or it may defend and control the defense of any proceeding arising from your use of any Proprietary Mark under this Agreement.

10. Confidential Information

We possess (and will continue to develop and acquire) certain confidential information, some of which constitutes trade secrets under applicable law (the "Confidential Information"), relating to developing and operating The Tax Zone Tax Service Offices, including (without limitation): (a) site selection criteria; (b) training and operations materials and manuals; (c) methods, formats, specifications, standards, systems, procedures, sales and marketing techniques, knowledge, and experience used in developing and operating The Tax Zone Tax Service Offices; (d) methods of operations for preparing and processing tax returns and providing services and products offered at The Tax Zone Tax Service Offices; (e) marketing and advertising programs for The Tax Zone Tax Service Offices; (f) knowledge of specifications for and suppliers of Bank Products, and other products and supplies; (g) any computer software or similar technology which is proprietary to us or the Franchised System, including, without limitation, digital passwords and identifications and any source code of, and data, reports, and other printed materials generated by, the software or similar technology; (h) knowledge of the operating results and financial performance of The Tax Zone Tax Service Offices other than the Franchised Office; (i) customer lists and other data and information regarding customers of the Franchised Office; and (j) graphic designs and related intellectual property.

You acknowledge and agree that you will not acquire any interest in Confidential Information, other than the right to use it as we specify in operating the Franchised Office during this Agreement's term, and that Confidential Information is proprietary and is disclosed to you only on the condition that you agree, and you in fact do agree, that you:

(a) will not use Confidential Information in any other business or capacity;

(b) will keep each item deemed to be part of Confidential Information absolutely confidential, both during this Agreement's term and then thereafter for as long as the item is not generally known in the tax return preparation industry;

(c) will not make unauthorized copies of any Confidential Information disclosed via electronic medium or in written or other tangible form; and

(d) will adopt and implement reasonable procedures to prevent unauthorized use or disclosure of Confidential Information, including, without limitation, restricting its disclosure to Franchised Office personnel and others and using non-disclosure and non-competition agreements with those having access to Confidential Information. We have the right to regulate the form of agreements that you use and to be third party beneficiaries of those agreements with independent enforcement rights. You are obligated to maintain in your files those executed confidentiality agreements we specify and make them available to us upon request.

Confidential Information does not include information, knowledge, or know-how which you can demonstrate lawfully came to your attention before we provided it to you directly or indirectly; which, at the time we disclosed it to you, already had lawfully become generally known in the tax return preparation industry through publication or communication by others (without violating an obligation to us); or which, after we disclose it to you, lawfully becomes generally known in the tax return preparation industry through publication or communication by others (without violating an obligation to us). However, if we include any matter in Confidential Information, anyone who claims that it is not Confidential Information must prove that one of the exclusions provided in this paragraph is fulfilled.

All ideas, concepts, techniques, or materials relating to a The Tax Zone Tax Service Office, whether or not protectable intellectual property and whether created by or for you or your owners or employees, must be promptly disclosed to us and will be deemed to be our sole and exclusive property, part of the Franchised System, and works made-for-hire for us. All data, customer information, Confidential Information, and other information you provide to us or that is generated pursuant to the operation of the Franchised Office is and will be owned exclusively by us, and we will have the right to use such data and information in any manner that we deem appropriate without compensation to you. Copies and/or originals of such data and information must be provided to us upon our request. We hereby license use of such data back to you, at no additional cost, solely for the term of this Agreement and solely for your use in connection with the business franchised under this Agreement. To the extent that any item does not qualify as a "work made-for-hire" for us, by this paragraph you assign ownership of that item, and all related rights to that item, to us and agree to take whatever action (including signing assignment or other documents) we request to evidence our ownership or to help us obtain intellectual property rights in the item.

11. Reports and Records

Within five (5) calendar days of the end of each Reporting Period, you will deliver to us a statement of the Gross Sales of the Franchised Office for the preceding Reporting Period. Within five (5) calendar days after the end of each Reporting Period, you will deliver to us a complete profit and loss statement for the Franchised Office in a form prescribed by us (and any other statistical reports which we may require from time to time) for the preceding Reporting Period. By May 15th of each calendar year, you must deliver to us a complete profit and loss statement covering the operations of the Franchised Office for the preceding Tax Season and a balance sheet taken as of April 15th. You also must send us a copy of all sales tax returns filed for the Franchised Office as and when filed with each appropriate taxing authority. You will keep full and complete records of the Franchised Office for at least seven (7) years in a manner and form satisfactory to us and will deliver any additional financial, operating and other information and reports which we may request on the forms and in the manner prescribed by us from time to time. We will have the right to assemble and disseminate to third parties financial and other information regarding you and other Franchisees to the extent required by law or to the extent necessary or appropriate to further the interests of the Franchised System as a whole. We will have the right to disclose your business name, address and telephone number as they appear in our records in our respective franchise Disclosure Documents and to any Person making inquiry as to the ownership of the Franchised Office. We will not disclose specific financial information regarding you or the Franchised Office to any Person without (a) your consent or (b) being directed to disclose the information pursuant to the order of a court or other governmental agency.

12. Inspection and Audit

We will have the right to inspect your Franchised Office at any time during regular business hours during the term of this Agreement, with or without notice to you, in order to confirm your compliance with the provisions of this Agreement. We also will have the right to audit your accounts, books, records and tax returns (including, without limitation, state and local sales tax reports and Federal, state and local income tax returns) at all times during and after the term of this Agreement. You will make copies of those items available for audit at our corporate offices at your cost. If the audit discloses that Gross Sales actually exceeded the amount you reported, you immediately must pay us any additional fees required by Section 5 of this Agreement, plus late fees as calculated in Section 5 of this Agreement. If the audit discloses that Gross Sales actually exceeded the amount reported by an amount equal to two percent (2%) or more of the Gross Sales you originally reported, you also must reimburse us for our out-of-pocket costs and allocable administrative costs and overhead incurred in connection with the audit.

13. Advertising and Marketing

(a) Marketing Cooperative. We have the right, in our sole discretion, to designate any geographical area in the Territory for purposes of establishing one (1) or more regional advertising and marketing cooperatives ("Cooperative"). You shall take all necessary steps to participate in a Cooperative if we require you to do so, including making the required contributions. If a Cooperative for the geographic area or market in which the Franchised Office is located has been established at the time you commence operations hereunder, you will immediately be bound by the obligation to become a member of such Cooperative under the terms of the then-existing Cooperative agreement. If a Cooperative for the geographic area or market in which the Franchised Office is located is established during the term of this Agreement, you must immediately become a member of such Cooperative, and take all steps necessary to become such member. In no event will you be required to be a member of more than one (1) Cooperative as to the Franchised Office. The following provisions shall apply to each such Cooperative.

(i) Each Cooperative will be organized for the exclusive purpose of administering regional marketing and advertising programs, developing and implementing lead generation initiatives, and developing standardized promotional materials for use by the members in regional marketing, advertising and promotion.

(ii) You must contribute to the Cooperative at the time and in the manner that we specify, in proportion to your pro-rata share of the costs and expenses of the Cooperative. Each year, no less than thirty (30) days before the advertising campaign begins (which traditionally has been December 26th), we will prepare advertising, marketing and/or lead generation campaigns and materials for the Cooperative and will designate a budget for the expenditures and operation of the Cooperative. You will have the right to review and comment on the advertising campaigns and materials and the budget for the Cooperative, but we will have the final approval as to all decisions by the Cooperative.

(iii) You will be required to pay your pro-rata share of the administration and expenditures of the Cooperative based on the number of Franchisees and The Tax Zone Tax Service Offices in the Cooperative as well as other factors related to the expenses of the Cooperative. Currently, we have a system that tracks all calls generated in a Cooperative area, and your contribution to the Cooperative will be determined in accordance with the formula we specify that is based on the number of calls that are placed to, or directed to, your Franchised Office divided by the number of total calls directed to The Tax Zone Tax Service Offices in the Cooperative area. You will be responsible for calls that are directed towards your Franchised Office regardless of whether you are open or whether you actually receive and answer the call. In addition, if we determine that a portion of the advertising dollars in the Cooperative will be allocated towards a particular program, such as the marketing of elective loan products and services, you will still be responsible for your pro-rata share of the administration and expenditures of the Cooperative for any calls directed towards your Franchised Office, regardless of whether you elect to participate in a particular program or not. Notwithstanding the foregoing, during the first year of this Agreement, you will not be required to contribute more than Ten Thousand Dollars ($10,000) to the Cooperative, and during the second year of this Agreement, you will not be required to contribute more than Twenty Thousand Dollars ($20,000) to the Cooperative, although you are welcome to contribute more than such amounts if called for by the Cooperative and if you desire. The members of a Cooperative shall have the right to choose, by unanimous agreement, to pay a flat fee into the Cooperative for their Designated Marketing Area, without regard of the number of marketing calls placed and/or directed to their Franchised Office. If you have entered into this Agreement in connection with the purchase and operation of a Franchised Office or in connection with the conversion of an existing tax return preparation business that has been open for two (2) years or more, then the above limits on contributions to the Cooperative will not apply to the Franchised Office and this Agreement.

(iv) If we or the Cooperative conducts direct mail advertising campaigns to customers located in the Protected Area, your participation in such campaigns shall be optional. In addition, your participation in and any expenditures you make in connection with any such campaigns shall not count towards the first and second year contribution limits described in Section 13(a)(iii) above.

(v) Each Cooperative will be organized and governed in a form and manner we approve, and will commence operations on a date we specify.

(vi) We will have the right to charge the Cooperative for such reasonable administrative costs and overhead as we may incur in activities reasonably related to the direction and implementation of the Cooperative and advertising programs for Franchisees and the Franchised System, including, without limitation, costs of personnel for creating and implementing, advertising, merchandising, promotional and marketing programs.

(vii) Although each Cooperative is intended to be of perpetual duration, we maintain the right to terminate the Cooperative. The Cooperative will not be terminated, however, until all monies in the Cooperative have been expended for marketing, advertising and/or promotional purposes.

(b) Local Marketing. Apart from your required contributions to the Cooperative, we do not require you to spend any certain amount or fixed percentage of Gross Sales for local marketing and promotional expenses of the Franchised Office. We strongly recommend, however, that you engage in extensive local marketing, particularly prior to and upon your opening and prior to and during each Tax Season. Local marketing and promotional expenses include the cost of such things as direct mail solicitations, public relations activities, community events and sponsorships, newspaper advertisements, telephone book listings and advertisements, and other distributed promotional materials. You may not market or conduct your The Tax Zone Tax Service franchise outside your Protected Area except as otherwise permitted in the Operations Manual, or in other written or electronic form. You also may not purchase mass media advertising in formats (e.g., newspapers, television, radio or the Internet) that is likely to result in a high likelihood of media exposure from such purchases in areas outside of the Protected Area. We or the Cooperative are solely responsible for selecting and purchasing all mass media campaigns that are intended to advertise outside the Protected Area. All other local marketing materials must approved by us in writing prior to its usage.

(c) Advertising Approval. You will conduct all marketing and promotional activities that use the Proprietary Marks or refer to the Franchised Office in a dignified manner and in compliance with the standards and requirements we specify from time to time. You will submit for our approval samples of all advertising and promotional materials that we have not prepared or previously approved that you wish to use at least fourteen (14) days prior to using, or making any financial commitment to use, the materials. We will give you notice of any objections to the proposed materials within fourteen (14) days after their receipt. If you fail to discontinue the use of any materials within five (5) days after notice from us, we may enter the Franchised Office and remove any objectionable materials and hold the materials for proper disposition according to your instructions.

14. Publicity and Promotional Materials

We will have the right to photograph you and the Franchised Office and to use the photographs in any of our publicity or advertising programs. You will cooperate in securing the photographs and the consents of any individuals pictured. We also will have the right to place advertising and promotional materials for The Tax Zone Tax Service franchises in the Franchised Office.

15. Insurance Amounts

Prior to opening the Franchised Office, you must acquire and thereafter maintain the following minimum amounts and policy forms of insurance from insurance companies acceptable to us:

(a) Worker's Compensation Insurance. You must maintain worker's compensation and employer's liability insurance having minimum limits of liability of the greater of Five Hundred Thousand Dollars ($500,000) or the amounts required by applicable state law.

(b) Liability Insurance. You must maintain commercial general liability insurance, including bodily injury, property damage, and personal and advertising injury coverage, on an occurrence policy form, with a minimum per occurrence and general aggregate limits as follows:

(i) Five Hundred Thousand Dollars ($500,000) general liability insurance for bodily injury to one (1) individual;

(ii) One Million Dollars ($1,000,000) general liability insurance for bodily injury in any one (1) occurrence; and

(iii) Five Hundred Thousand Dollars ($500,000) general liability insurance for property damage.

(c) Other Provisions. You must name DCAP Management Corp. as Additional Insureds under the insurance policies specified in this Section 15. Your policies must constitute primary policies of insurance with regard to other insurance, must contain a waiver of subrogation provision in favor of us as it relates to the operation of the Franchised Office, and must provide for at least thirty (30) days' notice to us prior to cancellation or amendment or any policy. Your policies may provide the minimum limits set forth above through a single policy or through the combination of a primary and umbrella policy.

(d) Certificate of Insurance. Prior to opening or taking possession of the Franchised Office, you must furnish us with certificates of insurance evidencing that you have obtained the required insurance in the form and amounts as specified above. In addition, you must deliver evidence of the continuation of the required insurance policies at least thirty (30) days prior to the expiration dates of each existing insurance policy. If you fail to acquire and maintain the required insurance coverage, we will have the right, at your expense, to acquire and administer the required minimum insurance coverage on your behalf. However, we will not have any obligation to assume the premium expense and nothing in this Agreement will constitute a guaranty by us against any losses sustained by you. We may end all of our duties with respect to the administration of any required insurance policies by giving you ten (10) days' notice.

16. Assignment

(a) Assignment by Us. We may transfer, assign or pledge this Agreement, in whole or in part, and/or all or any part of our obligations under this Agreement, to any Person. If this Agreement is transferred, assigned or pledged to a Person in connection with the purchase by that Person of all or part of the assets or equity ownership interests in us or the Franchised System, then we or the purchaser will have the right, but not the obligation, to purchase the Franchised Office (the "Call"). In connection with the Call:

(i) We will provide you with written notice of our intention to exercise the Call, and the Call purchase shall close within ninety (90) days of your receipt of such notice. During this 90-day period, we and our designees will have the right to review and audit the financial statements of the Franchised Office, and, in our discretion, to withdraw the exercise of the Call.

(ii) Upon exercise of the Call, we will purchase, for the Purchase Price, all, or any part, of your right, title, and interest in the assets, properties and leaseholds comprising the Franchised Office or that are operated by you under the Proprietary Marks. The "Purchase Price" shall be payable at closing of the transaction and shall be equal to one and a half (1.5) times the audited Gross Sales of the Franchised Office for the most recently completed twelve (12) month period preceding the date we exercise the Call.

(iii) The Call shall be subject to such terms, conditions, and covenants of indemnity, warranty, and the like as we may require, including the satisfaction by you of all conditions that will enable us to treat the accounting of the purchase in the Call in the manner most favorable to us.

(iv) Each party shall be responsible for the costs incurred in providing its own legal counsel and conducting business due diligence.

(b) Assignment by You. You may not transfer, assign or pledge any direct or indirect interest in this Agreement, in all or substantially all of the assets of the Franchised Office, or in you, to any Person without our prior consent. In giving our consent, we will have the right (but not the obligation) to impose one or more conditions, including (without limitation) the following: (i) the proposed transferee must satisfy all of the requirements and conditions then being used to qualify a Person as a new Franchisee of ours; (ii) the proposed transferee must comply with the provisions of Section 18 of this Agreement; (iii) you must satisfy all of your monetary obligations then due and owing to us and our Affiliates; (iv) you must cure all existing defaults under this Agreement or any other agreement between you and us or between you and any of our Affiliates; (v) you must execute and deliver a general release of all claims and causes of action against us and our Affiliates (provided, however, that all rights enjoyed by you and any causes of action arising in your favor from the provisions of Article 33 of the New York General Business Law ("GBL") and the regulations issued thereunder shall remain in force; it being the intent of this provision that the non-waiver provisions of GBL Sections 687.4 and 687.5 be satisfied); (vi) the transferee must execute and deliver our then current form of Franchise Agreement with the same expiration date and remaining renewal term (if any) as set forth in this Agreement; and (vii) you must pay us a transfer fee equal to twenty-five percent (25%) of the then-current franchise fee or, in the case of a transfer to an existing Owner or a member of your immediate family, Five Thousand Dollars ($5,000). In the event of your death or permanent disability, this Agreement will terminate within ninety (90) days after your death or permanent incapacity unless we give our consent within that 90-day period to the assignment of this Agreement to your lawful successor pursuant to the other provisions of this section.

17. Right of First Refusal

Prior to the sale or transfer of any direct or indirect interest in this Agreement, the Franchised Office or in you, you must notify us of the proposed sale or transfer and deliver to us the name and address of the proposed purchaser or transferee, the amount and terms of the proposed purchase price, and all other terms and conditions of the proposed sale or transfer. In addition, you must deliver to us one photocopy of all instruments describing or evidencing the proposed sale or transfer and the proposed purchase agreement, if any. Within thirty (30) days after we receive the foregoing notice and materials, we will have the right and option to send notice to you that we intend to acquire the interest on the same terms and conditions as contemplated by the third party. If we do not send notice of our intent to acquire

the interest within the foregoing 30-day period, you may conclude the sale or transfer as disclosed to us, subject to our rights as set forth in Section 16 of this Agreement, as long as the terms and conditions of the sale or transfer stay identical to those as originally disclosed to us. Our failure to exercise our right of first refusal will not constitute a waiver of any other provision of this Agreement, including any of the requirements of this Section 17. Any material change in the terms of the proposed sale or transfer prior to closing will constitute a new sale or transfer, subject to the same right of first refusal by us as for the initial sale or transfer. Our election not to exercise our right of first refusal as to any proposed sale or transfer will not affect our right of first refusal as to any subsequent sale or transfer. Any sale or transfer attempted without first giving us the right of first refusal specified in this Section 17 will render the attempted sale or transfer null and void.

18. Business Entity Franchisee

If you are a business entity, each of your Owners must execute the Guaranty and Restriction Agreement attached as Attachment B to this Agreement. In addition, the certificate of incorporation, partnership agreement, trust agreement, operating agreement, or other similar agreement for you and each of your Owners must prohibit the issuance of any additional ownership interests or the transfer, assignment or pledge of any issued ownership interests without our consent and, also, must provide that each certificate or document issued to evidence any ownership interest will contain a legend disclosing the foregoing restriction. In giving our consent, we will have the right to impose one or more reasonable conditions, including (without limitation) the requirement that the recipient of the ownership interest execute an agreement substantially similar to the Guaranty and Restriction Agreement attached as Attachment B to this Agreement. Prior to our execution of this Agreement, you must deliver to us photocopies of the documents described above reflecting compliance with the provisions of this Section 18.

19. Termination by You

You may terminate this Agreement only if we substantially fail to perform any of our material obligations to you under this Agreement after at least sixty (60) days' notice to us of the failure.

20. Termination by Us for Incurable Defaults

We may terminate this Agreement immediately upon notice to you upon any of the following events:

(a) You are unable to obtain or fail to maintain your EFIN;

(b) You close the Franchised Office for a period of more than two (2) consecutive days during a Tax Season without express written consent from us;

(c) You or any of your Owners request the appointment of a receiver or have a receiver appointed for any of your or their assets;

(d) You or any of your Owners become insolvent or make a general assignment for the benefit of your or their creditors;

(e) You or any of your Owners file a petition or have an order for relief entered against you or them under the United States Bankruptcy Code;

(f) You or any of your Owners suffer a conviction for a crime involving moral turpitude, fraud, violation of any tax or financial reporting or licensing law, or any other offense reasonably likely, in our opinion, to have an adverse effect on the Franchised System;

(g) You violate any IRS Code, Regulation, or Handbook, resulting in your suspension or expulsion from any programs or rights necessary for, or in connection with, the preparation of tax returns;

(h) You violate a Federal, state or local resulting in your inability to continue to operate the Franchised Office or if, in our sole opinion, we believe such violation is reasonably likely to have an adverse effect on the Franchised System, the Proprietary Marks, the goodwill associated therewith, or our interest therein;

(i) We discover a material inaccuracy in any of the representations made by you in this Agreement or in any application submitted by you to us in order to qualify as a Franchisee;

(j) You maintain false books or records;

(k) You breach the same provision of this Agreement on three (3) occasions within any twelve (12) month period, with our having given you the required notice of the first two (2) breaches (whether or not timely cured by you);

(l) You commit a breach which, by its nature, you cannot cure or with regard to which you notify us that you do not intend to cure;

(m) You or your representatives knowingly make any false or defamatory statements, or submit information to any third party, that we believe is reasonably likely to have an adverse effect on the Franchised System, the Proprietary Marks, the goodwill associated therewith, or our interest therein.

In addition to the right to terminate this Agreement, and our rights in lieu of termination as described in Section 21 below, we will have the right to any other remedy available to us under the law, including (without limitation) equitable relief, subject to the provisions of Section 23 of this Agreement.

21. Termination by Us for Curable Defaults

We may terminate this Agreement if you fail to cure any default after at least fourteen (14) days' notice of such default. A default means your failure to make any payments as and when due to us or our Affiliates or any default in the performance of any of your obligations under this Agreement or any other agreement with us or our Affiliates, other than the failure to make any payments as and when due to us or our Affiliates. In addition to the right to terminate this Agreement, we will have the right to any other remedy available to us under the law, including (without limitation) equitable relief, subject to the provisions of Section 23 of this Agreement. If we are entitled to terminate this Agreement in accordance with Section 20 above or this Section 21, we will have the right to undertake any one or more of the following actions instead of terminating this Agreement:

(a) We may terminate or modify any rights that you may have with respect to protected, exclusive, or quasi-exclusive rights, in the Protected Area, as granted under Section 3 above, effective ten (10) days after delivery of written notice thereof to you;

(b) We may modify, or eliminate completely, the Protected Area and the territorial protections described in Section 3 above and may establish or license others to establish The Tax Zone Tax Service Offices within the area described as the Protected Area;

(c) We may suspend your right to operate as a Franchised Office or to prepare tax return filings; and/or

(d) We may take any other actions that we deem advisable in connection with the monitoring or suspension of any rights granted to you under this Agreement.

If any rights, options, arrangements, or areas are terminated or modified in accordance with this Section 21, such action shall be without prejudice to our right to terminate this Agreement in accordance with Section 20 above or this Section 21, and/or to terminate any other rights, options or arrangements under this Agreement at any time thereafter for the same default or as a result of any additional defaults of the terms of this Agreement.

22. Waiver of Damages Other Than Actual Damages

You and we waive the right to receive any damages, including (without limitation) consequential and punitive damages, other than actual damages relating to any claim involving a default by the other party under this Agreement, whether asserted as a related or independent tort, as a breach of contract, or as any other claim or cause of action based on constitutional, statutory or common law. This section will not prevent a party from recovering against the other party for unjust enrichment or any pre-award and/or post-award interest otherwise allowable under applicable law.

23. Resolution of Disputes

You and we agree that, except for controversies, disputes, or claims related to or based on your failure to obtain professional and/or tax return preparer licenses or enforce those requirements on your personnel, your failure to pay monies owed to us or failure to file reports under this Agreement, your purchases and sales of products, public safety, any release or release agreement executed under, pursuant to, or in connection with this Agreement, your unauthorized use of the Proprietary Marks or unauthorized use or disclosure of Confidential Information, or our enforcement of non-competition provisions, all controversies, disputes, or claims between us, our affiliates, and our or their respective owners, officers, managers, agents, and employees, as applicable, and you (and your owners, guarantors, affiliates, and employees, as applicable) arising out of or related to:

(a) this Agreement or any other agreement between you and us;

(b) our relationship with you;

(c) the validity of this Agreement or any other agreement between you and us; or

(d) any system standard;

must be submitted for binding arbitration, on demand of either party, to the office of the American Arbitration Association closest to our then-existing principal business address. The arbitration proceedings will be conducted by one arbitrator, who must have had at least two (2) years of experience as a Federal or state court trial judge, or must be a lawyer who has engaged in a significant amount of franchise and distribution matters (as measured by twenty percent (20%) of his/her practice) for the two (2) years preceding the dispute or claim or who has been a member of the ABA Franchise Forum for a period of at least two (2) years immediately preceding the demand for arbitration, and, except as this

Section 23 otherwise provides, according to the then current Commercial Arbitration Rules of the American Arbitration Association. All proceedings will be conducted at a suitable location chosen by the arbitrator which is within thirty (30) miles of our then-existing principal business address. All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. Sections 1 et seq.) and not by any state arbitration law. Judgment upon the arbitrator's award may be entered in any court of competent jurisdiction.

The arbitrator has the right to award or include in his or her award any relief which he or she deems proper in the circumstances, including, without limitation, money damages (with interest on unpaid amounts from the date due), specific performance, injunctive relief, and attorneys' fees and costs, provided that the arbitrator may not declare any Proprietary Mark generic or otherwise invalid and, except as Section 22 above otherwise provides, we and you (and your owners, if you are not a sole proprietorship) waive any right to or claim for any exemplary or punitive damages. The arbitrator's award and decision are conclusive and binding upon all parties, and shall be enforceable by a court of competent jurisdiction. All aspects of the arbitration process shall be treated as confidential, shall not be disclosed to others, and shall not be offered or admissible in any other proceeding or legal action whatever.

You and we agree to be bound by the provisions of any limitation on the period of time in which claims must be brought under applicable law or this Agreement, whichever expires earlier. We and you further agree that, in any arbitration proceeding, each must submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any claim which is not submitted or filed as required is forever barred. The arbitrator may not consider any settlement discussions or offers that might have been made by either you or us.

You and we agree that arbitration will be conducted on an individual, not a class-wide, basis, that only we (and our affiliates, and their respective owners, officers, managers, agents, and employees, as applicable) and you (and your owners, guarantors, affiliates, and employees, as applicable) may be the parties to any arbitration proceeding described in this Section 23, and that any such arbitration proceeding shall not be consolidated with any other arbitration proceeding between us and any other person.

You and we will bear our own respective costs and expenses incurred in connection with any arbitration; however, we will each bear one-half of the cost of the arbitrator and the American Arbitration Association costs.

Before any party may bring an action in arbitration against the other, the parties must first meet to mediate the dispute. Any such mediation shall be non-binding and shall be conducted by the CPR Center for Alternative Dispute Resolution, under the rules established by the International Franchise Association endorsed National Franchise Mediation Program, and in accordance with its then-current rules for mediation of franchise disputes (and in the event such program is not then in existence, by the American Arbitration Association in accordance with its then-current rules for mediation of commercial disputes). Non-binding mediation commenced hereunder shall be concluded within sixty (60) days of the issuance of the request or such longer period as may be agreed upon by the parties in writing. All aspects of the mediation process shall be treated as confidential, shall not be disclosed to others, and shall not be offered or admissible in any other proceeding or legal action whatever. Each party shall bear its own costs of mediation, and each shall bear one-half the cost of the mediator or mediation service.

Despite our and your agreement to mediate and arbitrate, you and we each have the right in a proper case to seek temporary restraining orders and temporary or preliminary injunctive relief from a court of competent jurisdiction for claims that are based solely on demands for money owed, involving

the Proprietary Marks, or from obtaining injunctive relief against threatened conduct that will cause either party loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary injunctions; provided, however, that you and we must contemporaneously submit the dispute for mediation and arbitration on the merits as provided in this Section 23.

The provisions of this Section 23 are intended to benefit and bind certain third-party non-signatories and will continue in full force and effect subsequent to and notwithstanding this Agreement's expiration or termination.

24. Obligations Upon Termination or Expiration

(a) Upon the termination or expiration of this Agreement for any reason, all of your rights under this Agreement will terminate and you will (a) continue to comply with the non-competition and confidentiality provisions of Sections 8 and 10 of this Agreement and all other provisions of this Agreement that by their nature survive the term of this Agreement; (b) promptly pay us and our Affiliates all amounts then due us and them; (c) not use or adopt the Franchised System or any of the Proprietary Marks or Intellectual Property; (d) remove from the Franchised Office all signs, emblems and displays identifying it as associated with us or the Franchised System; (e) cease to use and return to us all copies of the Operations Manual, all Confidential Information, and other proprietary materials developed by, or delivered to, you under this Agreement; (f) change the exterior and interior design and decor of the Franchised Office and make any and all changes in signs, buildings and structures which we direct to distinguish the building from its former appearance as a The Tax Zone Tax Service Office; (g) cease to hold yourself out in any way as our Franchisee or former Franchisee in the Franchised System or to do anything which would indicate any relationship between you and us, except pursuant to the terms of a separate agreement with us; and (h) transfer to us all telephone listings, domain names, and web pages for the Franchised Office or which contain, use or display any of the Proprietary Marks or Intellectual Property. You will complete all modifications within thirty (30) days after the termination or expiration of this Agreement. If you fail to complete such modifications or fail to transfer or return such property within thirty (30) days as contemplated above in this Section 24, or should you indicate at such time earlier than thirty (30) days that you do not intend or are unable to comply with this Section 24, you hereby appoint us as attorney-in-fact to perform such acts in your stead. You also agree to reimburse us for all of our costs and expenses, including without limitation administrative overhead and employee salaries, that we may incur in acting as your attorney-in-fact to perform such acts.

(b) You acknowledge that we cannot determine the amount of damages resulting from a breach of the provisions of this Section 24. In the event of your breach of the provisions of this Section 24 (in addition to any and all other remedies available to us), you will pay us an amount equal to twice the royalty fee set forth in Section 5 of this Agreement until you satisfactorily comply with the foregoing requirements. That payment will constitute liquidated damages and not a penalty because you and we have agreed to it as a reasonable estimate of the actual damages which we will sustain as a result of the breach. The liquidated damages will start on the 31st day after the termination or expiration of this Agreement. The liquidated damages will not constitute either a waiver of your obligation to comply with the foregoing requirements or a license to use the Franchised System.

25. Our Option to Purchase

Upon the termination or expiration of this Agreement for any reason, including your failure to exercise any renewal option that may be available to you, we will have the option to purchase the Franchised Office, including the land, improvements, fixtures and equipment comprising the Franchised Office, at the fair market value of the Franchised Office. We will have the right to set off all amounts you owe us against any payment for the assets purchased pursuant to the provisions of this Section 25. We will exercise our option under this Section 25 by giving you notice of the exercise of the option at least

thirty (30) days prior to the expiration of this Agreement or within thirty (30) days after the termination of this Agreement. We will close the transaction within sixty (60) days after the exercise of our option. At the closing, you will transfer the assets comprising the Franchised Office to us by special warranty deed (or assignment of leasehold estate) and bill of sale in form and substance acceptable to us. You and we will resolve any dispute regarding the fair market value of the Franchised Office pursuant to Section 23 of this Agreement. Our option under this Section 25 will not affect or limit our rights under any security agreement or our subrogation rights under any guaranty or surety agreement.

26. Indemnification

You agree, to the fullest extent permissible under applicable law, to indemnify, defend, and hold harmless us, our affiliates, and our and their respective shareholders, directors, officers, employees, agents, successors, and assignees (the "Indemnified Parties") against, and to reimburse any one or more of the Indemnified Parties for, all claims, obligations, and damages directly or indirectly arising out of the Franchised Office's operation, the business you conduct under this Agreement, or your breach of this Agreement, including, without limitation, those alleged to be or found to have been caused by the Indemnified Party's negligence, unless (and then only to the extent that) the claims, obligations, or damages are determined to be caused solely by our gross negligence or willful misconduct in a final, unappealable ruling issued by a court with competent jurisdiction.

For purposes of this indemnification, "claims" include all obligations, damages (actual, consequential, or otherwise), and costs that any Indemnified Party reasonably incurs in defending any claim against it, including, without limitation, reasonable accountants', attorneys', and expert witness fees, costs of investigation and proof of facts, court costs, travel and living expenses, and other expenses of litigation or alternative dispute resolution, regardless of whether litigation or alternative dispute resolution is commenced. Each Indemnified Party may defend any claim against it at your expense and agree to settlements or take any other remedial, corrective, or other actions. We have the right to designate attorneys that you must retain to defend any claims subject to this indemnification provision.

This indemnity will continue in full force and effect subsequent to and notwithstanding this Agreement's expiration or termination. An Indemnified Party need not seek recovery from any insurer or other third party, or otherwise mitigate its losses and expenses, in order to maintain and recover fully a claim against you under this subparagraph. You agree that a failure to pursue a recovery or mitigate a loss will not reduce or alter the amounts that an Indemnified Party may recover from you under this subparagraph.

27. Force Majeure

Neither we nor you will be liable for loss or damage or be in breach of this Agreement if our or your failure to perform our or your obligations results from (a) compliance with the orders, requests, regulations, or recommendations of any Federal, state, or municipal government; (b) acts of God; (c) fires, strikes, embargoes, war, acts of terrorism or similar events, or riot; or (d) any other similar event or cause. Any delay resulting from any of these causes will extend performance accordingly or excuse performance, in whole or in part, as may be reasonable, except that these causes will not excuse payments of amounts owed at the time of the occurrence or payment of royalties or advertising fees due afterward.

28. Relationship of Parties

Neither this Agreement nor the performance of the obligations set forth in this Agreement will operate to make you our partner or agent. Neither party will have the authority to act or contract on behalf of the other. Neither party will have any responsibility for the obligations of the other party. The relationship created by this Agreement is that of an independent contractor, and no fiduciary or other

special relationship is created or intended. You must indicate clearly the independent ownership of your business in all public records and in all of your dealings with third parties.

29. Employment Decisions

You have and will continue to have sole responsibility for your employees, all acts of your employees, and all employment related decisions involving wages, benefits, hours of work, scheduling, hiring, firing, discipline, supervision, record keeping, and all other terms and conditions of employment.

30. Holidays

If the due date for any payment of funds under this Agreement falls on a legal holiday, the due date for the payment will extend until the next business day.

31. Entire Agreement

The recitals and exhibits are a part of this Agreement which, together with the system standards contained in the Operations Manual (which may be periodically modified), constitutes our and your entire agreement, and there are no other oral or written understandings or agreements reached, or any representations made, before this Agreement are superseded by this Agreement; provided, however, that nothing in this or any related agreement is intended to disclaim the representations made by us in the Disclosure Document that was furnished to you by us. Any policies that we adopt and implement from time to time to guide us in our decision-making are subject to change, are not a part of this Agreement, and are not binding on us.

32. Waiver

We and you may by written instrument unilaterally waive or reduce any obligation of or restriction upon the other under this Agreement, effective upon delivery of written notice to the other or another effective date stated in the notice of waiver. Any waiver granted will be without prejudice to any other rights we or you have, will be subject to continuing review, and may be revoked at any time and for any reason effective upon delivery of ten (10) days' prior written notice.

We and you will not waive or impair any right, power, or option this Agreement reserves (including, without limitation, our right to demand exact compliance with every term, condition, and covenant or to declare any breach to be a default and to terminate this Agreement before its term expires) because of any custom or practice at variance with this Agreement's terms; our or your failure, refusal, or neglect to exercise any right under this Agreement or to insist upon the other's compliance with this Agreement, including, without limitation, any system standard; our waiver of or failure to exercise any right, power, or option, whether of the same, similar, or different nature, with other The Tax Zone Tax Service Offices; the existence of Franchise Agreements for other The Tax Zone Tax Service Offices which contain provisions different from those contained in this Agreement; or our acceptance of any payments due from you after any breach of this Agreement. No special or restrictive legend or endorsement on any check or similar item given to us will be a waiver, compromise, settlement, or accord and satisfaction. We are authorized to remove any legend or endorsement, which then will have no effect.

33. Notice

Except as otherwise provided in this Agreement, when this Agreement makes provision for notice or concurrence of any kind, the sending party must deliver or address the written notice to the other party by certified mail, telecopy, or nationally-recognized overnight delivery service to the following address or telecopy number:

US: DCAP Management Corp.
956 South Broadway
Hicksville, New York 11801
Attn: President
Fax: (516) 822-4877

YOU: _____ (Street Address)
_____ (City, ST, Zip Code)
(____) _____-_____ (Primary Telephone Number)
☐ Residence / ☐ Business Name (_____)

All notices pursuant to the provisions of this Agreement will run from the earlier of (a) the date that the other party receives or refuses delivery of the notice or (b) three (3) business days after the party places the notice in the United States mail. Each party may change the party's address by giving written notice to the other party.

34. Survival

The provisions of this Agreement which, by their terms, survive the termination or expiration of this Agreement will survive the termination or expiration of this Agreement for any reason.

35. Governing Law

Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.), or other Federal law, this Agreement, the franchise, the offer and sale of this Agreement to you, and all claims arising from the relationship between us and you will be governed by the laws of the State of New York, without regard to its conflict of laws rules, except that any New York law regulating the sale of franchises or governing the relationship of a Franchisor and its Franchisee will not apply unless its jurisdictional requirements are met independently without reference to this paragraph.

36. Consent to Jurisdiction; Venue

You and your owners agree that except for claims subject to arbitration under Section 23 above, all actions arising under this Agreement or otherwise as a result of the relationship between you and us must be commenced in a state or Federal court of competent jurisdiction within such state or judicial district in which we have our principal place of business at the time the action is commenced, and you (and each owner) irrevocably submit to the jurisdiction of those courts and waive any objection you (or the owner) might have to either the jurisdiction of or venue in those courts. Nonetheless, you and your owners agree that we may enforce this Agreement in the courts of the state or states in which you are domiciled or the Franchised Office is located.

37. Limitations on Actions

Any and all claims and actions arising out of or relating to this Agreement, the relationship of you and us, or your operation of the Franchised Office, including any arbitration proceeding, or any claim in arbitration (including any defenses and any claims of set-off or recoupment), must be brought or asserted before the expiration of the earlier of (a) the time period for bringing an action under any applicable state or Federal statute of limitations; (b) one (1) year after the date upon which a party discovered, or should have discovered, the facts giving rise to an alleged claim; or (c) two (2) years after the first act or omission giving rise to an alleged claim; or it is expressly acknowledged and agreed by all parties that such claims or actions shall be irrevocably barred. Our claims attributable to underreporting of sales, and

claims of the parties for failure to pay monies owed and/or indemnification shall be subject only to the applicable state or Federal statute of limitations.

38. Legal Fees

If we incur costs and expenses due to your failure to pay when due amounts owed to us, to submit when due any reports, information, or supporting records, or otherwise to comply with this Agreement, you agree, whether or not we initiate a formal legal proceeding, to reimburse us for all of the costs and expenses that we incur, including, without limitation, reasonable accounting, attorneys' and related fees. You must pay us all damages, costs, and expenses, including reasonable attorneys' fees, incurred by us subsequent to the termination or expiration of this Agreement in obtaining injunctive or other relief for the enforcement of any provisions of this Agreement.

39. Construction

The parties acknowledge that each party and/or its legal counsel have reviewed and made revisions to this Agreement. The rule of construction requiring the resolution of any ambiguities in this Agreement against the drafting party will not apply to the construction of this Agreement or any attachments to this Agreement.

40. Authority

Each individual executing this Agreement in a representative capacity represents and warrants that he or she has the authority to execute this Agreement in the capacity indicated.

41. Severability

Except as expressly provided to the contrary in this Agreement, each section, paragraph, term, and provision of this Agreement is severable, and if, for any reason, any part is held to be invalid or contrary to or in conflict with any applicable present or future law or regulation in a final, unappealable ruling issued by any court, agency, or tribunal with competent jurisdiction, that ruling will not impair the operation of, or otherwise affect, any other portions of this Agreement, which will continue to have full force and effect and bind the parties.

If any covenant which restricts competitive activity is deemed unenforceable by virtue of its scope in terms of area, business activity prohibited, and/or length of time, but would be enforceable if modified, you and we agree that the covenant will be enforced to the fullest extent permissible under the laws and public policies applied in the jurisdiction whose law determines the covenant's validity.

If any applicable and binding law or rule of any jurisdiction requires more notice than this Agreement requires of this Agreement's termination or of our refusal to enter into a successor or renewal Franchise Agreement, or some other action that this Agreement does not require, or if, under any applicable and binding law or rule of any jurisdiction, any provision of this Agreement or any system standard is invalid, unenforceable, or unlawful, the notice and/or other action required by the law or rule will be substituted for the comparable provisions of this Agreement, and we may modify the invalid or unenforceable provision or system standard to the extent required to be valid and enforceable or delete the unlawful provision in its entirety. You agree to be bound by any promise or covenant imposing the maximum duty the law permits which is subsumed within any provision of this Agreement, as though it were separately articulated in and made a part of this Agreement.

42. Counterparts

The parties may execute this Agreement in counterparts, each of which will constitute an original and all of which, when taken together, will constitute one and the same instrument.

43. Amendment

No amendment to this Agreement will become effective or binding on the parties, unless agreed to in writing by all of the parties, provided, however, that changes to the Franchised System or Operations Manual shall become effective and binding upon you upon their issuance by us.

44. Definitions

Unless the context of their use in this Agreement requires otherwise, the following words and phrases have the following meanings when used in initially-capitalized form in this Agreement.

(a) Affiliate. The word "Affiliate" means (1) any stockholder, director or officer of a specified Person, if the Person is a corporation; (2) any partner of a specified Person, if the Person is a partnership; (3) any member of a specified Person, if the Person is a limited liability company; (4) any employee of a specified Person; (5) any other Person which a specified Person Controls; (6) any other Person which Controls the specified Person; or (7) any Person who shares a common Control with a specified Person.

(b) Bank. The word "Bank" means those entities that provide Bank Products.

(c) Bank Products. The phrase "Bank Products" means those products and services provided by Banks to allow taxpayers to increase the speed with which they receive their tax refunds, including without limitation Accelerated Check Requests, Accelerated Direct Deposits, and Refund Anticipation Loans.

(d) Competitive Business. As defined in Section 8(a) above.

(e) Confidential Information. As defined in Section 10 above.

(f) Control. The word "Control" means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract, or otherwise.

(g) Effective Date. The date indicated in the opening paragraph of this Agreement. This Agreement is not effective until signed by us.

(h) Franchised Office. The phrase "Franchised Office" means the storefront The Tax Zone Tax Service Office you establish and operate in the Protected Area pursuant to this Agreement.

(i) Franchised System. The phrase "Franchised System" means the distinctive, proprietary and/or confidential information that we may designate in written or electronic form or through usage from time to time as comprising an approved method of constructing, equipping and operating a licensed or franchised The Tax Zone Tax Service Office, including (without limitation) (1) plans and specifications for interior and exterior signs, designs, layouts and color schemes; (2) methods, techniques, formats, systems, specifications, procedures, information, trade secrets, sales and marketing programs; (3) methods of business operations and management; and (4) knowledge and experience regarding the operation and franchising of The Tax Zone Tax Service Offices.

(j) Gross Sales. The phrase "Gross Sales" means all revenues from all business conducted upon or from the Franchised Office, whether evidenced by cash, check, credit, charge account, exchange or otherwise. Gross Sales includes (without limitation) the amounts received from the sale of goods and services of every kind and nature provided or performed in connection with the preparation of tax returns. Gross Sales also includes any service bureau fees or other fees charged by the Franchised Office in connection with the repayment of any promissory notes or other indebtedness you incur. Each charge or sale upon credit will constitute a sale for the full price in the Reporting Period during which the charge or sale occurs, regardless of the time when you receive payment (in whole or in part) for the charge or sale. The phrase "Gross Sales" does not include (a) sales of merchandise or services for which you make a refund, if previously included in Gross Sales; (b) the amount of any goods and services tax imposed by any governmental authority directly on sales and collected from customers, if you add the amount of the tax to the sales price or absorb the amount of the tax in the sales price and you actually remit the tax to the governmental authority; and (c) amounts not received for goods or services because of discounts or coupons, if properly documented.

(k) The Tax Zone Tax Service Office. The phrase "The Tax Zone Tax Service Office" means a storefront location office operating under The Tax Zone Tax Service name that offers the products and services that we designate in written or electronic form or though usage from time to time.

(l) Intellectual Property. The phrase "Intellectual Property" means the patents, copyrights, trade secrets, confidential information, and other proprietary information that we designate in written or electronic form or through usage from time to time as prescribed for use with the Franchised System and includes, without limitation, the Proprietary Marks.

(m) National or Regional Account Business. The phrase "National or Regional Account Business" means a Person, a group of Persons, or an organization or entity that we designate as having the right, by common ownership, control, or legal status, to arrange for The Tax Zone Tax Service Offices to be located at multiple locations and/or for multiple clients, provided that such location or clients are retail businesses or other premises that are identified as businesses that are separate from, or different from, a The Tax Zone Tax Service Office. By way of example only, and without limiting the foregoing, a National or Regional Account Business may be a chain of retailers or grocery stores.

(n) Operations Manual. The phrase "Operations Manual" means the manual or collection of materials in written or electronic form which we designate from time to time as containing the standards, specifications, procedures and methods of operating the Franchised Office.

(o) Owner. The word "Owner" means any Person that holds a direct or indirect ownership interest in you.

(p) Person. The word "Person" means any individual or business entity, including (without limitation) corporation, joint venture, general partnership, limited partnership, limited liability company, or trust.

(q) Proprietary Marks. As defined in Recital B above.

(r) Protected Area. The phrase "Protected Area" means the geographic area described on Attachment C to this Agreement. The Protected Area will be defined by one (1) or more "zip codes" or other designation based on the population residing within the area. If at any time during the term of the Agreement the population of the Protected Area increases significantly (by more than fifty percent (50%) over the population of the Protected Area on the Effective Date), we reserve the right to

reduce the size of the Protected Area, but in no event will we reduce the Protected Area to a size that is smaller than the population of the Protected Area on the Effective Date.

(s) Reporting Period. The phrase "Reporting Period" refers to the following set of dates:

(i) Reporting Period 1: January 1st through January 31st;

(ii) Reporting Period 2: February 1st through February 28th (or 29th, if applicable);

(iii) Reporting Period 3: March 1st through March 31st;

(iv) Reporting Period 4: April 1st through April 30th;

(v) Reporting Period 5: May 1st through August 31st; and

(vi) Reporting Period 6: September 1st through December 31st.

(t) Tax Season. The phrase "Tax Season" means the January through April tax season each year.

45. Acknowledgments and Representations

You acknowledge and represent to us:

(a) That you have independently investigated The Tax Zone Tax Service franchise opportunity and recognize that, like any other business, the nature of the business of a The Tax Zone Tax Service Office may, and probably will, evolve and change over time.

(b) That an investment in a The Tax Zone Tax Service Office involves business risks that could result in the loss of a significant portion or all of your investment.

(c) That your business abilities and efforts are vital to your success.

(d) That attracting customers for your The Tax Zone Tax Service Office will require you to make consistent marketing efforts in your community through various methods, including media advertising, direct mail advertising, and display and use of in-store promotional materials.

(e) That you must maintain a high level of customer service, and adhere strictly to the Franchised System and system standards, and that you are committed to maintaining system standards.

(f) That you have not received from us, or any person or entity representing or claiming to represent us, and you are not relying upon, any representations or guarantees, express or implied, as to the potential volume, sales, income, or profits of a The Tax Zone Tax Service Office, and that any financial information that may appear in our Franchise Disclosure Document is not a representation or guarantee as to potential volume, sales, income, or profits that you may achieve at a The Tax Zone Tax Service Office.

(g) That in all of their dealings with you, our officers, directors, employees, and agents act only in a representative, and not in an individual, capacity and that business dealings between you and them as a result of this Agreement are deemed to be only between you and us.

(h) That you have represented to us, to induce our entry into this Agreement, that all statements you have made and all materials you have given us are accurate and complete and that you have made no misrepresentations or material omissions in obtaining the rights under this Agreement.

(i) That you have read this Agreement and our Franchise Disclosure Document and understand and accept that this Agreement's terms and covenants are reasonably necessary for us to maintain our high standards of quality and service, as well as the uniformity of those standards at each The Tax Zone Tax Service Office, and to protect and preserve the goodwill of the Proprietary Marks.

(j) That we have the right to restrict your sources of other products, and services, as provided in various sections of this Agreement.

(k) That you understand that we, our Affiliates, may operate, and may license others to operate, other tax return preparation businesses with different names and marks, and these businesses may operate in close proximity to your Franchised Office.

(l) That we have not made any representation, warranty, or other claim regarding this The Tax Zone Tax Service franchise opportunity, other than those made in this Agreement and our Franchise Disclosure Document, and that you have independently evaluated this opportunity, including by using your business professionals and advisors, and have relied solely upon those evaluations in deciding to enter into this Agreement.

(m) That you have been afforded an opportunity to ask any questions you have and to review any materials of interest to you concerning The Tax Zone Tax Service franchise opportunity, and that we have not refused to answer any questions, inquiries, or requests.

(n) That you have been afforded an opportunity, and have been encouraged by us, to have this Agreement and all other agreements and materials we have given or made available to you reviewed by an attorney and have either done so or chosen not to do so.

(o) That we may modify the offer of the franchise opportunity to other Franchisees in any manner and at any time, and these offers and agreements have or may have terms, conditions, and obligations that may differ from the terms, conditions, and obligations in this Agreement.

(p) That you know of no representations by us, our Affiliates, about the business contemplated by this Agreement which contradict the terms of this Agreement or the disclosures set forth in our most current Franchise Disclosure Document delivered to you in connection with the issuance of this Agreement. You have not relied on any representations or disclosures from us, our Affiliates, about the business contemplated by this Agreement other than those contained in this Agreement or in our most current Franchise Disclosure Document delivered to you in connection with the issuance of this Agreement.

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement on the date noted below, to be effective as of the Effective Date.

FRANCHISEE:

_____

FRANCHISOR:
DCAP MANAGEMENT CORP.

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

By:_____
Name:Abraham Weinzimer
Title: President
Date:_____

ATTACHMENT A

AUTOMATED CLEARING HOUSE (ACH) PAYMENT AUTHORIZATION
(DEBITS)

DCAP MANAGEMENT CORP. #_____-_____
COMPANY NAME EMPLOYER IDENTIFICATION NUMBER (EIN)

I (we) authorize DCAP Management Corp. (the "Company") and _____ (the "Bank") to electronically debit my (our): ☐ Checking Account / ☐ Savings Account specified below.

Customer's Bank Name	Branch Location	
City	State	Zip Code
Customer's Bank Transit/ABA Number	Account Number	

This authority will remain in full force and effect until the Company and the Bank receive notification from the undersigned of its termination in time for the Company and the Bank to act on it. The Company will provide the undersigned with a copy of this Authorization Agreement upon request.

Print Customer Name (1)	Print Customer Name (2)	Entity Number
Signature Date	Signature Date	

ATTACHMENT B

GUARANTY AND RESTRICTION AGREEMENT

The undersigned owners (the "Guarantors") of _____(the "Franchisee") enter into this Guaranty and Restriction Agreement (this "Agreement") as of the ____ day of _____, 20____.

1. Guaranty of Obligations. The Guarantors hereby guarantee the performance of all of the Franchisee's obligations under that certain Franchise Agreement dated as of _____ (the "Franchise Agreement"), with DCAP Management Corp. ("DCAP"). This guaranty constitutes an absolute, unconditional, irrevocable and continuing guaranty. DCAP will not have any obligation to take any action against any other person or entity for collection of any payments prior to making any demand for payment or bringing any action against the Guarantors. The Guarantors acknowledge and waive notice of the DCAP's acceptance of the Guarantors' guaranty pursuant to the terms of this Agreement.

2. Restrictions on Transfer of Equity Ownership of Franchisee. The Guarantors will not transfer, assign or pledge any of their direct or indirect equity interests in the Franchisee to any person without the prior consent of DCAP.

3. Other Provisions. The Guarantors, as owners of the Franchisee, acknowledge that this Agreement and the Franchise Agreement inure to the benefit of the Franchisee. The Guarantors expressly adopt, incorporate into this Agreement, and agree to be bound individually by the following provisions of the Franchise Agreement as if they were parties to such Franchise Agreement:

Section 8.	Covenants Not to Compete
Section 10.	Confidential Information
Section 16.	Assignment
Section 17.	Right of First Refusal
Section 18.	Business Entity Franchisee
Section 22.	Waiver of Damages Other Than Actual Damages
Section 23.	Resolution of Disputes
Section 25.	Our Option to Purchase
Section 35.	Governing Law
Section 36.	Consent to Jurisdiction; Venue
Section 37.	Limitations of Actions
Section 38.	Legal Fees

Executed and delivered as of the day and year first set forth above.

Guarantor:

_____

Name:_____

Date:_____

ATTACHMENT C

PROTECTED AREA AND ACCEPTED OFFICE LOCATION

Protected Area (insert map and/or define by zip codes):

The Protected Area is depicted on the map(s) attached to this Attachment C. However, if there is an inconsistency between the language in this Attachment C and the attached map(s), the language in this Attachment C shall control. All street boundaries will be deemed to end at the street center line unless otherwise specified.

The Tax Zone Tax Service Office Accepted Location Address:

**ADDRESS TO BE DETERMINED AFTER AN ACCEPTED LOCATION IS FOUND PURSUANT TO SECTION 6.A. THE PARTIES AGREE TO SIGN A REVISED ATTACHMENT C PURSUANT TO SECTION 6.A (iii).

ACCEPTED:

FRANCHISEE:
_____

By:_____
Name:_____
Title:_____

FRANCHISOR:
DCAP MANAGEMENT CORP.

By:_____
Name:Abraham Weinzimer
Title: President

ATTACHMENT D

LEASE REVIEW DISCLAIMER

Lease Review Disclaimer

1. **Representation** – The DCAP Legal Department represents DCAP Management Corp. ("DCAP") only, not the Franchisee. We recommend that you, the Franchisee, in order to protect your interests, hire legal representation familiar with the real estate market where your leased store would be located.

2. **Site Approval / Liability** – DCAP makes no warranties or guarantees as to the suitability of the site ultimately selected by the Franchisee and is not liable to any Franchisee who signs a lease. We recommend that you obtain independent legal representation to review the lease.

ACKNOWLEDGMENT - By signing below, I understand that DCAP did not select the site for my The Tax Zone Tax Service franchise and is not liable on my lease. DCAP 's approval of a site and review of my lease does not constitute an assurance, representation or warranty of any kind, express or implied, as to the suitability of the site or approval of my lease; or for any other purpose. Approval of the site by DCAP indicates only that DCAP believes the site complies with acceptable minimum criteria established by them solely for their purposes as of the time of the evaluation. I fully understand and have been advised to obtain legal representation to review my lease to protect my interests as regards the lease. I also understand that DCAP's review of the lease does not indicate their approval of the lease or liability on the lease.

FRANCHISEE:

_____

By_____
Name: _____
Title:_____
Date:_____

Proposed Store Address:_____

ATTACHMENT E

FRANCHISEE DISCLOSURE ACKNOWLEDGMENT STATEMENT

Franchisee hereby acknowledges the following:

1. Franchisee has conducted an independent investigation of all aspects relating to the financial, operational and other aspects of the business of operating the Franchised Business. Franchisee further acknowledges that, except as may be set forth in Franchisor's Disclosure Document, no representations of performance (financial or otherwise) for the Franchised Business provided for in this Agreement has been made to Franchisee by Franchisor and Franchisee and any and all Principals hereby waive any claim against Franchisor for any business failure Franchisee may experience as a franchisee under this Agreement.

_____
Initial

2. Franchisee has conducted an independent investigation of the business contemplated by this Agreement and understands and acknowledges that the business contemplated by this Agreement involves business risks making the success of the venture largely dependent upon the business abilities and participation of Franchisee and its efforts as an independent business operation.

_____
Initial

3. Franchisee agrees that no claims of success or failure have been made to it or him or her prior to signing the Franchise Agreement and that it/she/he understands all the terms and conditions of the Franchise Agreement. Franchisee further acknowledges that the Franchise Agreement contains all oral and written agreements, representations and arrangements between the parties hereto, and any rights which the respective parties hereto may have had under any other previous contracts are hereby cancelled and terminated, and that this Agreement cannot be changed or terminated orally.

_____
Initial

4. Franchisee has no knowledge of any representations by Franchisor or its officers, directors, shareholders, employees, sales representatives, agents or servants, about the business contemplated by the Franchise Agreement that are contrary to the terms of the Franchise Agreement or the documents incorporated herein. Franchisee acknowledges that no representations or warranties are made or implied, except as specifically set forth in the Franchise Agreement. Franchisee represents, as an inducement to Franchisor's entry into this Agreement, that it has made no misrepresentations in obtaining the Franchise Agreement.

_____
Initial

5. Franchisor expressly disclaims the making of, and Franchisee acknowledges that it has not received or relied upon, any warranty or guarantee, express or implied, as to the potential volume, profits or success of the business venture contemplated by the Franchise Agreement.

_____
Initial

6. Franchisee acknowledges that Franchisor's approval or acceptance of Franchisee's Business location does not constitute a warranty, recommendation or endorsement of the location for the Franchised Business, nor any assurance by Franchisor that the operation of the Franchised Business at the premises will be successful or profitable.

_____
Initial

7. Franchisee acknowledges that it has received the DCAP Management LLC Franchise Disclosure Document with a complete copy of the Franchise Agreement and all related Attachments and agreements at least fourteen (14) calendar days prior to the date on which the Franchise Agreement was executed. Franchisee further acknowledges that Franchisee has read such Franchise Disclosure Document and understands its contents.

_____
Initial

8. Franchisee acknowledges that it has had ample opportunity to consult with its own attorneys, accountants and other advisors and that the attorneys for Franchisor have not advised or represented Franchisee with respect to the Franchise Agreement or the relationship thereby created.

_____
Initial

9. Franchisee, together with Franchisee's advisers, has sufficient knowledge and experience in financial and business matters to make an informed investment decision with respect to the Franchise granted by the Franchise Agreement.

_____
Initial

10. Franchisee is aware of the fact that other present or future franchisees of Franchisor may operate under different forms of agreement(s), and consequently that Franchisor's obligations and rights with respect to its various franchisees may differ materially in certain circumstances.

_____
Initial

11. It is recognized by the parties that Franchisor is also (or may become) a manufacturer or distributor of certain products under the Marks licensed herein; and it is understood that Franchisor does not warrant that such products will not be sold within the Franchisee's Territory by others who may have purchased such products from Franchisor.

_____
Initial

12. BY EXECUTING THE FRANCHISE AGREEMENT, FRANCHISEE AND ANY PRINCIPAL, INDIVIDUALLY AND ON BEHALF OF FRANCHISEE'S AND SUCH PRINCIPAL'S HEIRS, LEGAL REPRESENTATIVES, SUCCESSORS AND ASSIGNS, HEREBY FOREVER RELEASE AND DISCHARGE DCAP MANAGEMENT CORP., AND ANY OF DCAP MANAGEMENT CORP.'S PARENT COMPANY, SUBSIDIARIES, DIVISIONS, AFFILIATES, SUCCESSORS, ASSIGNS AND DESIGNEES, AND THE FOREGOING ENTITIES' DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, SHAREHOLDERS, SUCCESSORS, DESIGNEES AND REPRESENTATIVES FROM ANY AND ALL CLAIMS, DEMANDS AND JUDGMENTS RELATING TO OR ARISING UNDER THE STATEMENTS, CONDUCT, CLAIMS OR ANY OTHER AGREEMENT BETWEEN THE PARTIES EXECUTED PRIOR TO THE DATE OF THE FRANCHISE AGREEMENT, INCLUDING, BUT NOT LIMITED TO, ANY AND ALL CLAIMS, WHETHER PRESENTLY KNOWN OR UNKNOWN, SUSPECTED OR UNSUSPECTED, ARISING UNDER THE FRANCHISE, SECURITIES, TAX OR ANTITRUST LAWS OF THE UNITED STATES OR OF ANY STATE OR TERRITORY THEREOF.

_____
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Acknowledged on _____.

Sign here if you are taking the franchise as an

INDIVIDUAL

_____
Signature

Print Name_____

_____
Signature

Print Name_____

_____

Sign here if you are taking the franchise as a CORPORATION, LIMITED LIABILITY COMPANY OR PARTNERSHIP

_____
Print Name of Legal Entity

By:_____
Signature

Print Name_____

Title_____

EXHIBIT D-1 TO THE DISCLOSURE DOCUMENT

TABLE OF CONTENTS OF
OPERATIONS MANUALS – DCAP CENTER

Introduction	
Module One	Operations
Module Two	DCAP Products and Services
Module Three	Sales Process
Module Four	Customer Service "The Key to Customer Retention"
Module Five	Advertising and Marketing Finding New Customers
Module Six	Staffing
Module Seven	Your Role as a Manager

EXHIBIT D-2 TO THE DISCLOSURE DOCUMENT

TABLE OF CONTENTS OF OPERATIONS MANUAL
THE TAX ZONE SERVICE OFFICE

Franchise Operations Manual

Table of Contents

Section 1 **Obtaining business permits and licenses**

Section 2 **Selecting the best site for your store**

Section 3 **Understanding the store selection process**

Section 4 **Setting up your office space and hiring employees**

Section 5 **Installing computer hardware and software**

Section 6 **Using a marketing and advertising plan to promote business**

Section 7 **How to use our tax preparation software**

Section 8 **Daily operations & procedures**

EXHIBIT E-1 TO THE DISCLOSURE DOCUMENT

LIST OF FRANCHISEES – DCAP CENTERS

LIST OF START-UP FRANCHISEES

(as of December 31, 2021)

DCAP Woodhaven 86-56 Woodhaven Blvd Woodhaven, NY 11421 718-846-6006	DCAP of Richmond Inc. 1440 Forest Avenue Staten Island, NY 10302 718-981-3227
AARD Vark Agency 88-07 69th Avenue Forest Hills, NY 11375 718-275-6633	Middle Village Insurance Agency Inc. 74-04 Metropolitan Ave Middle Village, NY 11379 718-894-3227
KEB Insurance Broker, Inc. 709 N. Broadway Amityville, NY 11701 631-608-9000	DCAP Hicksville Inc. 956 South Broadway Hicksville, New York 11801 516-822-4848
Diversified Coverage Asset 33 Main Street Hempstead NY 11550 516-538-3227	DCAP of Mt Vernon LLC 1831D Grand Concourse Bronx, NY 10453 917-819-4700.
DCAP Brentwood 779 Suffolk Avenue Brentwood, New York 11717 631-231-3333	

LIST OF CONVERSION FRANCHISEES

(as of December 31, 2021)

DCAP Freeport Inc. Tanzeel Rehman 17-19 West Sunrise Highway Freeport, NY 11520 516-379-8900	Meyerson Roth Agency 30B West Park Avenue Long Beach, NY 11561 516-432-5800
ABM Insurance 211-41 Jamaica Avenue, Queens Village, NY 11428 718-217-4600	CIS Brokerage 790 11th Avenue New York, NY 10019 212-262-8600

DCAP Family Insurance Brokerage, Inc. 2890 Route 112 Medford, NY 11763 (631) 447-0739	The Yonkers Agency 132-3B Tuckahoe Road Yonkers, NY 10710 914-968-7101
ADCAP Services, Inc. 1865A East Tremont Avenue Bronx, NY 10462 718-597-7770	Amway Insurance Brokerage, Inc. Kenny Santos 188-17 Jamaica Avenue Hollis, NY 11423 718-725-2277
RPK Professional Group, LLC 333 Avenue X Brooklyn, NY 11223 718-336-8866	

*** Franchise Agreement signed but unit not yet open as of 12/31/2021:** None

EXHIBIT E-2 TO THE DISCLOSURE DOCUMENT

LIST OF FRANCHISEES – THE TAX ZONE SERVICE OFFICES

(as of December 31, 2021)

-None-

*** Franchise Agreement signed but unit not yet open as of 12/31/2021:** None

EXHIBIT F-1 TO THE DISCLOSURE DOCUMENT

LIST OF FRANCHISEES WHO HAVE LEFT THE SYSTEM – DCAP CENTERS
(as of December 31, 2021)

START-UP	
BMI Insurance Brokerage Inc. 2513 65th Street Brooklyn, NY 11204 718-382-0888	A.B.M. Insurance Agency, Inc. 214-41 Jamaica Avenue Queens Village, NY 11428 718-217-4600
Zane Brokerage Inc. Moyses Niyazova 70 East Sunrise Highway, Suite 500 Valley Stream, NY 11581 718-350-1254	
CONVERSION	

-None-

EXHIBIT F-2 TO THE DISCLOSURE DOCUMENT

LIST OF FRANCHISEES WHO HAVE LEFT THE SYSTEM
THE TAX ZONE SERVICE OFFICES
(as of December 31, 2021)

Khalid Ahmad 2196 3rd Ave. New York, NY 10035 646-767-0031	RFM Payment Corp. c/o JN Mason Agency, Inc. 2481 Crotona Avenue Bronx, NY 10458 718-866-0222
Commonwealth Services Inc. 3933 White Plains Road Bronx, NY 10466 347-899-8614	DCAP of Albany Avenue LLC 501 Albany Avenue Brooklyn, NY 11203 718-221-2151
Terry Baksmaty 201 W. 145th Street New York, NY 10036 646-852-6167	

EXHIBIT G TO THE DISCLOSURE DOCUMENT

FINANCIAL STATEMENTS

THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED AN OPINION WITH REGARD TO THE CONTENT OR FORM.

Dcap Management
Balance Sheet
As of September 30, 2022

	Sep 30, 22
ASSETS	
Current Assets	
Checking/Savings	
1005 - Chase In Bank	47,026.58
Total Checking/Savings	47,026.58
Accounts Receivable	
11000 · *Accounts Receivable	18,288.37
Total Accounts Receivable	18,288.37
Other Current Assets	
1062 · Bounced Ck	5,775.00
1086 · Allowance for doubtful accounts	-21,624.12
1260 · Loan and exchange	-15,664.90
Total Other Current Assets	-31,514.02
Total Current Assets	33,800.93
Fixed Assets	
1501 · Furniture and fixtures	2,430.24
1502 · Computers	2,020.31
1505 · Office equipment	682.85
1506 · Website	18,345.45
1550 · Accumulated depreciation	-2,430.24
1553 · Accum deprec- Computer software	-2,020.31
1556 · Accum deprec- Website	-4,726.27
Total Fixed Assets	14,302.03
Other Assets	
2603.` · Investment in Subsidiary	60,251.00
Total Other Assets	60,251.00
TOTAL ASSETS	**108,353.96**
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
2060 · Due from The Tax Zone	64,676.26
2070 · Due from Dealers	46,165.07
2250 · Accrued expenses	9,000.00
2400 · Net payroll	-18,653.12
Total Other Current Liabilities	101,188.21
Total Current Liabilities	101,188.21
Long Term Liabilities	
2601 · Shareholder Loans -	-77,867.00
Total Long Term Liabilities	-77,867.00
Total Liabilities	23,321.21
Equity	
3000 · Capital Stock	1,000.00
3100 · Paid in capital	72,727.58
3300 · Retained Earnings	145,493.89
3350 · Distributions	
Abe Weinzimer	-61,500.00
Stu Greenvald	-61,500.00
Total 3350 · Distributions	-123,000.00

Dcap Management
Balance Sheet
As of September 30, 2022

	Sep 30, 22
Net Income	-11,188.72
Total Equity	85,032.75
TOTAL LIABILITIES & EQUITY	**108,353.96**

Dcap Management
Profit & Loss
January through September 2022

		Jan - Sep 22
Ordinary Income/Expense		
Income		
4505 · Management fee		92,850.00
4510 · Advertising income		24,875.00
4520 · Yellow Book		147.86
4551 · Commission Overides		
C P P	48,675.42	
IPPS	5,561.12	
Kngstone	5,146.12	
Progressive	3,861.53	
4551 · Commission Overides - Other	3,572.64	
Total 4551 · Commission Overides		66,816.83
4552 · Bonuses from Insurance Co		
Progressive	-0.38	
Total 4552 · Bonuses from Insurance Co		-0.38
Total Income		184,689.31
Cost of Goods Sold		
6009 · Com Exp		
5000 · Returned commisions	1,941.40	
Total 6009 · Com Exp		1,941.40
6500 · Motor club expense		7.50
7000 · Advertising		
Facebook/ITS	1,046.56	
7000 · Advertising - Other	31,502.91	
Total 7000 · Advertising		32,549.47
Total COGS		34,498.37
Gross Profit		150,190.94
Expense		
Website Maintenence		
apptivo	12,360.00	
Website Maintenence - Other	4,010.00	
Total Website Maintenence		16,370.00
4590 · Software		11,000.00
7027 · Promotion		1,961.35
7030 · Storage		1,470.00
8000 · Bad debt expense		825.43
8024 · Wages		
8025 · Payroll- Officers	15,000.00	
8050 · Payroll Adm Staff	36,876.93	
Total 8024 · Wages		51,876.93
8125 · Rent		22,997.71
8225 · Major Medical		0.00
8230 · Auto Expense		6,482.75
8250 · MISC		3,457.95
8260 · Bank charges		55.00
8310 · Computer expense		3,000.00
8380 · Data processing expense		1,773.05
8385 · Licenses		503.50
8460 · Office expense		9,705.33
8520 · Professional fees		20,707.62

Dcap Management
Profit & Loss
January through September 2022

	Jan - Sep 22
9000 · Payroll taxes	
9010 · Fica expense	3,968.58
9025 · SUI exepnse	555.00
9030 · FUI expense	84.00
9035 · Dbl Expense	-301.05
Total 9000 · Payroll taxes	4,306.53
9610 · NYS Corp tax	4,886.51
Total Expense	161,379.66
Net Ordinary Income	-11,188.72
Net Income	**-11,188.72**

DCAP MANAGEMENT CORP

FINANCIAL STATEMENTS

DECEMBER 31, 2021 and 2020

RMF Robert M. Fein & Co, PLLC
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders
of DCAP Management Corp

Opinion

We have audited the accompanying financial statements of DCAP Management, (a New York Corporation), which compromise the balance sheets as of December 31, 2021 and 2020, and the related statements of income, retained earnings, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of DCAP Management Corp as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of DCAP Management Corp and to meet our ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about DCAP Management Corp's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

525 Broadhollow Road - Suite 104, Melville, New York 11747
Phone: 516.921.6060 *Fax:* 516.921.6466

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of DCAP Management Corp's internal control. Accordingly, no such opinion is expressed.

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

- Conclude whether, in our judgment, there are no conditions or events, considered in the aggregate, that raise substantial doubt about DCAP Management Corp's ability to continue as a going concern for a reasonable period of time.

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

Certified Public Accountants

Melville, New York
March, 15 2022

DCAP MANAGEMENT CORP.
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
YEAR ENDED DECEMBER 31, 2021

	Common Stock	Capital in Excess of Par	Earnings
Balance - January 1, 2020	$ 1,000	$ 222,728	$ 98,136
Net income	-	-	288,325
Return of Capital		(50,000)	
Dividends	-		(185,119)
Balance - December 31, 2020	$ 1,000	$ 172,728	$ 201,342

	Common Stock	Capital in Excess of Par	(Deficit) Earnings
Balance - January 1, 2021	$ 1,000	$ 172,728	$ 201,342
Net income	-	-	99,196
Return of Capital			
Dividends	-	-	(146,000)
Balance - December 31, 2021	$ 1,000	$ 172,728	$ 154,538

See independent auditor's report and accompanied notes to consolidated financial statements

DCAP MANAGEMENT CORP.
CONSOLIDATED STATEMENT OF OPERATIONS
YEARS ENDED DECEMBER 31

	2021	2020
Commissions and fee income	$ 506,841	$ 708,908
Cost of Operations	(78,163)	(74,576)
Gross profit	428,678	634,332
Operating expenses		
General and administrative	359,484	352,007
Income from Operations	69,194	282,325
Other income		
PPP Forgiveness	30,002	-
EDIL grant	-	6,000
Total other income	30,002	6,000
Net Income	$ 99,196	$ 288,325

See independent auditor's report and accompanied notes to consolidated financial statements

DCAP MANAGEMENT CORP.
CONSOLIDATED STATEMENT OF CASH FLOWS
YEARS ENDED DECEMBER 31

	2021	2020
Cash Flows from Operating Activities:		
Net income	$ 99,196	$ 288,325
Adjustments to reconcile net income to net cash provided by operating activities:		
Changes in assets and liabilities:		
Increase in Accounts, commissions and franchise receivable	136,302	(155,717)
(Decrease) in Accounts payable and accrued expenses	556	(8,346)
(Decrease) in Deferred income	(23,592)	(15,957)
Net cash provided by operating activities	212,462	108,305
Cash Flows from (used in) Financing Activities:		
Decrease in PPP Loan Payable	(30,002)	-
Proceeds from PPP Loan	-	30,002.00
Dividends Paid to Stockholders	(146,000)	(185,119)
Distributions paid out of Capital in Excess of Par	-	(50,000)
Net cash used in financing activities	(176,002)	(205,117)
Net Increase in Cash and Cash Equivalents	36,460	(96,812)
Cash and Equivalents- beginning of year	32,361	129,173
Cash and Equivalents- end of the year	$ 68,821	$ 32,361
Supplemental Disclosure of Cash Flow Information		
Income taxes paid	-	$ 1,590
Interest paid	-	$ 1,415

See independent auditor's report and accompanied notes to consolidated financial statements

DCAP MANAGEMENT CORP.
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
YEAR ENDED DECEMBER 31, 2021

	Common Stock	Capital in Excess of Par	Earnings
Balance - January 1, 2020	$ 1,000	$ 222,728	$ 98,136
Net income	-	-	288,325
Return of Capital		(50,000)	
Dividends	-		(185,119)
Balance - December 31, 2020	$ 1,000	$ 172,728	$ 201,342

	Common Stock	Capital in Excess of Par	(Deficit) Earnings
Balance - January 1, 2021	$ 1,000	$ 172,728	$ 201,342
Net income	-	-	99,196
Return of Capital			
Dividends	-	-	(146,000)
Balance - December 31, 2021	$ 1,000	$ 172,728	$ 154,538

See independent auditor's report and accompanied notes to consolidated financial statements

DCAP MANAGEMENT CORP
NOTES TO THE CONSOLIDATED FINANCIAL
STATEMENTS DECEMBER 31, 2021 and 2020

Note 1: -Organization and Nature of Business

DCAP Management Corp and its wholly owned subsidiary, Instant Tax Service of New York, Inc., DBA The Tax Zone, operate as a franchisor whose franchisees provide a wide range of insurance and tax preparation services to individual and commercial clients throughout the northeast.

DCAP Management Corp has been in existence since 1986. It provides marketing, operational training and support to its network of franchisees. Future operations could be affected by adverse changes in economic conditions in the northeast.

DCAP Management Corp provides ongoing services to its franchisees. Services such as software support, education and training are provided as needed.

Note 2: -Summary of Significant Accounting Policies

The accompanying financial statements were prepared using the accrual basis of accounting in accordance with generally accepted accounting principles.

Cash and cash equivalent – Highly liquid debt instruments with a maturity of three months or less are considered to be cash equivalents.

Commission and fee income – Franchise fee revenue- is generated from new franchise sales. Income from the sale of a franchise is reported on an installment sale basis over the life of the agreement. Management has determined that the driving value of the franchise fee is its protection of the franchisee's geographical location, therefore, management recognizes the franchise fee over the term of the agreement.

Accounts Receivable and Allowance for doubtful accounts – Accounts Receivable are recognized when the company charges its franchisees for services rendered and contractual amounts due for royalties. Accounts receivables are presented net of the allowance for doubtful accounts.
Management reviews the accounts receivable on a periodic basis and makes allowances where there is doubt as to the collectability of individual balances. In evaluating the collectability of individual receivable balances, management considers many factors, including the specific age of the balance, the customer's payment history, its current credit worthiness and current economic trends, when evaluating the adequacy of the allowance for doubtful accounts. The allowance for doubtful accounts as of December 31, 2021 and 2020 are $20,388 and $ 32,164, respectively.

Note 2: -Summary of Significant Accounting Policies (continued)

Property and equipment – Property and equipment are stated at cost net of accumulated depreciation and amortization. Depreciation is provided using the straight-line method over the estimated useful lives of the related assets. As of December 31, 2021 and 2020 the fixed assets were fully depreciated.

Website development costs – Technology and content costs are generally expensed as incurred, except for certain costs relating to the development of internal-use software, including those relating to operating the website, which are capitalized and amortized over three years.

Advertising costs – Advertising costs are charged to operations when the advertising first takes place. Included in cost of operations are advertising costs $100,408 for the year ended December 31, 2021 and $137,510 for 2020.

Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The most significant estimates include the allowance for financial receivable losses. It is reasonably possible that events could occur during the upcoming year, which could change such estimates.

Revenue Recognition- In accordance with Accounting Standards Codification (ASC) Topic 606, *Revenue from Contracts with Customers*, the Company recognizes revenue when promised goods or services are transferred to Franchisees in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

The company's revenues consist of sales of franchised locations as well as conventional fees charged to Franchisees. Conventional fees include those of management, advertising, and royalties based on a fixed determined amount. The company's performance obligation related to its' conventional fees are satisfied over time on a daily pro-rata basis.

The Company's other revenues are comprised of franchise fees and commission overrides. The performance obligation on these revenues is reported when earned.

DCAP MANAGEMENT CORP
NOTES TO THE CONSOLIDATED FINANCIAL
STATEMENTS DECEMBER 31, 2021 and 2020

Note 3: -Investment in Subsidiary

In August 2010, DCAP Management Corp acquired from ITS Financial, LLC, the master franchise rights to sell and provide services to NOW Tax Service franchises in the metropolitan New York area for a term of twenty (20) years with the rights to renew the agreement for two (2) additional twenty (20) year terms. The master franchisor's rights were terminated by NOW Tax Service effective November 11, 2013. NOW Tax Service continues to operate the tax business after the termination of the master franchise rights and changed its name to The Tax Zone.

Note 4: -Concentration of Credit Risk

The corporation maintains cash balances at several financial institutions. Accounts are insured by the Federal Deposit Insurance Corporation up to $250,000. As of December 31, 2021 and 2020 uninsured balances totaled zero.

Note 5: -Commissions and Fee Income

Commissions and fee income are compromised as follows:

	2021	2020
Commission	$ 198,385	$ 406,072
Management fees	129,675	116,075
Advertising fees	59,791	58,975
Royalty income	92,467	85,590
Franchise Fees	7,064	23,737
General	19,459	18,458
Total	$ 506,841	$ 708,907

Note 6: – Income taxes

The Company and its stockholders have elected to be taxed under the provisions of Subchapter S of the Internal Revenue Code and the also under the New York State Corporation tax code. Under those tax provisions, the Company generally does not pay federal or state income taxes on its taxable income. Instead, the stockholders are liable for individual income taxes on their share of the company's taxable income for both federal and New York State.

The statute of limitations for income tax filings subject to examination taxing authorities is generally three years after the returns are filed. As a result, tax returns for 2018 through 2021 remain open for examination by the respective taxing authorities. There are currently no examinations in progress.

DCAP MANAGEMENT CORP
NOTES TO THE CONSOLIDATED FINANCIAL
STATEMENTS DECEMBER 31, 2021 and 2020

Note 7: – Related Party Transactions

Loans Receivable

Amount represents monies due from shareholder's totaling $77,867 as of December 31, 2020 and 2019 respectively. No interest has been charged and the receivable is due on demand

Franchise fees and Advertising

The owners of the Dcap Management Corp are also franchisees. Dcap Management Corp does not charge these related parties for management, advertising, or royalty fees.

Service Fee

Management paid a service fee, which is included in cost of operation, to a related party. The entity paid is owned by the owners of Dcap Management Corp.

Note 8: –Covid-19

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. As of the date of this report, the Company remains open. Management continues to monitor the global outbreak and spread of COVID-19 and is taking steps in an effort to identify and mitigate the adverse impacts on, and risks to, our business posed by its spread and the governmental and community reactions thereto. We continue to assess and update our business continuity plans in the context of this pandemic, including taking steps in an effort to help keep our workforces healthy and safe. The spread of COVID-19 has caused us to modify our business practices and we expect to take further actions as may be required or recommended by governmental authorities or as we determine are in the best interests of our employees, customers, and other business partners. We are working with our franchisees to understand the existing and future negative impacts, and to take actions in an effort to mitigate such impacts. The company believes that the receivables will be collectible.

On May 1, 2020, the Company received loan proceeds in the amount of $30,002 under the Paycheck Protection Program, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"). This entire amount has been forgiven and converted to a SBA grant as of December 31,2021.

Note 9: – Franchisees in operation at year end

The company franchises two separate distinct groups of businesses. One group of businesses provides income tax preparation services. The other group of business are retail Insurance brokerages. Several locations are dual franchisees and operate both groups of business in the same location. The number of Franchises in operation at year end are as follows:

	2021	2020
The Tax Zone	20	20
Dcap Insurance	19	17

Note 10: – Subsequent Events

Management has evaluated subsequent events through March 15, 2021, the date the financial statements were available to be issued.

DCAP MANAGEMENT CORP

FINANCIAL STATEMENTS

DECEMBER 31, 2020 and 2019

RMF Robert M. Fein & Co, PLLC
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders
DCAP Management Corp

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of DCAP Management Corp, a New York Corporation, and its wholly owned subsidiary, which comprise the balance sheets as of December 31, 2020 and 2019 the related consolidated statements of operations, stockholders' (deficit) equity, and the cash flows for the years then ended, and 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

525 Broadhollow Road - Suite 104, Melville, New York 11747
Phone: 516.921.6060 *Fax:* 516.921.6466

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of DCAP Management Corp and its wholly owned subsidiary, as of December 31, 2020 and 2019, and the consolidated operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Certified Public Accountants

Melville, New York
March, 15 2021

DCAP MANAGEMENT CORP.
CONSOLIDATED BALANCE SHEET
DECEMBER 31

ASSETS	2020	2019
Current Assets		
Cash in bank	$ 32,361	$ 129,173
Accounts receivable - Franchisees	20,744	17,580
Commissions receivable	183,100	9,264
Franchise fees receivables	104,207	125,490
Loans receivable	77,867	77,867
Total Current Assets	418,279	359,374
Total Assets	$ 418,279	$ 359,374
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable and accrued expenses	$ 9,000	$ 17,346
Total Current Liabilities	9,000	17,346
Other Liabilities		
Deferred income	104,207	120,164
Loan payable - PPP Loan	30,002	-
Stockholder's Equity		
Common stock $.01 par value; authorized 10,000,000 shares; issued 100,000 shares	1,000	1,000
Capital in excess of par	72,728	122,728
Accumulated earnings	201,342	98,136
Total Stockholders' Equity	275,070	221,864
Total Liabilities and Stockholders' Equity	$ 418,279	$ 359,374

See Independent auditor's report and accompanied notes to consolidated financial statements

DCAP MANAGEMENT CORP.
CONSOLIDATED STATEMENT OF OPERATIONS
YEARS ENDED DECEMBER 31

	2020	2019
Commissions and fee income	$ 708,908	$ 676,553
Cost of Operations	(74,576)	(131,197)
Gross profit	634,332	545,356
Operating expenses		
General and administrative	352,007	344,498
Income from Operations	282,325	200,858
Other income		
EDIL grant	6,000	-
Total other income	6,000	-
Net Income	$ 288,325	$ 200,858

See Independent auditor's report and accompanied notes to consolidated financial statements

DCAP MANAGEMENT CORP.
CONSOLIDATED STATEMENT OF CASH FLOWS
YEARS ENDED DECEMBER 31

	2020	2019
Cash Flows from Operating Activities:		
Net income	$ 288,325	$ 200,858
Adjustments to reconcile net income to net cash provided by operating activities:		
Changes in assets and liabilities:		
Increase in Accounts, commissions and franchise receivable	(155,717)	126,305
(Decrease) in Accounts payable and accrued expenses	(8,346)	(1,085)
(Decrease) in Deposits payable	-	(10,000)
(Decrease) in Deferred income	(15,957)	(96,430)
Net cash provided by operating activities	108,305	219,648
Cash Flows from (used in) Financing Activities:		
Proceeds from PPP Loan	30,002	-
Dividends Paid to Stockholders	(185,119)	(115,000)
Distributions paid out of Capital in Excess of Par	(50,000.00)	(100,000)
Net cash used in financing activities	(205,117)	(215,000)
Net Increase in Cash and Cash Equivalents	(96,812)	4,648
Cash and Equivalents- beginning of year	129,173	124,525
Cash and Equivalents- end of the year	$ 32,361	$ 129,173
Supplemental Disclosure of Cash Flow Information		
Income taxes paid	$ 1,590	$ 918
Iinterest paid	$ 1,415	$ -

See Independent auditor's report and accompanied notes to consolidated financial statements

DCAP MANAGEMENT CORP.
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
YEAR ENDED DECEMBER 31, 2020

	Common Stock	Capital in Excess of Par	(Deficit) Earnings
Balance - January 1, 2019	$ 1,000	$ 222,728	$ 12,278
Net income	-	-	200,858
Return of Capital		(100,000)	
Dividends	-		(115,000)
Balance - December 31, 2019	$ 1,000	$ 122,728	$ 98,136

	Common Stock	Capital in Excess of Par	(Deficit) Earnings
Balance - January 1, 2020	$ 1,000	$ 122,278	$ 98,136
Net income	-	-	288,325
Return of Capital		(50,000)	
Dividends	-	-	(185,119)
Balance - December 31, 2020	$ 1,000	$ 72,278	$ 201,342

See Independent auditor's report and accompanied notes to consolidated financial statements

DCAP MANAGEMENT CORP
NOTES TO THE CONSOLIDATED FINANCIAL
STATEMENTS DECEMBER 31, 2020 and 2019

Note 1: -Organization and Nature of Business

DCAP Management Corp and its wholly owned subsidiary, Instant Tax Service of New York, Inc., DBA The Tax Zone, operate as a franchisor whose franchisees provide a wide range of insurance and tax preparation services to individual and commercial clients throughout the northeast.

DCAP Management Corp has been in existence since 1986. It provides marketing, operational training and support to its network of franchisees. Future operations could be affected by adverse changes in economic conditions in the northeast.

DCAP Management Corp provides ongoing services to its franchisees. Services such as software support, education and training are provided as needed.

Note 2: -Summary of Significant Accounting Policies

The accompanying financial statements were prepared using the accrual basis of accounting in accordance with generally accepted accounting principles.

Cash and cash equivalent – Highly liquid debt instruments with a maturity of three months or less are considered to be cash equivalents.

Commission and fee income – Franchise fee revenue- is generated from new franchise sales. Income from the sale of a franchise is reported on an installment sale basis over the life of the agreement. Management has determined that the driving value of the franchise fee is its protection of the franchisee's geographical location, therefore, management recognizes the franchise fee over the term of the agreement.

Accounts Receivable and Allowance for doubtful accounts – Accounts Receivable are recognized when the company charges its franchisees for services rendered and contractual amounts due for royalties. Accounts receivables are presented net of the allowance for doubtful accounts.
Management reviews the accounts receivable on a periodic basis and makes allowances where there is doubt as to the collectability of individual balances. In evaluating the collectability of individual receivable balances, management considers many factors, including the specific age of the balance, the customer's payment history, its current credit worthiness and current economic trends, when evaluating the adequacy of the allowance for doubtful accounts. The allowance for doubtful accounts as of December 31, 2020 and 2019 are $32,164 and $ 42,136, respectively.

Property and equipment – Property and equipment are stated at cost net of accumulated depreciation and amortization. Depreciation is provided using the straight-line method over the estimated useful lives of the related assets. As of December 31, 2020 and 2019 the fixed assets were fully depreciated.

Website development costs – Technology and content costs are generally expensed as incurred, except for certain costs relating to the development of internal-use software, including those relating to operating the website, which are capitalized and amortized over three years.

Advertising costs – Advertising costs are charged to operations when the advertising first takes place. Included in cost of operations are advertising costs $100,408 for the year ended December 31, 2020 and $137,510 for 2019.

Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The most significant estimates include the allowance for financial receivable losses. It is reasonably possible that events could occur during the upcoming year, which could change such estimates.

Recently Adopted Accounting Pronouncements
In 2014, the Financial Accounting Standards Board issued Accounting Standards Update 2014-09 ("ASU-2014-09"), Revenue from Contracts with Customers (ASC 606). The effective date for this Standard for nonpublic entities is annual reporting periods beginning after December 15, 2018, with early adoption permitted for annual periods beginning after December 15, 2016. ASU 2014-09 outlines a new, single comprehensive model for entities to use in accounting for revenue arising from contracts with specific customers and supersedes most current revenue recognition guidance, including industry-specific guidance. This new revenue recognition model provides a five-step analysis in determining when and how revenue is recognized. The new model will require revenue recognition depict the transfer of promised goods or services to customers in an amount that reflects consideration an organization expects to receive in exchange for those goods or services. The adoption of ASC 606 resulted in an immaterial impact to the individual financial statement line items of the Corporation's statement of Income and Retained Earnings during the year ended December 31, 2020.

Note 3: -Investment in Subsidiary

In August 2010, DCAP Management Corp acquired from ITS Financial, LLC, the master franchise rights to sell and provide services to NOW Tax Service franchises in the metropolitan New York area for a term of twenty (20) years with the rights to renew the agreement for two (2) additional twenty (20) year terms. The master franchisor's rights were terminated by NOW Tax Service effective November 11, 2013. NOW Tax Service continues to operate the tax business after the termination of the master franchise rights and changed its name to The Tax Zone.

DCAP MANAGEMENT CORP
NOTES TO THE CONSOLIDATED FINANCIAL
STATEMENTS DECEMBER 31, 2020 and 2019

Note 4: -Concentration of Credit Risk

The corporation maintains cash balances at several financial institutions. Accounts are insured by the Federal Deposit Insurance Corporation up to $250,000. As of December 31, 2020 and 2019 uninsured balances totaled zero.

Note 5: -Commissions and Fee Income

Commissions and fee income are compromised as follows:

	2020	2019
Commission	$ 406,072	$ 217,625
Management fees	116,075	180.300
Advertising fees	58,975	135,123
Royalty income	85,590	84,025
Franchise Fees	23,737	43,693
General	18,458	15,787
Total	$ 708,907	$ 676,553

Note 6: – Income taxes

The Company and its stockholders have elected to be taxed under the provisions of Subchapter S of the Internal Revenue Code and the also under the New York State Corporation tax code. Under those tax provisions the Company generally does not pay federal or state income taxes on its taxable income. Instead, the stockholders are liable for individual income taxes on their share of the company's taxable income for both federal and New York State.

The statute of limitations for income tax filings subject to examination taxing authorities is generally three years after the returns are filed. As a result, tax returns for 2017 through 2020 remain open for examination by the respective taxing authorities. There are currently no examinations in progress.

Note 7: – Related Party Transactions

Loans Receivable

Amount represents monies due from shareholder's totaling $77,867 as of December 31, 2020 and 2019 respectively. No interest has been charged and the receivable is due on demand

Franchise fees and Advertising

The owners of the Dcap Management Corp are also franchisees. Dcap Management Corp does not charge these related parties for management, advertising, or royalty fees.

Note 7: – Related Party Transactions (continued)

Service Fee

Management paid a service fee, which is included in cost of operation, to a related party. The entity paid is owned by the owners of Dcap Management Corp.

Note 8: –Covid-19

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. As of the date of this report, the Company remains open. Management continues to monitor the global outbreak and spread of COVID-19 and is taking steps in an effort to identify and mitigate the adverse impacts on, and risks to, our business posed by its spread and the governmental and community reactions thereto. We continue to assess and update our business continuity plans in the context of this pandemic, including taking steps in an effort to help keep our workforces healthy and safe. The spread of COVID-19 has caused us to modify our business practices and we expect to take further actions as may be required or recommended by governmental authorities or as we determine are in the best interests of our employees, customers, and other business partners. We are working with our franchisees to understand the existing and future negative impacts, and to take actions in an effort to mitigate such impacts. The company believes that the receivables will be collectible.

On May 1, 2020, the Company received loan proceeds in the amount of $30,002 under the Paycheck Protection Program, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"). The Company anticipates its use of the proceeds will meet the conditions stipulated by the Small Business Administration (SBA) for full or partial forgiveness of the loan proceeds and accrued interest. The unforgiven portion of the debt, which management believes will be small, if not $0, will be payable over a two-year period, starting from the date the loan proceeds were disbursed.

Note 9: – Subsequent Events

Management has evaluated subsequent events through March 15, 2021, the date the financial statements were available to be issued.

EXHIBIT H-1 TO THE DISCLOSURE DOCUMENT

FORM OF PROMISSORY NOTE – DCAP CENTERS

$_____ Hicksville, New York
Date: _____, 20___

FOR VALUE RECEIVED, the undersigned, _____ ("Maker"), a _____ corporation maintaining an office at _____, hereby promises to pay to the order of DCAP MANAGEMENT CORP. ("Payee"), a New York corporation maintaining an office at 956 South Broadway, Hicksville, New York 11801, the principal sum of _____00/100 Dollars ($__,000.00). Said principal shall be payable with eight and one-half percent (8.50 %) interest per annum. The principal amount of this Note, together with accrued interest thereon, shall be payable in thirty six (36) equal monthly installments of _____00/100 Dollars ($ .00) each, commencing on the first day of the subsequent month from the date hereof, and continuing thereafter on the first day of each of subsequent month thereafter until paid in full as provided for in the attached amortization schedule.

Maker shall have the right to prepay this Note in whole at any time or in part from time to time without penalty or premium.

All payments by Maker on account of principal hereunder shall be made in lawful money of the United States of America, in immediately available funds.

This Note represents the balance owed to Payee under that certain Franchise Agreement, dated _____, between Maker and Payee (the "Franchise Agreement"). Unless otherwise defined herein, all capitalized terms used in this Note shall have the meanings assigned to them in the Franchise Agreement.

Payment of this Note is secured by Payee's perfected first priority security interest in the Franchise Agreement and all furniture, fixtures, equipment, leasehold improvements and the lease for the premises located at _____, pursuant to a security agreement (the "Security Agreement").

Payment of this Note is guaranteed by _____ (the "Guarantor") pursuant to the terms of a Guaranty of even date from the Guarantor to the Payee.

Each of the following shall be an "Event of Default" under this Note:

1. Maker shall fail to make any payment of principal on this Note on the due date therefor;

2. Any judgment against Maker or any attachment, levy or execution against any of its properties for any amount shall remain unpaid, or shall not be released, discharged, dismissed, or fully bonded for a period of thirty (30) days or more after its entry, issue or levy, as the case may be;

3. Maker shall become insolvent (however evidenced) or be unable, or admit in writing its inability, to pay its debts as they mature;

4. Maker shall make an assignment for the benefit of creditors, or a trustee, receiver or liquidator shall be appointed for Maker or for any of its property, or the commencement of any

proceedings by Maker under any bankruptcy, reorganization, arrangement of debt, insolvency, receivership, liquidation or dissolution law or statute, or the commencement of any such proceedings without the consent of Maker, and such proceedings shall continue undischarged for a period of thirty (30) days; or

5. The breach by Maker of any representation, warranty or covenant contained in or made pursuant to the Franchise Agreement or the Security Agreement.

Upon the occurrence of an Event of Default, Payee may declare the entire unpaid principal amount of this Note hereon to be forthwith due and payable, whereupon the same shall become and be immediately due and payable (time being of the essence of this Note), and execute on the Security Agreement and recapture the Franchise Agreement and territory associated therewith.

If any installment hereof is not paid when due, or principal of this Note is accelerated and is not paid within ten (10) says thereafter, the outstanding installment or the accelerated balance of this Note shall bear simple interest at a rate equal to the lesser of sixteen percent (16%) per annum or the maximum interest allowable by law, from its due date until paid.

If an Event of Default should occur, Maker will pay all costs and expenses of enforcement and collection of this Note, including attorneys' fees.

No failure on the part of Payee to exercise, and no delay in exercising any right hereunder, shall operate as a waiver thereof; nor shall any single or partial exercise by Payee of any right hereunder preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

This Note shall be construed in accordance with the laws of the State of New York.

This Note shall be binding upon Maker and its successors and assigns, and the terms hereof shall inure to the benefit of Payee and its successors and assigns, including subsequent holders hereof.

Maker hereby waives presentment, demand, protest, dishonor and all other notices and demands in connection with the delivery, acceptance, performance default or endorsement of this Note, and consents to any and all extensions of time, or terms of payment of this Note.

Maker hereby irrevocably consents to the jurisdiction of any New York State or federal court located in Nassau County over any action or proceeding arising out of any dispute between Maker and Payee, and Maker further irrevocably consents to the service of process in any such action or proceeding by the mailing of a copy of such process to Maker at the address set forth above.

Maker expressly waives any and every right to a trial by jury in any action on or related to this Note or the enforcement thereof.

_____
Maker

By:_____
Title:_____

EXHIBIT H-2 TO THE DISCLOSURE DOCUMENT

FORM OF PROMISSORY NOTE – THE TAX ZONE SERVICE OFFICE

$_____ [City, State]
_____, 20__ #Fxxxxx-x

1. Principal, Interest and Payment Schedule. For value received, _____ ("the Maker") promises to pay in United States funds to the order of DCAP Management Corp. (the "Holder" or "DCAP") at 956 South Broadway, Hicksville, New York 11801, or at any other place the Holder may designate in writing to the Maker from time to time, the principal sum of _____ Dollars ($_____), with interest on the unpaid balance at the rate of ____% per annum, in 3 equal annual installments of principal and interest (each an "Minimum Installment Payment") in the amount of _____ Dollars ($_____) beginning on the first (1st) day of _____, 20__, and ending on the first (1st) day of _____, 20__. In addition to the Minimum Installment Payments, the Maker must make Mandatory Prepayments as outlined in Section 2 below and hereby acknowledges and agrees that the cumulative total of the Mandatory Prepayments may exceed the Minimum Installment Payments as outlined above. Notwithstanding the foregoing, all principal and interest shall become due and payable on _____, 20 .

2. Mandatory Prepayments.

(a) The Maker and the Holder are parties to that certain Franchise Agreement dated _____, 20___ (the "Agreement"). Under the Agreement, the Maker holds a license to use the Holder's business system and trademarks in connection with the preparation and filing of state and federal individual tax returns. Maker agrees that, upon the filing of Bank Products pursuant to the Agreement in each calendar year, it will make Mandatory Prepayments in the amount of _____ Dollars ($_____) on each subsequent Bank Product filed during that calendar year. The Maker further agrees that these Mandatory Prepayments will be made in the same manner as the Maker's payments of royalties pursuant to the Agreement. These Mandatory principal payments will be applied in the same manner as Minimum Installment Payments provided in Section 3 below.

(b) The Maker acknowledges and agrees that the Holder is entitled to twenty percent (20%) royalty fees on the Gross Sales of the office as outlined in the Franchise Agreement and further agrees that the term "Gross Sales" includes any service bureau fees or other fees charged by the Franchised Office in connection with the re-payment of any promissory notes or other indebtedness the Maker may incur. Therefore, by way of example, if the Maker is obligated to make a Mandatory Prepayment in the amount of $50 on each Bank Product pursuant to a Promissory Note, then the Maker must collect $62.50 in fees in order to meet the minimum Mandatory Prepayment obligation on each Bank Product.

(c) The Maker further acknowledges and agrees that the aforementioned Minimum Installment Payments and the Mandatory Prepayments as outlined in Sections 1 and 2 above do not affect the Maker's repayment obligations under other promissory notes or other indebtedness the Maker may incur to the Holder. Therefore, it is possible for the Maker to be contractually obligated to make the Minimum Installment Payments and Mandatory Prepayments on multiple promissory notes, as the Maker incurs indebtedness to the Holder.

3. Payment Application. The Holder shall apply each Minimum Installment Payment as of the date received by the Holder at its designated address, first, to any and all then accrued interest and added charges, if any, computed on the outstanding, unpaid principal balance. The Holder shall apply, second, the remainder of each Minimum Installment Payment, if any, to other accrued interest and added charges from other Promissory notes or indebtedness the Maker may have incurred to the Holder. The Holder then shall apply the remainder of each installment payment, if any, to reduce principal. Notwithstanding the foregoing, if the Maker has incurred an obligation for repayment under a Bridge Loan Promissory Note, the Holder shall apply all payments received, deducted, and/or offset, including

Minimum Installment Payments, to the Bridge Loan Promissory Note first and then to all other Promissory Notes or indebtedness the Maker may have incurred to the Holder. The application of any payment shall remain subject to actual collection.

4. Late Payment and Charges. If and when the Maker does not pay any payment required by this promissory note on or before its due date, the entire unpaid principal balance shall continue to bear and accrue interest at the annual percentage rate provided above. When any installment payment required by this promissory note becomes due and payable on a Saturday, Sunday or legal holiday under the laws of the United States or of New York, the Maker shall make the payment on the next succeeding business day and the Holder shall include the extension of time in computing interest. If and when the Maker does not pay in full any installment payment required by this promissory note within ten (10) days after its scheduled due date, the Holder shall have the right to assess a late charge in the amount of fifteen percent (15%) of the unpaid amount of the scheduled payment or in any lesser amount as required by applicable law. Any assessment shall not excuse any failure by the Maker to make full and prompt payment of any installment payment and shall complement all other rights and remedies available to the Holder because of the Maker's failure to make full and prompt payment of each installment payment.

5. Right to Offset. Maker acknowledges and agrees that, if by February 15th following the execution date of this Promissory Note, Maker does not make Mandatory Prepayments as required in Section 2 above, Holder reserves the right to offset or deduct from Maker's gross revenue said principal amount minus the amount actually received from Maker to Holder. Furthermore, if the Maker's gross revenue is not sufficient to offset or deduct said principal amounts, then TTZ has the right to demand payment in full and/or to debit Maker's commercial banking account as necessary until the principal amount has been paid.

6. Events of Default. The occurrence of any one or more of the following events shall constitute an event of default under this promissory note (an "Event of Default"):

(a) The failure to pay in full when due any payment, late charge, or any other indebtedness due under this promissory note to the Holder.

(b) The failure to perform as and when due any obligation under this promissory note or any other agreement with the Holder.

(c) The death or legal incapacity of the Maker, unless the Maker's successors and assigns, including heirs, are ready, willing and able to pay this promissory note according to its terms.

(d) Any oral or written admission by the Maker of the general inability to pay debts as the debts become due; any filing by the Maker of any petition for relief in bankruptcy or any petition to take advantage of any insolvency act; any assignment by the Maker for the benefit of creditors; any proceeding by the Maker for the appointment of a receive, trustee, liquidator, or conservator of all or any substantial portion of the Maker's property; or any filing by the Maker of a petition or answer seeking reorganization or arrangement or similar relief under the Federal bankruptcy laws or any other applicable law or statute of the United States or any state.

(e) The adjudication of the Maker as bankrupt; the entry by any court of competent jurisdiction of any order, judgment, or decree appointing a receiver, trustee, liquidator or conservator of the Maker for all or any substantial portion of the Maker's property; the approval by any court of competent jurisdiction of a petition filed against the Maker seeking reorganization or similar relief under the Federal bankruptcy laws or any applicable law or statute of the United States or of any state; the assumption by any court of competent jurisdiction acting under the provisions of any other law for the relief or aid of debtors of custody or control of all or any substantial portion of the Maker's property; the commencement of any proceeding against the Maker seeking reorganization or similar relief under the Federal bankruptcy laws or any other applicable law or statute of the United States or of any state, if the proceeding or petition remains

un-dismissed for a period of thirty (30) days; or the indication by the Maker of consent, approval or acquiescence with regard to any of the foregoing proceedings or petitions.

(f) Any material representation, statement or warranty made by the Maker to the Holder in connection with this promissory note or any other agreement with the Holder which the Holder discovers as untrue or materially misleading or which the Maker knew or had reasonable cause to believe probably would become untrue or materially misleading after the delivery of this promissory note.

(g) The Holder reasonably deems itself insecure under this promissory note.

(h) Any assignment or transfer, or attempted assignment or transfer, by the Maker of this promissory note or any obligations under this promissory note without the prior written consent of the Holder.

7. Acceleration. Any Event of Default shall cause, at the option of the Holder, the entire unpaid balance of principal, accrued and accruing interest, and late charges, if any, to become immediately due and payable, without notice or demand.

8. Prepayment. The Maker shall have the right to prepay this promissory note in whole or part at any time without penalty.

9. Waivers. The Maker waives presentment, protest, notice of protest, demand, notice of demand, notice of non-payment, notice of dishonor, notice of maturity, and any other notice required or necessary in connection with the delivery, acceptance, performance, default or enforcement of this promissory note.

10. Waiver of Rights and Remedies. The Maker consents to any and all delays, extensions, renewals or other modifications of this promissory note; any waiver by the Holder of any term of this promissory note; any delay or failure by the Holder to act; and any indulgence by the Holder from time to time and in one or more instances. No action or inaction by the Holder as set forth above shall affect or impair in any manner or degree the obligations and liabilities of the Maker under this promissory note and shall not operate as a waiver by the Holder, impair or restrict any rights or remedies of the Holder under this promissory note. No course of dealing between the Holder and the Maker and no failure or delay by the Holder in exercising any rights or remedies of the Holder shall operate as a waiver at any time of any rights or remedies of the Holder. No single or partial exercise of any rights or remedies contained in this promissory note shall operate as a waiver or preclude the exercise of any other rights or remedies provided in this promissory note or available to the Holder.

11. Collection Costs. The Maker fully and promptly shall pay to the Holder, upon the demand of the Holder, all costs and expenses of collection and enforcement of this promissory note, including the reimbursement of the Holder for its reasonable attorneys' fees incurred in pursuing any and all of the foregoing, whether the Holder files suit or not. The Maker also shall pay all costs and expenses, including reasonable attorneys' fees, of collection of any payment due under this promissory note if and when not paid in full on or before its due date or when the Holder refers any past due payment to any attorney for advice or other action for the purpose of attempting to collect the same according to the terms of this promissory note, whether or not the Holder files suit or any attorney actually causes the payment, in whole or part, of any payment.

12. Litigation. If the Holder files suit to attempt to collect or enforce this promissory note, to collect or enforce any indebtedness under this promissory note, or to preserve the rights and remedies under this promissory note and available to the Holder, the courts of New York and the Federal courts in New York shall have personal jurisdiction over the Maker. The Maker expressly waives any and all objections as to venue in any of those courts and agrees that the Holder may serve process by mailing a copy of the summons by certified mail, return receipt requested, with sufficient postage prepaid, to the address of each of the Maker as given to the Holder. The Maker waives trial by jury in any litigation in any court with regard to any controversy arising out of this promissory note. The foregoing waiver shall

include (without limitation) litigation involving the validity, interpretation, enforcement, and collection of this promissory note.

13. Cumulative Rights and Remedies. No right or remedy available to the Holder shall exclude any other right or remedy of the Holder contained in this promissory note. Any and all rights and remedies of the Holder shall complement every other right or remedy in this promissory note, now or later existing, in equity, by statute, or otherwise.

14. Defenses. The Maker hereby waives any right or power to interpose any setoff, counterclaim or cross-claim with regard to this promissory note, regardless of the nature of any setoff, counterclaim or cross-claim.

15. Entire Agreement. This Agreement constitutes the entire agreement of the parties with regard to the subject matter of this Agreement and replaces and supersedes all other written and oral agreements and statements of the parties relating to the subject matter of this Agreement.

16. Waiver. The failure of a party to insist in any one or more instances on the performance of any term or condition of this Agreement shall not operate as a waiver of any future performance of that term or condition.

17. Governing Law. Notwithstanding the place where the parties execute this Agreement, the internal laws of New York shall govern the construction of the terms and the application of the provisions of this Agreement.

18. Headings. The headings used in this Agreement appear strictly for the parties' convenience in identifying the provisions of this Agreement and shall not affect the construction or interpretation of the provisions of this Agreement.

19. Binding Effect. This Agreement binds and inures to the benefit of the parties and their respective successors, legal representatives, heirs and permitted assigns.

20. Amendments. No amendments to this Agreement shall become effective or binding on the parties, unless agreed to in writing by all of the parties.

21. Time. Time constitutes an essential part of each and every part of this Agreement.

22. Notice. Except as otherwise provided in this Agreement, when this Agreement makes provision for notice or concurrence of any kind, the sending party shall deliver or address the notice to the other party by certified mail or wire to the following address:

The Holder: 956 South Broadway
Hicksville, New York 11801

The Maker: _____(Street Address)

_____(City, ST, Zip Code)

(____) ____-_____ (Telephone Number)

☐ Residence / ☐ Business

All notices pursuant to the provisions of this Agreement shall run from the earlier of (a) the date that the party delivers the notice to the other party or (b) three business days after the party places the notice in the United States mail. Either party may change the party's address by giving written notice to the other parties.

Executed and delivered as the day and year first set forth above.

The Maker(1) (SIGNED) _____

Print Name _____

The Maker(2) (SIGNED) _____

Print Name _____

Entity #xxxxx Terr##: XX#####

EXHIBIT I TO THE DISCLOSURE DOCUMENT

FRANCHISEE DISCLOSURE ACKNOWLEDGMENT STATEMENT

Franchisee hereby acknowledges the following:

1. Franchisee has conducted an independent investigation of all aspects relating to the financial, operational and other aspects of the business of operating the Franchised Business. Franchisee further acknowledges that, except as may be set forth in Franchisor's Disclosure Document, no representations of performance (financial or otherwise) for the Franchised Business provided for in this Agreement has been made to Franchisee by Franchisor and Franchisee and any and all Principals hereby waive any claim against Franchisor for any business failure Franchisee may experience as a franchisee under this Agreement.

_____
Initial

2. Franchisee has conducted an independent investigation of the business contemplated by this Agreement and understands and acknowledges that the business contemplated by this Agreement involves business risks making the success of the venture largely dependent upon the business abilities and participation of Franchisee and its efforts as an independent business operation.

_____
Initial

3. Franchisee agrees that no claims of success or failure have been made to it or him or her prior to signing the Franchise Agreement and that it/she/he understands all the terms and conditions of the Franchise Agreement. Franchisee further acknowledges that the Franchise Agreement contains all oral and written agreements, representations and arrangements between the parties hereto, and any rights which the respective parties hereto may have had under any other previous contracts are hereby cancelled and terminated, and that this Agreement cannot be changed or terminated orally.

_____
Initial

4. Franchisee has no knowledge of any representations by Franchisor or its officers, directors, shareholders, employees, sales representatives, agents or servants, about the business contemplated by the Franchise Agreement that are contrary to the terms of the Franchise Agreement or the documents incorporated herein. Franchisee acknowledges that no representations or warranties are made or implied, except as specifically set forth in the Franchise Agreement. Franchisee represents, as an inducement to Franchisor's entry into this Agreement, that it has made no misrepresentations in obtaining the Franchise Agreement.

_____
Initial

5. Franchisor expressly disclaims the making of, and Franchisee acknowledges that it has not received or relied upon, any warranty or guarantee, express or implied, as to the potential volume, profits or success of the business venture contemplated by the Franchise Agreement.

_____
Initial

6. Franchisee acknowledges that Franchisor's approval or acceptance of Franchisee's Business location does not constitute a warranty, recommendation or endorsement of the location for the Franchised Business, nor any assurance by Franchisor that the operation of the Franchised Business at the premises will be successful or profitable.

_____
Initial

7. Franchisee acknowledges that it has received the DCAP Management LLC Franchise Disclosure Document with a complete copy of the Franchise Agreement and all related Attachments and agreements at least fourteen (14) calendar days prior to the date on which the Franchise Agreement was executed. Franchisee further acknowledges that Franchisee has read such Franchise Disclosure Document and understands its contents.

_____
Initial

8. Franchisee acknowledges that it has had ample opportunity to consult with its own attorneys, accountants and other advisors and that the attorneys for Franchisor have not advised or represented Franchisee with respect to the Franchise Agreement or the relationship thereby created.

_____
Initial

9. Franchisee, together with Franchisee's advisers, has sufficient knowledge and experience in financial and business matters to make an informed investment decision with respect to the Franchise granted by the Franchise Agreement.

_____
Initial

10. Franchisee is aware of the fact that other present or future franchisees of Franchisor may operate under different forms of agreement(s), and consequently that Franchisor's obligations and rights with respect to its various franchisees may differ materially in certain circumstances.

_____
Initial

11. It is recognized by the parties that Franchisor is also (or may become) a manufacturer or distributor of certain products under the Marks licensed herein; and it is understood that Franchisor does not warrant that such products will not be sold within the Franchisee's Territory by others who may have purchased such products from Franchisor.

_____
Initial

12. BY EXECUTING THE FRANCHISE AGREEMENT, FRANCHISEE AND ANY PRINCIPAL, INDIVIDUALLY AND ON BEHALF OF FRANCHISEE'S AND SUCH PRINCIPAL'S HEIRS, LEGAL REPRESENTATIVES, SUCCESSORS AND ASSIGNS, HEREBY FOREVER RELEASE AND DISCHARGE DCAP MANAGEMENT CORP., AND ANY OF DCAP MANAGEMENT CORP.'S PARENT COMPANY, SUBSIDIARIES, DIVISIONS, AFFILIATES, SUCCESSORS, ASSIGNS AND DESIGNEES, AND THE FOREGOING ENTITIES' DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, SHAREHOLDERS, SUCCESSORS, DESIGNEES AND REPRESENTATIVES FROM ANY AND ALL CLAIMS, DEMANDS AND JUDGMENTS RELATING TO OR ARISING UNDER THE STATEMENTS, CONDUCT, CLAIMS OR ANY OTHER AGREEMENT BETWEEN THE PARTIES EXECUTED PRIOR TO THE DATE OF THE FRANCHISE AGREEMENT, INCLUDING, BUT NOT LIMITED TO, ANY AND ALL CLAIMS, WHETHER PRESENTLY KNOWN OR UNKNOWN, SUSPECTED OR UNSUSPECTED, ARISING UNDER THE FRANCHISE, SECURITIES, TAX OR ANTITRUST LAWS OF THE UNITED STATES OR OF ANY STATE OR TERRITORY THEREOF.

_____
Initial

Acknowledged on _____.

Sign here if you are taking the franchise as an

INDIVIDUAL

_____
Signature

Print Name_____

_____
Signature

Print Name_____

_____

Sign here if you are taking the franchise as a CORPORATION, LIMITED LIABILITY COMPANY OR PARTNERSHIP

_____
Print Name of Legal Entity

By:_____
Signature

Print Name_____

Title_____

EXHIBIT J TO THE DISCLOSURE DOCUMENT

FORM OF GENERAL RELEASE

THIS AGREEMENT ("Agreement") is made and entered into this ____ day of _____, 20___ by and between DCAP Management Corp., a New York corporation, having its principal place of business located at 956 South Broadway, Hicksville, New York 11801 (collectively, the "Franchisor"), and _____, an individual residing at _____ (hereinafter referred to as "Releasor"), wherein the parties hereto, in exchange for good and valuable consideration, the sufficiency and receipt of which is hereby acknowledged, and in reliance upon the representations, warranties, and comments herein are set forth, do agree as follows:

1. **Release by Releasor**:

Releasor does for itself, its successors and assigns, hereby release and forever discharge generally the Franchisor and any affiliate, wholly owned or controlled corporation, subsidiary, successor or assign thereof and any shareholder, officer, director, employee, or agent of any of them, from any and all claims, demands, damages, injuries, agreements and contracts, indebtedness, accounts of every kind or nature, whether presently known or unknown, suspected or unsuspected, disclosed or undisclosed, actual or potential, which Releasor may now have, or may hereafter claim to have or to have acquired against them of whatever source or origin, arising out of or related to any and all transactions of any kind or character at any time prior to and including the date hereof, including generally any and all claims at law or in equity, those arising under the common law or state or federal statutes, rules or regulations such as, by way of example only, franchising, securities and anti-trust statutes, rules or regulations, in any way arising out of or connected with the Agreement, and further promises never from this day forward, directly or indirectly, to institute, prosecute, commence, join in, or generally attempt to assert or maintain any action thereon against the Franchisor, any affiliate, successor, assign, parent corporation, subsidiary, director, officer, shareholder, employee, agent, executor, administrator, estate, trustee or heir, in any court or tribunal of the United States of America, any state thereof, or any other jurisdiction for any matter or claim arising before execution of this Agreement. In the event Releasor breaches any of the promises covenants, or undertakings made herein by any act or omission, Releasor shall pay, by way of indemnification, all costs and expenses of the Franchisor caused by the act or omission, including reasonable attorneys' fees.

2. Releasor hereto represents and warrants that no portion of any claim, right, demand, obligation, debt, guarantee, or cause of action released hereby has been assigned or transferred by Releasor party to any other party, firm or entity in any manner including, but not limited to, assignment or transfer by subrogation or by operation of law. In the event that any claim, demand or suit shall be made or institute against any released party because of any such purported assignment, transfer or subrogation, the assigning or transferring party agrees to indemnify and hold such released party free and harmless from and against any such claim, demand or suit, including reasonable costs and attorneys' fees incurred in connection therewith. It is further agreed that this indemnification and hold harmless agreement shall not require payment to such claimant as a condition precedent to recovery under this paragraph.

3. Each party acknowledges and warrants that his, her or its execution of this Agreement is free and voluntary.

4. New York law shall govern the validity and interpretation of this Agreement, as well as the performance due thereunder. This Agreement is binding upon and inures to the benefit of the respective assigns, successors, heirs and legal representatives of the parties hereto.

5. In the event that any action is filed to interpret any provision of this Agreement, or to enforce any of the terms thereof, the prevailing party shall be entitled to its reasonable attorneys' fees and costs incurred therein, and said action must be filed in the State of New York.

6. This Agreement may be signed in counterparts, each of which shall be binding against the party executing it and considered as the original.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby, have executed this agreement effective as of the date first above.

Witness: RELEASOR:

_____ _____

(Name)

Witness: DCAP MANAGEMENT CORP.:

_____ By:_____

Name:_____

Title:_____

State Effective Dates

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

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

State	Effective Date
New York	August 17, 2021

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

EXHIBIT K TO THE DISCLOSURE DOCUMENT
RECEIPT OF FRANCHISE DISCLOSURE DOCUMENT OF DCAP MANAGEMENT CORP.

This Franchise Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Franchise Disclosure Document and all exhibits carefully.

If DCAP Management Corp. 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.

New York requires you to receive this Franchise Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If DCAP Management Corp. does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and to your state authority listed on Exhibit A.

The name and principal business address and telephone number of each franchise seller offering the franchise is:

Abraham Weinzimer 956 South Broadway, Hicksville, NY 11801 (516) 822-4848	Stuart Greenvald 956 South Broadway, Hicksville, NY 11801 (516) 822-4848

Issuance Date: October 21, 2022.

I received a Disclosure Document dated October 21, 2022, that included the following Exhibits:

A – List of State Agencies/Agents for Service of Process	F-1 - List of DCAP Franchisees Who Have Left the System
B – State Addendum	F-2 - List of The Tax Zone Tax Service Franchisees in Metro New York Area Who Have Left the System
C-1 - Franchise Agreement – DCAP Center	G - Financial Statements of DCAP Management Corp.
C-2 - Franchise Agreement – The Tax Zone Tax Service Office	H-1 - Form of Promissory Note – DCAP Center
D-1 - Table of Contents of Operations Manuals – DCAP	H-2 – Form of Promissory Note – The Tax Zone Tax Service
D-2 - Table of Contents of Operations Manuals – The Tax Zone Tax Service	I - Franchisee Disclosure Acknowledgment Statement
E-1 - List of DCAP Franchisees	J - Form of General Release
E-2 - List of The Tax Zone Tax Service Franchisees in Metro New York Area	K – Receipt

Date Received: _____ DATE:_____
(If other than date signed)

Print Name:_____

Print Address: _____

City, State, Zip Code_____

_____
(Signature of recipient)

Please return signed receipt to DCAP Management Corp., at 956 South Broadway, Hicksville, New York 11801.

RECEIPT OF FRANCHISE DISCLOSURE DOCUMENT OF DCAP MANAGEMENT CORP.

This Franchise Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Franchise Disclosure Document and all exhibits carefully.

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E-2 - List of The Tax Zone Tax Service Franchisees in Metro New York Area	K – Receipt

Date Received: _____ DATE:_____
(If other than date signed)

Print Name:_____

Print Address: _____

City, State, Zip Code_____

_____
(Signature of recipient)

(KEEP FOR YOUR RECORDS)